

# Cabinet Agenda

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**Date:** Monday 4th February 2013  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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

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

1. **Apologies for Absence**

2. **Declarations of Interest**

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

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

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

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

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

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Please contact Paul Jones on 01270 686458  
E-Mail: [paul.jones4@cheshireeast.gov.uk](mailto:paul.jones4@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 the Meeting Held on 7 January 2013** (Pages 1 - 8)

To approve the minutes as a correct record.

5. **2012/2013 Three Quarter Year Review of Performance** (Pages 9 - 64)

To consider a report that gives summary and detailed information about the financial and non-financial performance at the three quarter year stage of 2012/2013

6. **Becoming a "Strategic Council" - Review of Management Roles and Responsibilities** (Pages 65 - 84)

To consider a report which sets out proposals for significant changes in the current roles and responsibilities of managers at all levels within the organisation

7. **Leader's Report - Our Financial Plan**

Report to follow

8. **Key Decision 3 - 3 Year Medium Term Financial Strategy 2013/2013 - Budget Report**

Report to follow.

9. **Treasury Management Strategy** (Pages 85 - 108)

To consider a report on the 2013/14 Treasury Management Strategy Statement, incorporating the Minimum Revenue Provision Policy Statement, Investment Strategy and Prudential and Treasury Indicators 2013/16, required under Part 1 of the Local Government Act 2003

10. **Report Back on Call in of Key Decision CE12/13-18, Delivery of Streetscape and Parking Maintenance Activities Within the Highway Services Contract** (Pages 109 - 114)

To consider a report setting out the findings of the Streetscape Task and Finish Group, which was established to give consideration to the Call In of Key Decision CE12/13-18, Delivery of Streetscape and Parking Maintenance Activities Within the Highway services Contract

11. **Pay Policy Statement 2013/14** (Pages 115 - 144)

To consider the draft Pay Policy Statement and endorse the Staffing Committee's proposed amendments

12. **Health and Wellbeing Board – Terms of Reference** (Pages 145 – 160)

To consider a report on the terms of reference for the Health and Wellbeing Board

13. **Key Decision 27 - Proposed Expansion of Pebblebrook Primary School, Crewe**  
(Pages 161 - 258)

To consider a report on the outcome of the statutory public notice and subsequent 4-weeks representation period, which commenced on 20 December 2012 and concluded on 17 January 2013

14. **East Cheshire Engine of the North - New Development Company Model**  
(Pages 259 - 266)

To consider a report which sets out the strategic case for the establishment of a dedicated delivery vehicle for physical development and regeneration utilising strategic land assets of the Council to deliver growth

15. **Cheshire and Merseyside Public Services Network Connectivity Procurement**  
(Pages 267 - 274)

To consider a report which seeks agreement to proceed with Public Services Network Connectivity joint procurement and subsequent award with Cheshire West and Chester as lead Authority involving Cheshire East Council and potentially other public bodies

16. **Key Decision 37 - Strategic Housing Review** (Pages 275 - 282)

To consider a report relating to the Strategic Housing Review and to endorse the direction of travel and the integration into the new Corporate Strategic Commissioning model

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## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Cabinet**  
held on Monday, 7th January, 2013 at Council Chamber, Municipal Buildings,  
Earle Street, Crewe CW1 2BJ

### **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, D Brickhill, L Brown, K Edwards, R Fletcher, D  
Flude, S Gardiner, M Grant, P Groves, S Hogben, B Livesley, D Marren, B  
Murphy, D Newton, P Nurse, J Saunders, L Smetham, A Thwaite, G Wait and  
S Wilkinson.

### **Officers in attendance**

Interim Chief Executive, Deputy Monitoring Officer, Head of Policy and  
Performance, Head of HR and Organisational Development, Strategic Director  
Children Families and Adults and Head of Development and Interim Strategic  
Director Places and Organisational Capacity.

#### 125 **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

#### 126 **DECLARATIONS OF INTEREST**

No declarations of interest were made.

#### 127 **MINUTES OF PREVIOUS MEETING**

##### **RESOLVED**

That the minutes of the meeting held on 10<sup>th</sup> December 2012 be approved  
as a correct record.

#### 128 **PUBLIC SPEAKING TIME/OPEN SESSION**

No questions were submitted or items raised under this item

129      **KEY DECISION 35 - ALDERLEY PARK BIO-INCUBATION CENTRE**

Consideration was given to a report on an invitation from AstraZeneca UK Ltd for the Council to participate and invest in a Joint Venture Company to establish and operate a BioScience Incubator Centre for new and existing small businesses in the bioscience sector at Alderley Park.

**RESOLVED**

1. That in principle, agreement is given to proceed in collaborating with AstraZeneca UK Ltd and other interested parties in order to establish a not-for-profit Joint Venture Company with the purpose of promoting and providing business incubation premises and support to businesses in the bioscience sector.
2. That the Council seeks to become a member of the Joint Venture Company, with the representation of the Portfolio Holder for Prosperity & Economic Regeneration as its nominated Director.
3. That the Council agree to support the allocation of £1m funding to the Joint Venture Company in the form of a repayable loan subject to:-
  - i) Confirmation that the loan will not be considered as State Aid resulting in a requirement to notify the European Commission, and the resulting potential requirement for the Council to recover part of the loan interest from the Joint Venture Company.
  - ii) The loan being repayable to the Council upon key milestones being achieved and that these milestones are determined during the due diligence process to ensure that they support the development of the Bio Science incubator.
  - iii) The approval of the project business case that is in the process of being taken through the TEG/EMB project approval process.
4. That responsibility for approving the terms of the final agreement and entering into the Joint Venture Company be delegated to the Interim Chief Executive (or his identified nominee), in consultation with the Cabinet Member for Prosperity and Economic Regeneration, and subject to consideration by the Monitoring Officer and the Chief Financial Officer.

130      **KEY DECISION 33 - DISPOSAL OF LAND OFF EARL ROAD, HANDFORTH**

Consideration was given to a report regarding the potential disposal of Council owned land off Earl Road Handforth. In March 2012, a soft market

testing exercise was conducted to establish likely demand for this site from the development market. The Council received more than 20 expressions of interest and approval was sought to progress the project in line with the Council's Corporate objectives and Local Plan policies.

**RESOLVED**

That the Interim Chief Executive (or his identified nominee), in consultation with the Cabinet Member for Prosperity & Economic Regeneration, and subject to consideration by the Monitoring Officer and the Chief Financial Officer, be authorised to:

- i) Take all necessary action to bring forward, through phased direct development, the Council's landholding at Earl Road, Handforth for employment led uses in line with current planning policy.
- ii) Invest up to £130,000 towards the cost of financial appraisal, site investigation and masterplanning work.
- iii) Commence marketing of serviced plots in order to ensure timely delivery on site.

131      **KEY DECISION (11/12) 39 - SHARED SERVICES SEPARATE LEGAL ENTITY**

A report was submitted on the future of the key Shared Services between Cheshire East Council (CE) and Cheshire West and Chester Council (CWAC), namely the ICT and HR and Finance Shared Services.

The Deputy Leader of the Council stated that whilst the Council remained committed to the concept of partnering that the report be deferred pending receipt of further information on the proposals contained in the report.

**RESOLVED**

1. That the Deputy Leader of the Council's proposal to defer the report pending receipt of further information be approved; and
2. That an all Member Briefing be arranged on the proposal.

132      **KEY DECISION 39 - CREWE RAILWAY EXCHANGE - SITE ASSEMBLY AND LAND IN UNKNOWN OWNERSHIP**

Consideration was given to a report seeking authority to pursue a Compulsory Purchase Order under the Town and Country Planning Act 1990, in order to acquire land to the south west of Weston Road in Crewe as part of the Crewe Railway Exchange Scheme on the plan submitted

with the report including the area of land to the northwest of the site shown edged green.

**RESOLVED**

- 1 That, taking into account the human rights and equality factors set out in this report, approval be granted to the use of compulsory purchase powers under section 226(1)(a) of the Town and Country Planning Act 1990 to undertake the acquisition of the current highway land and subsoil under that highway and any rights that may exist in relation to that land as shown edged in purple on the plan attached to this Report and with approval from National Rail part or the whole of the adjoining premises (Weston House) shown edged green on the plan submitted with the report.
2. That the Interim Chief Executive (or his identified nominee) be authorised;
  - i) to take all necessary steps to secure the making and confirmation of the CPO (including delegated authority to make minor changes to the CPO), and to decide to include part or the whole of Weston House in the CPO if National Rail consent to this, including the publication and service of all relevant notices and the presentation of the Council's case at any public inquiry;
  - ii) to approve and enter into agreements for the acquisition of legal interests in the CPO Land and undertakings with any objectors to the CPO setting out the terms for the withdrawal of objections to the CPO;
  - iii) to, if appropriate, refer compensation claims to the Upper Tribunal (Lands Chamber) and to take all necessary steps in relation thereto including approving any compensation settlement by agreement;
  - iv) to take all necessary steps to secure title and possession of the CPO land including payments of compensation into court; and
  - v) in consultation with the Portfolio Holders for Prosperity and Economic Regeneration and Environment, to take all necessary steps to implement the confirmed CPO including through the service of notices to treat and notices of entry and/or through the making and serving of a general vesting declaration; and
  - vi) to appropriate for planning purposes all the land currently in the Council's ownership (shown edged red on the location plan) pursuant to section 122 of the Local Government Act 1972 and section 237 of the Town and Country Planning Act 1990; and
  - vii) to explore the potential to insure against the risk of the CPO Land not being capable of being vested in the Council either due to the failure of the CPO process, or due to a third party claiming ownership

of the CPO Land or part of it with cover including actual loss of the monies expended in relation to the CRE project and works undertaken and if insurance is necessary and a policy acceptable to the Interim Chief Executive.

**133      PERSONALISATION, QUALITY AND SAFETY FOR  
VULNERABLE ADULTS IN CHESHIRE EAST: A REVIEW OF THE  
COHERENCE AND EFFECTIVENESS OF CURRENT ARRANGEMENTS**

In response to a Notice of Motion submitted to Council by Councillor Fletcher and Councillor Shirley Jones consideration was given to a report from the Local Safeguarding Adult Board on the Personalisation, Quality and Safety for Vulnerable Adults in Cheshire East: A Review of the coherence and effectiveness of current arrangements had been undertaken and the report gave details of a number of recommended changes that were being implemented.

**RESOLVED**

That the report be received and the current position in relation to the recommendations be noted.

**134      TRANSFER OF THE FORMER BROAD STREET SCHOOL,  
CREWE**

Further to Minute 46 of the meeting of Cabinet held on 20 August 2012, a report was submitted on a revised proposal to relocate the Cheshire Academy of Integrated Sport and Arts from their existing premises at Macon Way, Crewe to the former Broad Street School, Crewe.

**RESOLVED**

1. That a long leasehold interest for a term of 99 years of the former Broad Street School, Crewe be granted on full repairing and insurance terms at a peppercorn rent to the Cheshire Academy of Integrated Sport and Arts.
2. That the Interim Chief Executive (or his identified nominee), be given delegated authority to finalise the details of the lease in accordance with the procedures and controls detailed in this report.
3. That the required consents for the proposed lease of the former Broad Street School be sought from the Secretary of State for Education.

135      **UNIVERSAL INFORMATION AND ADVICE SERVICES UPDATE**

Further to Minute 122 of the meeting of Cabinet held on 10<sup>th</sup> December 2012 a report was considered on a proposal seeking permission to amend the method for administering the grant aid for Cheshire East Citizens Advice Bureau and Cheshire East Citizens Advice Bureau North for twelve months from 1 April 2013 – 31 March 2014.

**RESOLVED**

That Grant Aid funding of £197,212 be warded to Cheshire East Citizens Advice Bureau and Grant Aid funding of £90,778 be warded to Cheshire East Citizens Advice Bureau North for twelve months from 1 April 2013 – 31 March 2014.

136      **AUTHORISATION OF OFFICERS**

In recent months Cabinet provided a number of delegations to the Borough Solicitor and the Strategic Director of People, Places and Organisational Capacity to undertake a variety of activities. As these posts are currently vacant a report was considered that invited Cabinet to transfer these authorities to the Interim Chief Executive and his nominees.

**RESOLVED**

That the previous authorities delegated by the Cabinet to the Borough Solicitor and the Strategic Director of People, Places and Organisational Capacity be transferred until such time as these posts are filled to the Interim Chief Executive and that he be authorised to further sub delegate those powers to such other officers as he thinks appropriate.

137      **GRANT FUNDING FOR ENERGY EFFICIENCY**

In accordance with Section 100B (4) (b) of the Local Government Act 1972, the Chairman of the Cabinet agreed that this item be considered as an item of urgent business in order that Supplementary Revenue and Capital Estimates could be approved to ensure that the grant funding could be committed by the end of the financial year.

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

Consideration was given to a report on a successful grant funding application made to the Department of Energy and Climate Change for Local Authority Funds for domestic energy efficiency, and sought permission to commit expenditure.

**RESOLVED**

1. To approve a Supplementary Revenue Estimate of £205,400 and a Supplementary Capital Estimate of £244,500, both fully funded by Government grant.
2. To authorise the Section 151 Officer to enter into a Memorandum of Understanding with the Department of Energy and Climate Change for and on behalf of the Authority.

**PERSONAL STATEMENT FROM COUNCILLOR ROD MENLOVE**

At this point in the meeting Councillor Rod Menlove gave a statement to the Cabinet announcing that with great regret he was resigning from his position as portfolio holder with responsibility for environment at the conclusion of the meeting.

The Leader of the Council and other Members present thanked Councillor Menlove for his excellent, hard work over the past three years.

138 **EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

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

139 **KEY DECISION 34 - LAND AT PARKGATE, KNUTSFORD**

Consideration was given to a report relating to land at Parkgate, Knutsford.

**RESOLVED**

1. That the freehold interest in the land at Parkgate, Knutsford be disposed of on the terms outlined in the report
2. That the Interim Chief Executive (or his identified nominee), in consultation with the Cabinet Member for Prosperity and Economic Regeneration, and subject to consideration by the Monitoring Officer and the Chief Financial Officer, be given delegated authority to finalise the details of the sale in accordance with the terms and conditions contained in this report.

3. That the proposed disposal of the public open space within the land at Parkgate (the Land) be advertised in accordance with the requirements of Section 123(2A) of the Local Government Act 1972 and the Interim Chief Executive (or his identified nominee), in consultation with the Cabinet Member for Prosperity and Economic Regeneration be authorised to consider any representations made.

The meeting commenced at 2.00 pm and concluded at 3.15 pm

Councillor M Jones (Chairman)

## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	4 February 2013
<b>Report of:</b>	Chief Executive / Director of Finance & Business Services / Head of Performance, Customer Services & Capacity
<b>Subject/Title:</b>	2012/2013 Three Quarter Year Review of Performance
<b>Portfolio Holders:</b>	Councillor Peter Raynes - Portfolio Holder for Finance Councillor Barry Moran – Portfolio Holder for Performance

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#### 1.0 Report Summary

- 1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report, attached as Annex 1, gives summary and detailed information about its financial and non-financial performance at the three quarter year stage of 2012/2013. The report also requests approval for supplementary estimates.
- 1.2 Section 1 of the report provides projections of Service financial performance for the 2012/2013 financial year. It focuses on the key financial pressures which the Council's Services are facing, areas of high financial risk to the Council and the strong remedial measures identified by Services to mitigate these pressures. Key issues affecting Services' Capital Programmes are also reported.
- 1.3 Section 2 provides an update on the overall Financial Stability of the Council, including the positions on Grants, Council Tax and Business Rates, Treasury Management, Centrally held budgets, and the management of the Council's Reserves.
- 1.4 Section 3 provides a summary of the key non-financial performance headlines for the year to date.

#### 2.0 Decision Requested

- 2.1 Cabinet is requested to note and comment as appropriate on the following issues:
  - the projected Service revenue and capital outturn positions (**Section 1**);
  - the overall financial stability of the Council, and the potential impact on the Council's general reserves position (**Section 2**);
  - the Council's invoiced debt position (**Appendix 2**);
  - the delivery of the overall Capital Programme (**Section 2, paragraphs 110 to 122 and Appendix 3**);

- Reductions in the approved capital programme (**Appendix 4**)
- Supplementary Capital Estimates and Virements up to £250,000 approved in accordance with Finance Procedure Rules (**Appendix 5b**)
- the service performance successes achieved during the first three quarters of 2012/2013, and consider issues raised in relation to underperformance against targets and how these will be addressed (**Section 3**).

2.2 Cabinet is requested to approve the following:

- Supplementary Revenue Estimates of £33,000 for additional expenditure fully funded from non-ringfenced specific grant (**Section 2, paragraph 97**)
- Supplementary Capital Estimates and Virements over £250,000 and up to £1m (**Appendix 5a**)

### **3.0 Reasons for Recommendations**

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

### **4.0 Wards Affected**

- 4.1 All

### **5.0 Local Ward Members**

- 5.1 All

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

- 6.1 Performance management supports delivery of all key Council policies including carbon reduction and health. The projected outturn position, ongoing impacts in future years, and the impact on general reserves have been fed into the assumptions underpinning the 2013/2014 Budget and Medium Term Financial Strategy. .

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

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

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

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

## **9.0 Risk Management**

- 9.1 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2012/2013 Budget and the level of general reserves have been factored into the 2013/2014 Financial Scenario and Budget, and Reserves Strategy.
- 9.2 Performance and risk management are part of the key management processes of the Authority. Risks are captured both in terms of the risk of underperforming and the risk to the Council in not delivering its ambitions for the community of Cheshire East.

## **10.0 Background**

- 10.1 The three quarter year financial position demonstrates the strength of the performance information provided in the earlier reviews of Performance to Cabinet on 20<sup>th</sup> August 2012, and 12<sup>th</sup> November 2012. The Council has an ambitious savings target of £21.7m for 2012/2013, with an extremely challenging delivery plan. The risk of non-delivery of this ambitious plan, alongside emerging in-year pressures, is being managed well and strong mitigation plans have been identified and are being delivered.
- 10.2 The strength of Member and management action in the third quarter of the financial year has led to an improvement of £0.7m in the projected overall position since the Mid Year Review. This would result in an increase in the Council's general reserves level from £12.5m to £13.2m. Work continues to further mitigate the projected Service pressures and the aim is to better the overall performance against the Budget by the end of the financial year.
- 10.3 Our vision, corporate plans, financial allocations, democratic and organisational structures are all designed to help us achieve the outcomes that matter to the people of Cheshire East. Performance reporting and a focus on improvement are fundamental to achieving our long term ambitions. The report reflects a developing framework to embed performance management culture throughout the organisation.

## **11.0 Access to Information**

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

Name: Chris Mann / Vivienne Quayle

Designation: Finance Manager / Head of Performance, Customer Services  
and Capacity

Tel No: 01270 686229 / 01270 685859

Email: [chris.mann@cheshireeast.gov.uk](mailto:chris.mann@cheshireeast.gov.uk) / [Vivienne.quayle@cheshireeast.gov.uk](mailto:Vivienne.quayle@cheshireeast.gov.uk)



# **Three Quarter Year Review of Performance 2012 / 2013**

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**February 2013**



# Introduction

As part of the annual performance reporting framework set out in the Finance and Contract Procedure Rules, regular reports are required to be published. The Council is committed to high standards of achievement and continuing improvement. The report reflects a developing framework to embed performance management culture throughout the organisation.

The report provides an update of the Council's financial and non-financial performance at the three quarter year stage of 2012/2013, and also seeks Member approval to Supplementary Revenue and Capital Estimates and Virements. An overview and summary financial table are provided at the beginning of the report.

**Section 1** of the report provides projections of Service financial performance for the 2012/2013 financial year. It focuses on the key financial pressures which the Council's services are facing, areas of high financial risk to the Council, and the strong remedial actions identified by services to mitigate these pressures. Key issues affecting Services' capital programmes are also reported.

The figures included in this section reflect the original Business Plan adjusted for approved Supplementary Estimates and Virements, including those requested in the report. The permanent element of these updated budget figures form the carried forward element of the 2013/2014 Budget.

**Section 2** provides an update on the overall Financial Stability of the Council, including the positions on Grants received, Council Tax and Business Rates, the Council's overall Capital Programme and its funding, Treasury Management, Centrally held budgets, and the Management of the Council's Reserves.

**Section 3** provides a summary of the key non financial performance headlines for the year to date.

The Council has undertaken work to ensure Value for Money is provided throughout the council. The impacts of these improvements were noted in the Audit letter issued last Autumn and are visible in the improved control of finances seen in this 3rd Quarter and the previous mid year report. The audit letter notes improvements in Highways Maintenance, HR, Finance and IT. In particular the capital programme has been subject to more rigorous review from both Officers and Cabinet members through a new project management system and a Gateway Approval system.

The Council continues to provide detailed and transparent financial information about its use of public money both in this report and its budget processes.

Appendices are provided as follows:-

- **Appendix 1** explains changes to the Revenue Budget since the Mid Year Review in November 2012 which have been authorised or require authorisation via this quarterly report.
- **Appendix 2** analyses the position on Outstanding Debt.
- **Appendix 3** summarises revised in year Capital budgets and the revised forecasts of total Capital Programme expenditure and its funding.
- **Appendix 4** lists reductions to the total approved budgets of projects within the Capital programme.
- **Appendices 5a and 5b** list requests for Supplementary Capital Estimates and Virements.
- **Appendix 6** shows the latest position on the Corporate Grants register.
- **Appendix 7** provides details of Treasury Management investments.
- **Appendix 8** details progress against Performance Indicators.

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## 2012/2013 Outturn Forecast at Three Quarter Year Review

### Financial Position

2012/2013 Three Quarter Year Review	REVENUE				Change from MYR £m	For Further information please see the following sections
	Revised Net Budget	Emerging Pressures	Remedial Actions Identified to Date	Current Forecast Over / (Underspend)		
	£m	£m	£m	£m		
<b>DIRECTORATES</b>						
Children & Families	59.2	5.5	-4.5	1.0	-0.3	Section 1, Paragraphs 2-11
Adults	99.0	11.0	-6.9	4.1	0.0	Section 1, Paragraphs 20-33
Places & Organisational Capacity	77.1	4.7	-3.0	1.7	0.2	Section 1, Paragraphs 37-55
Corporate Services	26.7	0.3	-0.3	0.0	-0.4	Section 1, Paragraphs 73-86
<b>TOTAL: Directorates</b>	<b>262.0</b>	<b>21.5</b>	<b>-14.7</b>	<b>6.8</b>	<b>-0.5</b>	
<b>CENTRAL BUDGETS</b>						
Specific Grants	-41.5	-0.2		-0.2	0.0	Section 2, Paragraphs 94
Capital Financing	14.8	-0.9		-0.9	0.0	Section 2, Paragraphs 121-122
Contingencies	4.3			0.0	0.0	Section 2, Paragraphs 126-127
Invest to Save Reserve	-0.6			0.0	0.0	
Corporate Income	0.0	-0.2		-0.2	-0.2	
<b>TOTAL: Central Budgets</b>	<b>-23.0</b>	<b>-1.3</b>	<b>0.0</b>	<b>-1.3</b>	<b>-0.2</b>	
<b>TOTALS</b>	<b>239.0</b>	<b>20.2</b>	<b>-14.7</b>	<b>5.5</b>	<b>-0.7</b>	

	Planned Contribution 2012/2013 Revised Budget £m	Forecast Variance @ Quarter 3 £m	Impact on reserves Quarter 3 Forecast £m
Impact on Reserves	7.3 *	-5.5	1.8

\*Reduced from £7.6m by Supplementary Revenue Estimates on 19th July 2012

General Reserves Balance	2012/2013 Budget £m		Quarter 3 Forecast £m	
Opening Balance April 2012	13.2	Actual	11.4	} Section 2, Paragraphs 130-134
2012/13 Impact on Reserves (see above)	7.6	Forecast	1.8	
Closing Balance March 2013	20.8	Forecast	13.2	

# Overview

The following key points provide an overview of the Three Quarter Year Review position. The Revenue and Reserves positions below are linked to the preceding table.

## Revenue

- The third quarter report shows a reduction of £0.5m in Directorate spend and a £0.2m reduction in Central Budgets against the Mid Year position.
- Overall Directorate revenue budget is now expected to overspend by 2.6% (£6.8m).
- Services face emerging pressures totalling £21.5m, and to date have identified remedial actions of £14.7m to mitigate these issues.
- Demand led service pressures applying across directorates include:-
  - **Children & Families** - Care costs £3.9m; Social Care staffing £0.8m; Unachievable transport savings £1.1m
  - **Adults** – Learning Disability Pooled Budget £7m; Other Care costs £2.6m
  - **Places & Organisational Capacity** - Community income £1.3m; Assets £2.6m; Waste, Recycling & Streetscape £1.5m;
  - **Corporate Services** - ICT (incl Shared Services) £0.5m
- Central Budgets – a £1.3m saving is forecast from a reduction in interest charges and debt repayment costs (£0.9m), increased grants (£0.2m), and other income (£0.2m).

Portfolio Holders and Chief Officers will strive to identify further remedial action to mitigate the £6.8m forecast overspend prior to the year end.

The Medium Term Financial Strategy (Dec 2012) confirmed in-year pressures continuing into 2013/2014, and these combined with the above

forecasts support the base expenditure and opening balances for the 2013/14 budget.

## Reserves

General Reserves are expected to increase this financial year by £1.8m to £13.2m. This is less than planned as the impact of the forecast overspend reduces the planned contribution to reserves.

- The actual closing balance will be detailed in the Statement of Accounts in June 2013. One risk that should be noted is the potential for up-front severance costs from restructuring being funded in 2012/2013.

## Capital

- The revised capital programme was approved by Council on 13 December 2012. The revised in year budget of £75.4m is forecast to underspend by £18.5m.

## Debt

- Total outstanding Debt (excluding local taxation) is £6.7m, of which £2.9m is over 6 months old. A bad debt provision of £2.7m is available to meet potential write-offs.

## Financial Stability

- The Council has retained its position among the top third of Unitary Councils in terms of council tax collection. 99% of Council Tax / Business Rates are collected within 3 years.
- Investment income is £0.2m higher than budgeted, following improved returns in the second quarter. Average interest rate earned on investments (0.8%) is higher than the London Inter Bank 7 day rate.

## Performance

- At the Three Quarter Year point, 26.9% of service performance indicators are on target or exceeding their target.

# 1. Directorate Financial Summary

## Introduction

1. This section provides details of the key revenue and capital issues emerging from the three quarter year review. It highlights the main budget pressures faced by the Council, and remedial actions proposed to mitigate these pressures.

## Children and Families

2. The service has a net budget of £59.2m, excluding Dedicated Schools Grant (DSG) which is shown separately (**paras 20-23**). **Table 1** highlights that emerging pressures of £5.5m have been identified. Remedial action of £4.5m has been identified to date which will reduce the forecast overspend to £1.0m (a reduction of £0.3m since Mid Year Review).

**Table 1 – Children and Families Revenue (excluding DSG)**

	REVENUE				Change from MYR £000	Paragraph Number(s)
	Revised Net Budget £000	Emerging Pressures £000	Remedial Actions Identified to Date £000	Current Forecast Over / (Underspend) £000		
<b>Children &amp; Families</b>						
Directorate	562	0	0	0	238	
Safeguarding & Specialist Support	26,851	4,367	-474	3,893	26	4-11
Early Intervention & Prevention	12,844	0	-2,228	-2,228	-128	12-13
Strategy, Planning & Performance	18,927	1,141	-1,836	-695	-486	14
	<b>59,184</b>	<b>5,508</b>	<b>-4,538</b>	<b>970</b>	<b>-350</b>	

3. **Table 2** shows that the service has a 2012/2013 revised capital budget of £17.9m. Expenditure is forecast to be £14.9m, resulting in a forecast underspend of £3.0m, which will be spent in future years.

**Table 2 – Children and Families Capital**

	MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/Underspend)	Paragraph Number(s)
<b>Children &amp; Families</b>					
Safeguarding & Specialist Support	0.8	0.8	0.7	-0.1	
Early Intervention & Prevention	0.2	0.2	0.2	0.0	
Strategy, Planning & Performance	16.7	16.9	14.0	-2.9	
	<b>17.7</b>	<b>17.9</b>	<b>14.9</b>	<b>-3.0</b>	15-19

## Key Revenue Issues

### Safeguarding and Specialist Support (SSS)

4. The external care placements budget for Cared For Children (CFC), is currently projected to overspend by £3.9m. Further actions are being identified to bring costs down further. There are currently 402 Cared for Children (as at 4<sup>th</sup> January 2013) compared with 434 at the start of April 2012, there is evidence that the action that the service are taking to control the number of placements is working. Whilst, overall care numbers have reduced, 30 children were admitted to care during this period (April 2012 to January 2013).

5. The Children's care placement budget continues to be under pressure due to a number of factors including: the impact of looking after children who do not continue with education but still have a social care cost (i.e. when they are in Education, this is partially funded by the Dedicated Schools Grant and no provision needs to be made for social care day services) and the cost of providing care to children with increasingly complex needs.
6. Remedial action of £0.4m associated with reduced care costs (i.e. through reviews and care contract commissioning) is expected to be delivered by the service in 2012/2013 with further full year effect savings expected in 2013/2014.
7. The new Head of Service is actively reviewing placements and the longer term commissioning models that should be adopted. Alongside this, improved integration between Children's and Adults social care and health care is being explored, and discussions are currently underway in relation to health contributions, towards complex care packages.
8. The service are continuing to review and reduce out of borough placements, to try and ensure that the council fulfils its corporate parenting responsibility and keeps children within the local area. The service intends to invest in local residential services and the delivery model for these services is being reviewed.
9. There continues to be a shortage of foster carers, despite a very heavily advertised recruitment campaign (FACE). The ability of the service to invest and develop this function is currently impacted by the budget pressures within care costs and the staffing capacity pressures outlined below. Consideration is being given to benefits and support that would encourage more foster parents.
10. The service continue to experience difficulty in attracting and recruiting key personnel into front line social worker posts, leading to a reliance on more costly agency staff in the interim. This is leading to a pressure of £0.75m within the service. Actions to

tackle the recruitment issue are being progressed. It is anticipated that the new recruitment process will be in place during early 2013 which will reduce the reliance of the service on agency staff in 2013/2014.

11. The service continues to be in a significant overspend situation in relation to care costs and agency staffing. The new Head of Service is taking active steps to control and reduce the overspend on a permanent basis. An overspend position of £3.9m cannot be eradicated within the current financial year, but within the business planning proposals there is a strategy to significantly reduce the care cost pressure over the next 3 years. The main challenges at the moment are the availability of alternative support services other than external care placements and the need to balance the council's statutory requirement to identify and care for children at risk, alongside its duty to secure value for money.

#### **Early Intervention and Prevention**

12. The service are currently containing their overall budget pressures by diverting resources which should be invested in preventative services. The service are expected to deliver an underspend of £2.2m.
13. As part of the 2013/2014 business planning process, the service are reviewing the options and benefits of investing in early intervention and prevention services to reduce overall costs within care commissioning. The Heads of Services are actively working together to develop longer term plans.

#### **Strategy, Planning and Performance**

14. The main pressure within the service is from the policy proposal to deliver £1.1m of transport savings. Good progress is being made with the remedial action plan that was devised at First Quarter Review and part year savings of £0.8m are expected to be delivered in 2012/2013 with a full year effect of £1.1m in 2013/2014.

## Capital Programme - Key Issues

15. Since the mid-year review, the in year capital budget has been adjusted for a number of supplementary capital estimates (Appendix 5a and 5b) mainly funded by additional schools contributions and capital grants resulting in an overall increase of £0.2m.
16. The service will slip £3.0m of forecast expenditure in to future financial years and this is mainly in the Strategy, Planning and performance service where the schools capital programme sits.
17. A list of the Children and Families Supplementary Capital Estimates and Virements up to and including £250,000 are shown in Appendix 5b. Cabinet are asked to note the changes.
18. Cabinet is asked to approve the Supplementary Estimate of £0.9m for the Springfield Special School scheme which will be fully funded from the schools balances and Devolved Formula Capital (Appendix 5a). The proposal is to create a sports barn facility that will incorporate a sports hall and swimming pool, with changing facilities, adjacent to the main school.
19. Cabinet are requested to note the budget reductions as listed on Appendix 4.

## Dedicated Schools Grant (DSG)

20. **Table 3** shows that total pressures on DSG for 2012/2013 are currently £4.4m, which is an increase of £0.9m since Mid Year Review.

**Table 3 – Dedicated Schools Grant**

	REVENUE				Change from MYR	Paragraph Number(s)
	Revised Net Budget	Emerging Pressures	Remedial Actions Identified to Date	Current Forecast Over / (Underspend)		
	£000	£000	£000	£000	£000	
<b>Schools Grant Funded including DSG</b>						
Strategy, Planning & Performance - DSG	0	2,814	0	2,814	-719	
Schools (Individual School Budgets)	0	0	0	0	0	
Other Schools Provision	0	1,621	0	1,621	1,621	
Pupil Premium	0	0	0	0	0	
	<b>0</b>	<b>4,435</b>	<b>0</b>	<b>4,435</b>	<b>902</b>	20-23

21. The DSG budget is fully funded by ring fenced grant of £191m, of which approximately 94% is formally delegated to schools and the remaining 6% is retained centrally by the Council for statutory functions that have not been delegated.
22. The majority of the 6%, which equates to just over £13.6m is spent on specific educational needs of children. Special Educational Needs (SEN) expenditure is determined by children either receiving a formal Statement assessing their needs or an Individual Pupil Funding assessment. The SEN budget is experiencing significant increases in pressure resulting in an overspend of £2.8m. In addition the overspend on both SEN and 3 and 4 year old places from 2011/2012 has been carried forward, giving a total DSG overspend of £4.4m. This is ring fenced to DSG and will be managed against the overall DSG position.
23. This issue is being discussed, and a remedial action plan is being managed, with the Schools Forum. Plans are being drawn up to recoup as much as possible within 2012/2013, with any remaining overspend being carried forward as a first call on the 2013/2014 DSG budgets.

## Adults

24. The Adults Service has a net budget of £99m. **Table 4** shows that the service faces emerging pressures of £11m. Remedial action of £6.9m has been identified which will reduce the net forecast position to an estimated £4.1m overspend (the same as at Mid Year Review).

**Table 4 – Adults Revenue**

	REVENUE				Change from MYR	Paragraph Number(s)
	Revised Net Budget	Emerging Pressures	Remedial Actions Identified to Date	Current Forecast Over / (Underspend)		
	£000	£000	£000	£000	£000	
<b>Adults</b>						
Care4CE	0	286	-675	-389	-100	33
Strategic Commissioning	36,473	2,924	-771	2,153	-321	36-39
Business Management and Challenge	3,457	154	-720	-566	-20	35
Individual Commissioning	59,109	7,643	-4,697	2,946	478	26-34
	<b>99,039</b>	<b>11,007</b>	<b>-6,863</b>	<b>4,144</b>	<b>37</b>	

25. **Table 5** shows that the service has a 2012/2013 capital budget of £1.5m. Expenditure is forecast to be £0.8m, resulting in a forecast underspend of £0.7m, which will be spent in future years.

**Table 5- Adults Capital**

	MYR Budget	Revised TQR Budget	Forecast Expenditure	Current Forecast (Over/ Underspend)	Paragraph Number(s)
	£m	£m	£m		
<b>Adults</b>					
Care4CE	0.4	0.4	0.3	-0.1	
Business Management and Challenge	1.1	1.1	0.5	-0.6	
	<b>1.5</b>	<b>1.5</b>	<b>0.8</b>	<b>-0.7</b>	40-42

## Key Revenue Issues

### Individual Commissioning

26. The main pressure within the Adults Service continues to be care costs. The service has a gross pressure of £7.6m in year mainly relating to care costs which is being mitigated by remedial action of £4.7m, leaving a net budget pressure of £2.9m. The Learning Disability Pooled budget arrangement with Central and Eastern Cheshire PCT accounts for £5m of the gross overspend position within Individual Commissioning.
27. The remedial action projection of £5.2m at Mid Year Review has been reduced by £0.5m to £4.7m and this is due to care cost growth not being contained to the levels as originally anticipated. In addition, some of the remedial action is of a temporary nature, so there will continue to be pressures in 2013/2014.
28. The service are continuing to explore a number of options to reduce care costs including:
- maximising the use of Care4CE services where appropriate
  - Letter to service providers to negotiate costs
  - Reassessment of service user needs and review of care packages
  - More rigorous review of care placements, including an independent review
  - Review of respite placements (especially those over 6 weeks)
  - Ensuring all relevant assessments and reassessments are considered for eligibility for Continuing Health Care (CHC) funding, whereby health have the ongoing liability to deliver and pay for care
  - Review of commissioning models in the longer term
29. Remedial action is being delivered in a number of key areas (i.e. vacancy management; stopping expenditure on uncommitted activities ). However, progress in containing care costs continues to be variable depending on the care packages that have been

commissioned (i.e. whilst people leave the service, the cost of new entrants is higher as they have more complex care needs).

30. Whilst the service are making good progress at keeping overall care numbers steady, care packages for complex care needs continue to add pressure to the overall care cost position. The service are currently negotiating for additional contributions from health, under the Continuing Healthcare reviews.
31. In December 2012, the Department of Health announced additional funding for winter pressures which councils need to be bid for with their Strategic Health Authority. Cheshire East will be pursuing business cases with health.
32. The previously reported budget pressures in relation to the de-commissioning of transport services and the availability of support within the external market to absorb demand have been rectified through working with alternative providers.
33. A new Head of Service starts in post from mid January 2013 and it is expected that they will help shape the direction of the service to ensure that it is sustainable in the future. The recently appointed new managers at the Strategic level are currently stabilising the service before the new Head of Service starts. Once they are in post these managers should give the service the capacity to review the direction of the service, review the assessment and care management practice and processes and review commissioning models in conjunction with the Strategic Commissioning managers.
34. There continues to be a risk that not all the identified remedial action is achievable, especially in relation to care cost reviews. The winter months are traditionally more volatile in that instances of flu, norovirus etc, are more prevalent and can lead to increased care costs. This is the major risk factor to be accounted for when considering the Adults outturn position at this point.

## Care4CE and Business Management and Challenge

35. These services are delivering the remedial action plan that was developed following the First Quarter Review and are expected to deliver a combined underspend of £0.9m, this is through vacancy management; managing uncommitted budgets and utilising existing resources.

## Strategic Commissioning

36. The main pressure within the strategic commissioning budget continues to be the gross overspend of £2m on the Learning Disability pooled budget health networks.
37. The pressure on the health networks remains at £2m overspend. Whilst these contracts are due to expire in March 2013, it will not be possible to complete a re-tender exercise by April 2013. The current aim is to review service users on an individual basis and renegotiate costs with the relevant provider accordingly. If this proves unsuccessful the contracts will be retendered as soon as possible but it should be noted this is likely to involve a lead time in of 9-12 months.
38. A letter has been sent out to providers advising the market of the financial position that the Council faces and seeking ways of delivering efficiencies whilst continuing to maintain a good standard of care. The response to this letter has been encouraging and further engagement work with interested providers is underway. The savings are of a temporary nature and contribute towards the remedial action in Individual Commissioning.
39. The overall outturn position for Adults is underpinned by the remedial action that must happen within the care cost pressure area. Whilst short term remedial action may help to manage the gross pressures, longer term initiatives need to be invested in to help deliver longer term savings e.g. determining accommodation with support requirements based on needs analysis; instigating programmes of service redesign for learning disability.

## Capital Programme – Key Issues

40. There have been no fundamental changes to the Adults in-year budget since the mid-year position.
41. The service will slip £0.7m forecast expenditure into 2013/2014 and this relates to all three schemes within the Adults 2012/13 Capital Programme, Building Base Review £0.3m, Combined ICT project £0.2m and Careworks System £0.2m.
42. The full list of Adults Supplementary Capital Estimates and Virements are shown in Appendix 5b, Cabinet are asked to note the changes.

## Places & Organisational Capacity Directorate

43. Places & Organisational Capacity Directorate has a net budget of £77.1m. **Table 6** highlights pressures of £4.7m. Remedial action of £3.0m has been identified to date which will reduce the forecast overspend to £1.7m (an increase of £0.2m since Mid Year Review).

**Table 6 – Places & Organisational Capacity Revenue**

	REVENUE				Change from MYR	Paragraph Number(s)
	Revised Net Budget	Emerging Pressures	Remedial Actions Identified to Date	Current Forecast Over / (Underspend)		
	£000	£000	£000	£000	£000	
<b>Places &amp; Organisational Capacity</b>						
Waste, Recycling & Streetscape	26,785	556	0	556	147	45-51
Highways & Transport	17,791	21	-210	-189	-48	52-54
Community Services	206	2,079	-290	1,789	365	55-59
Development	21,973	1,831	-1,815	16	-39	60-64
Performance, Customer Services & Capacity	10,304	205	-645	-440	-210	65-66
	<b>77,059</b>	<b>4,692</b>	<b>-2,960</b>	<b>1,732</b>	<b>215</b>	

44. **Table 7** shows that the service has a revised 2012/2013 capital budget of £48.5m. Expenditure is forecast to be £37.4m, resulting in an underspend of £11.1m, which will be spent in future years.

**Table 7 – Places & Organisational Capacity Capital**

	MYR Budget	Revised TQR Budget	Forecast Expenditure	Current Forecast (Over/ Underspend)	Paragraph Number(s)
	£m	£m	£m		
<b>Places &amp; Organisational Capacity</b>					
Waste, Recycling & Streetscape	0.8	0.8	0.8	0.0	
Highways & Transport	26.7	27.6	22.2	-5.4	67-70
Community Services	2.6	2.6	1.7	-0.9	
Development	16.5	16.6	12.0	-4.6	71-73
Performance, Customer Services & Capacity	0.9	0.9	0.7	-0.2	74
	<b>47.5</b>	<b>48.5</b>	<b>37.4</b>	<b>-11.1</b>	

## Key Revenue Issues

### Waste, Recycling and Streetscape

45. The Service is reporting net budget pressures of £0.5m; an increase of £0.15m from Mid Year Review. Gross pressures in Waste & Recycling and Streetscape are currently £1.0m and £0.5m respectively, however in-year management actions (reflected in the net forecast) are reducing these projections to a £0.7m overspend and £0.2m underspend respectively.
46. In Waste & Recycling the gross pressures of £1.0m reflect;
  - £0.6m over-spend against core collection costs (agency and fleet), attributable to original budget reductions not being achievable, combined with a review of pool staff provision being required.
  - £0.5m overspend is forecast against a number of contract related pressures comprising: recycling bulking contract and related bank holiday haulage, green waste contract haulage and non achievement of proposed landfill diversion savings in year.

- Additional pressures in-year against fuel of approximately £0.3m, due to in part to increased usage / consumption, increased fuel prices and inclusion of a lower than required budget inflation provision.
  - Further pressures in Waste of £0.2m as previously reported relate to: one-off buy out of overtime allowances; additional costs in respect of changes in terms relating to overtime and time off in lieu; reduced demand for the bulky waste service or Schedule 2 property collections impacting income.
  - The pressures above are offset by an improved waste disposal contract forecast underspend of £0.6m, resulting from refinement of the waste disposal tonnage projections. This is an improvement of £100,000 on the MYR forecast.
47. These gross pressures are forecast to continue into 2013/2014 to some degree; however in-year they are being offset in part by one off actions totalling (£0.3m) across the Waste Service, including vacancy management.
48. Since MYR the overall position has deteriorate by £0.1m as a consequence of increased core fleet costs.
49. In Streetscape, gross pressures of £0.5m relate mainly to the later than anticipated realisation of Service review savings of £0.1m (net) and unachievable income budgets of £0.2m in Grounds Maintenance(reduced S106 forecast) and Parks Development; additional one-off costs of £0.1m associated with later than expected property / service transfers, many of which are now forecast to occur in February 2013 and a further £0.1m pressure due to the impact of the decision at FQR to defer the auto loo lease termination (seemitigations below). However in-year management actions are reducing these projections to a £0.2m underspend.
50. The income pressures above are likely to continue into 2013/2014 although the Service is looking to minimise the impact where possible. In year however, the service is mitigating these pressures through one –off actions of £0.7m comprising; vacancy

management, a review of supplies budgets and an underspend relating to investment monies.

51. Since MYR the position has changed by £50,000, largely attributable to an increase in Markets Traders debt over 6 months old being provided for.

### Highways and Transport

52. The Highways and Transport Service is reporting a £189,000 underspend against a £17.8m net budget. This reflects an improvement of £48,000 since Mid Year Review.
53. Within this the Transport Service is now projecting a balanced outturn position against a £7.3m net budget. This is an improvement of £158,000 from the MYR and is a result of further efficiency measures taken to realise non pay budget savings to help mitigate the Concessionary Fares and Local Bus budget pressures. In addition, recharges to client departments are being reviewed to ensure a fair and appropriate apportionment of transport costs are being made.
54. Remedial actions totalling £210,000 across the remainder of the Service are continuing to help mitigate the Directorate's overall cost pressures and include: reduced spending on Highways maintenance; Public Rights of Way and Countryside services, through a review / deferral of the routine maintenance programmes and other in-year non pay savings. Whilst not yet factored into the forecast, subject to the severity of the weather through the remaining winter months, there may be scope for further savings from the Highways winter provision budget (e.g. salt usage, winter fleet costs and winter contingencies). Conversely, a period of severe weather will increase budget pressures.

## Community Services

55. Community Services is projecting income shortfalls totalling £1.3m. This has increased since Mid Year Review by £0.2m. This mainly comprises:
- £1m in the Car Parking Service; Since MYR enforcement income is lower than anticipated (£0.2m) due to the Automatic Number Plate Recognition capital project not progressing and recruitment issues within the team.
  - £0.3m relating to the Leisure Service; reflecting continuing economic pressures; income targets for school swimming and savings from a review of the service recharge not being achievable.
56. Expenditure pressures of £0.7m are forecast, largely due to unbudgeted pay costs in the Leisure Service and CCTV overtime costs, along with the impact of pay harmonisation premium payments and the costs of taxi licensing tests.
57. Since MYR later than anticipated local service delivery asset transfers, taxi testing costs, CCTV maintenance costs and kennelling costs associated with stray dogs have increased pressures by £0.1m.
58. Despite continued pressures within the Service, a series of in-year remedial actions are proposed totalling £0.3m. These include changes to fees and charges (specifically in Pest Control), further vacancy management and other non pay savings across the Service.
59. The pressures identified in Car Parking, CCTV and Leisure Services as reported above are forecast to continue. Proposals in the draft Budget for 2013/2014 are intended to correct for these underlying base budget shortfalls.

## Development Service

60. Overall the Development Service is reporting budget pressures of £1.8m, along with a series of mitigations/ remedial actions to improve the overall position to a broadly balanced outturn.
61. The Assets Service has undergone significant changes during 2012/2013, implementing the Corporate Landlord role and taking on the associated operational and budgetary responsibilities. Following further work in respect of finalising transfers of budgets from other Services and analysing spend/ income in detail, the current forecast shows emerging pressures totalling £2.6m.
62. This reflects various matters, including: unrealised savings targets of £0.5m (from asset disposals and street lighting energy); £0.8m on holding costs of surplus/ interim-managed properties; £0.8m against operational properties (some only part-budgeted, others where no budget transferred due to prior year budget savings/ reductions); rent income budget shortfalls of £0.7m in the Investment portfolio, relating to permanent income loss (on four specific sites), market conditions for industrial / commercial premises; and also one-off costs associated with later than expected property/ service transfers.
63. Some £1.4m of the gross pressures above are being mitigated in-year within other areas of the Assets Service, through a combination of ongoing savings (£0.2m) and one-off remedial actions (£1.2m) comprising: energy rebate/ water savings; vacancy management; capitalisation of staff time; reductions in non-responsive maintenance; additional income and other spend reductions. Furthermore, remedial actions totalling £0.4m are reducing the overall Assets Service pressures to £0.8m, as reported at the MYR. The £0.8m reflects the underlying base budget shortfall, as previously noted in monitoring reports during last year.

64. Other areas within the Development Service are forecasting a total £0.9m underspend to help mitigate the overall Service budget pressures. The net savings have resulted principally from vacancy management and income exceeding targets in respect of land search fees, but also takes account of potential one-off planning appeal costs. .

### **Performance, Customer Services and Capacity (PCSC)**

65. Library Shared Services have budget pressures of £155,000 (as reported at Mid Year Review). These result from planned budget savings which are no longer achievable; a fall in income from the Education Library Service; increased property costs and relocation payments following the move to the new premises. However, the pressure will be fully mitigated in 2012/2013 by reductions in Cheshire East's Library expenditure through vacancy management and reducing expenditure on the book fund. A formal review of the Library Shared Service is underway as described in the Library Strategy to part mitigate the pressures identified in future years. The remaining pressures will have to be met from efficiency savings within Cheshire East's Library Service.
66. As reported at First Quarter Review, it is expected that £50,000 of the original £100,000 corporate Lean Review saving target will be achieved. Since MYR, further one-off savings of £0.2m have been identified in 2012/2013 across the Service to contribute to the overall Directorate position. These, together with the continuation of identifying Lean Savings throughout the Council, have led to an overall projected underspend of £0.4m.

### **Capital Programme – Key Issues**

#### **Highways and Transport**

67. A number of increases have been made to the in-year budget, notably £0.4m for the Local Sustainable Transport Fund (approved by Cabinet in July 2012 but has only been updated at Three

Quarter Review) and an additional £0.2m for Congleton Relief Road that will be funded by Prudential Borrowing.

68. The service will slip £4.3m of forecast expenditure into future years principally relating to the Alderley Edge By-pass scheme re-profiling of £3.0m into 2013/2014.

#### **Community Services**

69. There have been no changes to the Community Services in-year budget since the mid-year provision.
70. The service will slip £0.9m of forecast expenditure in to 2013/2014. The increase since mid-year review of £0.6m relates to Resident Car parking and the Leisure ICT System.

#### **Development**

71. The in year budget now includes expenditure of £0.2m funded from grant to be received from the Department for Energy and Climate Change which has already been approved by Cabinet on 7<sup>th</sup> January 2013.
72. The service will slip £4.6m of forecast expenditure in to future years which is an increase of £3.3m on the figure reported at mid-year.
73. The most notable changes in forecast relate to Housing Development £0.5m, Accommodation Strategy £0.5m, AMS Block £1.0m, Minor works £0.3m and Tatton Investment £0.4m.

#### **Performance, Customer Services and Capacity**

74. The service will slip £0.2m of forecast expenditure in to future years which relates to the Customer Access and Radio Frequency Schemes.

75. A list of the Places and Organisational Capacity Supplementary Capital Estimates and Virements up to and including £250,000 are shown in Appendix 5b. Cabinet are asked to note the changes.
76. Cabinet is asked to approve the Supplementary Estimate of £0.3m for the Disabled Facilities Grant scheme, which will be fully funded from government grants and external contributions ( Appendix 5a).
77. Cabinet are requested to note the budget reductions as listed on Appendix 4.

### Corporate Services

78. Corporate Services have a net budget of £26.7m. **Table 8** highlights pressures of £0.3m. Remedial action of £0.3m has been identified to date, which will produce a balanced outturn (an improvement of £0.4m since Mid Year Review).

**Table 8 – Corporate Services Revenue**

	REVENUE				Change from MYR £000	Paragraph Number(s)
	Revised Net Budget £000	Emerging Pressures £000	Remedial Actions Identified to Date £000	Current Forecast Over / (Underspend) £000		
<b>Corporate Services</b>						
Finance & Business Services	17,838	48	-202	-154	-377	80-85
HR & OD	3,266	0	0	0	-20	86
Borough Solicitor	5,630	254	-104	150	-13	87-89
	<b>26,734</b>	<b>302</b>	<b>-306</b>	<b>-4</b>	<b>-410</b>	

79. **Table 9** shows that Corporate Services has a revised 2012/2013 capital budget of £7.5m. Expenditure is forecast to be £3.8m, resulting in an underspend of £3.7m, which will be spent in future years.

**Table 9 - Corporate Services Capital**

	MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend)	Paragraph Number(s)
<b>Corporate Services</b>					
Finance & Business Services	7.9	7.5	3.8	-3.7	90-91
	<b>7.9</b>	<b>7.5</b>	<b>3.8</b>	<b>-3.7</b>	

### Finance & Business Services

80. The Service is reporting a net underspend of £154,000, an improvement of £377,000 since Mid Year Review.
81. Within the Finance Service, the net pressure in Shared Services has reduced to £164,000 from £208,000 at MYR. Pressures on other centrally held budgets including pension gratuities and audit fees have increased to £77,000, but are offset by a favourable variance of £600,000 within the Benefits Service due to higher than expected subsidy levels.
82. ICT Strategy Services reported a net budget pressure of £214,000 at MYR, which has been reduced to a net nil position at TQR. A non staffing pressure of £240,000 mainly relates to a duplicated savings target, principally in respect of disaster recovery and broadband network consolidation, plus relocation travel. This has been mitigated in-year by vacancy management savings plus additional recharge of costs to capital projects.
83. ICT Shared Services reported a net pressure of £481,000 at mid-year, which has been reduced to £333,000 at TQR. The improvement is primarily due to forecast schools income being higher than expected. The pressure has been further mitigated by holding additional vacancies. The Service will continue to manage costs in an effort to deliver further savings, but at this point it is thought unlikely that the overspend in relation to redeployment and

notice periods will be mitigated. Work is continuing to help deliver a balanced budget in 2013/2014.

84. It is estimated that £343,000 will be required to cover ICT Shared Service voluntary redundancies, which would leave an underspend of £132,000 on the one-off cost of investment budget included in the figures for ICT.
85. Revenues, Procurement, Shared Services Manager, Internal Audit, and Insurance are forecasting net nil positions.

#### **HR & OD**

86. Previous base budget pressures have been resolved and projected under-spends in HR Strategy and Policy, Organisational and Workforce Development and HR Delivery will be offset by a projected pressure in the HR Shared Service. Overall a net nil position is projected.

#### **Borough Solicitor**

87. The Council's Reserves Strategy, reflected in the risk-assessed level of reserves, includes some provision for legal investigations. The Legal Service outturn projection includes an additional cost of £100,000 related to the independent investigation of the Lyme Green project. This has contributed to the overall pressures against the budget of £150,000, which is an improvement of £13,000 since mid-year.
88. Registration Services continues to anticipate a net budget pressure of £42,000 in respect of additional staff resources required to meet its challenging income target, particularly in terms of additional marriage ceremonies. Further investment in marketing of £25,000 (funded by Invest to Save budget) will continue to promote the Service.
89. The Coroner Service has a base budget shortfall of approximately £50,000; this will be considered in the budget planning process for

2013/2014. This pressure has been temporarily mitigated by various items, including the receipt of a £26,000 refund relating to last year, when numbers of deaths in Cheshire were lower than the average forecast. Consequently the Service is continuing to report a net pressure of £18,000.

#### **Capital Programme – Key Issues**

##### **Finance and Business Services**

90. The in-year budget for ICT has reduced by £0.4m due to virements to new schemes in future years; Enabling Citizens and Businesses (£0.2m) and Location Independent Workforce (£0.2m). (Appendix 5b)
91. After a number of challenge session discussions it has been agreed that the ICT budget will be re-profiled over four financial years instead of three (including 2012/2013) and this has resulted in an overall budget reduction of £1.8m ( Appendix 4) and an additional £3.3m of forecast expenditure slipping in to future years.

#### **Debt**

92. A summary of outstanding invoiced debt by Directorate is contained in **Appendix 2**.

## 2. Financial Stability

### Government Grant Funding of Local Expenditure

93. Cheshire East receives two main types of Government grants, formula grant and specific grants.
94. The overall total of Government grant budgeted for in 2012/2013 was £402.2m. Cheshire East Council's formula grant will be £67.7m and specific grants were originally budgeted to be £334.5m based on Government announcements to February 2012. Further announcements have revised this figure to £344.1m. Specific grants are split between non-ringfenced (£137.3m) and ringfenced (£206.8m). Spending in relation to ringfenced grants must be in line with the purpose for which it is provided.
95. **Table 10** summarises the updated forecast position for all grants in 2012/2013. A full list of grants is provided at **Appendix x**.

**Table 10 – Summary of Grants to date**

	Revised Budget Sept 2012/13 £m	Revised Budget Dec 2012/13 £m	Variance 2012/13 £m
Formula Grant			
Revenue Support Grant	1.3	1.3	0.0
Business Rates	66.4	66.4	0.0
	<b>67.7</b>	<b>67.7</b>	<b>0.0</b>
Specific			
Ringfenced Grants	206.6	206.8	-0.2
Non Ringfenced Grants - held within service	95.5	95.5	0.0
Non Ringfenced Grants - held corporately	41.8	41.8	0.0
	<b>343.9</b>	<b>344.1</b>	<b>-0.2</b>
Total Government Grant Funding	<b>411.6</b>	<b>411.8</b>	<b>-0.2</b>

Source: Cheshire East Finance

96. Ringfenced grants have increased by £0.2m since the Mid Year Review.
97. There has been no net change in the level of non ringfenced grants since MYR. Children and Families are now requesting a Supplementary Revenue Estimate (SRE) of £33,000 to be met from increased Skills Funding Agency grant. An additional £80,000 grant has now been awarded in –year, the majority of which was identified at MYR. However the service is now requesting use of part of this increase. The award of this specific grant is conditional upon it being used to support Lifelong Learning via support for low income learners on Skills Funding courses, and skills development programmes for the unemployed.
98. Overall, after taking account of previously approved SREs funded from specific grant, it is estimated that an additional £0.2m grant over budget will be received in 2012/2013 (see overview table on page 3).

### Collecting Local Taxes for Local Expenditure

99. Cheshire East Council collects Council Tax and National Non Domestic Rates (NNDR) for use locally and nationally.

#### Council Tax

100. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2012/2013 at £1,216.34 for a Band D property. This is applied to the taxbase.
101. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect Council Tax from (after adjustments for relevant discounts, exemptions and an element of non collection). The taxbase for 2012/2013 was agreed at 146,807.37 which, when multiplied by the Band D charge, means that the expected income for the year

is £178.6m. Council Tax therefore funds approximately 73% of the Council's net revenue budget of £246.3m.

102. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police Authority, the Cheshire Fire Authority and Parish Councils. **Table 11** shows these amounts separately, giving a total collectable amount of £214.9m.

**Table 11 – Cheshire East Council collects Council Tax on behalf of other precepting authorities**

	£m
Cheshire East Council	178.6
Cheshire Police Authority	22.1
Cheshire Fire Authority	9.8
Town & Parish Councils	4.4
	<u>214.9</u>

Source: Cheshire East Finance,

103. This figure may vary slightly during the year if more discounts and exemptions are granted or more properties are built.
104. The Council expects to collect at least 99% of the amount billed, but will always pursue 100% collection. However, to allow for any delay in collection the amount billed should therefore be slightly more than the actual budget. The amount billed to date is £216.7m.
105. **Table 12** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within three years.

**Table 12 – 99% of Council Tax will be collected within 3 Years**

	% Collected to date
2010/2011	99.1%
2011/2012	98.9%
2012/2013	88.1%

Source: Cheshire East Finance, December 2012

## National Non Domestic Rates (NNDR)

106. NNDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes in line with inflation and takes account of the costs of small business rate relief. The inflation factor used is 5.6% which reflects the Retail Price Index as at September 2011. NNDR is set nationally and paid over into the NNDR pool to be re-allocated across the country according to need.
107. The small business multiplier applied to businesses who qualify for the small business relief has been set at 45.0p in 2012/2013. The non-domestic multiplier has been set at 45.8p in the pound for 2012/2013.
108. The amount collected does not relate to the amount that is redistributed to the Council but it must be noted that the total collected includes amounts that will be distributed to police and fire authorities as well as local government.
109. **Table 13** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

**Table 13 – Over 99% of Rates are collected within 3 years**

	% Collected to date
2010/2011	99.4%
2011/2012	98.7%
2012/2013	87.5%

Source: Cheshire East Finance, December 2012

## Capital Programme 2012/2016

110. At the third quarter review stage the Council is forecasting expenditure of £57.0m in 2012/2013 against an Approved Budget of £75.3m for the year. The underspend of £18.3m has been

reprofiled to spend in future years. A fundamental review of the capital programme has been undertaken to ensure that it only includes schemes that fulfil the Council's priorities for service delivery to be carried forward and any unspent balances have been deleted from the programme enabling resources to be freed up for future allocations.

111. **Appendix 5a** lists requests for Supplementary Capital Estimates (SCEs) and Virements over £250,000 and up to and including £1m in respect of forecast overspends and additional schemes not previously approved as part of the 2012/2013 Capital Programme. The SCEs have been reviewed and endorsed by the Executive Monitoring Board in accordance with Finance Procedure Rules. All SCEs are fully funded by external contributions and government grants.
112. **Appendix 5b** details Supplementary Capital Estimates of up to and including £250,000. The SCEs have been approved by delegated decision in accordance with Finance Procedure Rules and are included for Cabinet to note. All SCEs are fully funded by external contributions, government grants, prudential borrowing and capital reserves.
113. At the third quarter position the capital programme has increased slightly by £0.5m to £198.2m from the mid-year figure of £197.7m
114. There have been a number of Supplementary Capital Estimates since the mid-year forecast was reported, totalling £0.8m, that have been approved in accordance with the Financial Regulations and Delegated Decision process. These include £0.2m Department of Energy and Climate Change grant funding and £0.4m for the Local Sustainable Transport Fund.
115. There have been budget reductions of £2.3m, the most notable being a reduction of £1.9m in the ICT Core Stability Programme as agreed at the ICT Capital Challenge session.

116. There is also a number of Supplementary Capital Estimates, totalling £2.1m that are to be approved or noted at the third quarter review. These include £0.9m for Springfield Special School a scheme that will be fully funded by the school and will create a new sports barn, incorporating a sports hall and swimming pool, with changing facilities. The other most notable Supplementary Capital Estimate is the additional Disabled Facilities Grant of £0.3m that the authority is due to receive in 2012/2013.

**Table 14 – Summary Capital Programme**

	MYR Total Forecast Budget 2012/16 £m	Amendments to MYR Forecast Budget 2012/16 £m	Amended MYR Forecast Budget 2012/16 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2012/16 £m
Children & Families	22.9	0.0	22.9	-0.3	1.4	24.0
Adults	1.6	0.0	1.6	0.0	0.2	1.8
Places & Organisational Capacity	105.0	0.8	105.8	-0.1	0.5	106.1
Corporate Services	68.2	0.0	68.2	-1.9	0.0	66.3
	197.7	0.8	198.5	-2.3	2.1	198.2

117. The revised programme is funded from both direct income (grants, external contributions, linked capital receipts), and indirect income (borrowing approvals, revenue contributions, capital reserve, non-applied receipts). A funding summary is shown in **Table 15**.

**Table 15 – Changes in Capital Funding Sources**

	MYR Total Forecast Budget £m	TQR Total Forecast Budget £m	Variance    £m
Grants	70.0	72.1	2.1
External Contributions	43.3	44.0	0.7
Linked/Earmarked Capital Receipts	3.4	0.0	-3.4
Supported Borrowing	1.7	1.6	-0.1
Non-Supported Borrowing	47.0	59.9	12.9
Revenue Contributions	0.6	0.5	-0.1
Capital Reserve	31.7	20.0	-11.7
	197.7	198.2	0.5

118. Since the mid-year review, there has been a change of £6.7m in the proposed application of the capital reserve to fund future capital expenditure.
119. A policy change ~ reported to Cabinet on 10<sup>th</sup> December 2012 as part of the 3 Year Medium Term Financial Strategy ~ has been agreed to apply all capital receipts held in reserve to finance capital expenditure which has taken place in previous years and has been met from borrowing.
120. The application of the capital reserve will be undertaken in 2012/2013 and will be used to repay £15m of borrowing for assets purchased after 2008 that are being written down over the various asset lives. The impact will be to reduce the level of revenue

provision required for the repayment of debt in 2013/2014 and future years.

121. Capital receipts received in year 2012/2013 estimated to be £10m will be fully applied to finance capital expenditure in year. The Council has assumed it will receive an additional £15m in capital receipts in 2013/2014 and 2014/2015 to be applied accordingly.
122. **Table 16** illustrates the in-year changes to the capital programme which shows an overall increase of £0.8m. This reflects the additional Supplementary Capital Estimates and budget reductions listed in Appendices 4, 5a and 5b. Progress against the forecast budget will continue to be monitored though out the remainder of the year and updated at Outturn.

**Table 16 – In Year Changes to the Capital Programme**

	MYR Budget  £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend)
Children & Families	17.7	17.9	14.9	-3.0
Adults	1.5	1.5	0.8	-0.6
Places & Organisational Capacity	47.5	48.5	37.4	-11.1
Corporate Services	7.9	7.5	3.8	-3.7
	74.6	75.4	56.9	-18.5

### Central Adjustments

### Capital Financing Costs

123. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These budgeted costs are partly offset by the interest the Council anticipates earning from temporary investment of its cash balances

during the year. The capital financing budget of £14.8m accounts for 6% of the Council's total revenue budget.

124. At TQR, the overall saving on the capital financing budget is forecast to be £0.9m, due to a reduction in debt repayment costs and savings in external interest charges. The review of the capital programme has also led to improvements in the overall cash balances position and estimated external interest charges are now not expected to be fully incurred in 2012/2013.

### **Treasury Management**

125. Investment income is currently £180,000 higher than budgeted which is a continuation of the improvement from the Quarter 2 position. The externally managed pooled funds continued to perform well, particularly in October and November. Higher than originally forecast cash balances and the ability to fix some deposits for slightly longer periods has also led to increased investment returns. Based upon the current economic forecasts, investment interest rates are not expected to increase and credit quality and liquidity of investments will continue to take priority over yield.

- The average lend position (the 'cash balance') including fund manager and legacy balances up to the end of the third quarter was £82.5m.
- The average annualised interest rate received on in house investments up to the end of the third quarter was 0.75%
- The average annualised interest rate received on the externally managed pooled funds up to the end of the third quarter was 0.91%.

126. The Council's total average interest rate up to the end of quarter 3 in 2012/2013 was 0.79%. This is higher than the London Inter-bank Bid Rate for 7 days at 0.43%. The base rate remained at 0.50% for the quarter.

**Table 17 – Interest Rate Comparison**

<b>Comparator</b>	<b>Average Rate</b>
	<b>Q3</b>
Cheshire East	0.79%
LIBID 7 Day Rate	0.43%
LIBID 3 Month Rate	0.44%
Base Rate	0.50%

127. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement (TMSS) approved by Council on 23<sup>rd</sup> February 2012 and amended 13<sup>th</sup> December 2012. The amendment removed the minimum criteria for short term credit ratings which has enabled the Council to recommence investing with Royal Bank of Scotland subject to duration limits as advised by our Treasury Management advisors. Further details of counterparty limits and current investments are given in Appendix 7.

### **Central Contingencies**

#### **Pensions**

128. The 2012/2013 budget contained £0.7m contingency provision to meet the impact of the increase in Employer Pensions contributions. This has been fully allocated to services.

#### **Severance and relocation costs**

129. A provision of £4.0m was included in the 2012/2013 budget to meet ongoing actuarial charges relating to Voluntary Redundancies (VR), and relocation costs arising from Local Government Reorganisation. It is expected that in-year spending will be in line with the provision. Overall though, relocation costs

are lower than originally forecast, and consequently provision has been made in the 2012/2013 budget to return surplus funding transferred to the Council on reorganisation, to Cheshire West and Chester Council, in accordance with the joint agreement between the two councils.

#### Other Corporate Items

130. Following an audit of the Accounts Payable system, a number of duplicate payments dating back to 1 April 2009 were identified. These have been recovered, and result in a £0.2m income credit, which has been returned to Council reserves.

#### Outturn Impact

131. The impact of the projected service outturn position is to reduce balances by £6.8m as reported in **Section 1**.
132. Taken into account with the service related items detailed above, the impact of these service outturn issues is to reduce balances by £5.5m, summarised as follows:

**Table 18 – Service Outturn Impact**

	£m
Service Outturn	-6.8
Specific Grants	0.2
Capital Financing	0.9
Other Income	0.2
	<hr/>
	-5.5

#### Management of Council Reserves

133. The opening balance at 1 April 2012 on the Council's General Reserves decreased from a budgeted £13.2m to an actual position of £11.4m, due to the final outturn position for 2011/2012.
134. The Council's Reserves Strategy 2012/2015 stated that the Council would maintain reserves to protect against risk and support investment. The Strategy forecast an increase in the level

of reserves to £20.8m by 31st March 2013 with a risk assessed minimum level of £15m.

135. The budget included a planned contribution to reserves of £7.6m. On 19<sup>th</sup> July, Council approved Supplementary Revenue Estimates of £0.3m for 2012/2013 relating to grant income received in 2011/2012 which effectively was being held in general reserves. This produced a revised budget of £7.3m.
136. Taken together with service outturn impacts above, the overall impact is a net increase in general reserves of £1.8m to £13.2m as shown in **Table 19**.

**Table 19 – Change in Reserves Position**

	£m
Opening Balance at 1 April 2012	11.4
Planned Contribution to Reserves	7.3
	<hr/>
	18.7
Service Outturn Impacts	-5.5
	<hr/>
Forecast Closing Balance at March 2013	13.2

137. The balance of £13.2m is below the Reserves Strategy risk assessed minimal level of £15m. However, the assessment included an element of risk for a potentially adverse outturn impact, and therefore overall the level of reserves remains broadly adequate in risk terms.
138. The Council also maintains Earmarked Revenue reserves for specific purposes. At 1 April 2012 balances on these reserves stood at £7.2m. During 2012/2013, an estimated £2.1m will have been drawn down and applied to fund service expenditure for these specific items. Service outturn forecasts take account of this expenditure and funding. The majority (£1.8m) of the funding has been applied from the Invest to Save, and Enabling Local Delivery reserves, together with the Service Manager carry forwards. A detailed list of earmarked reserves is contained in the Budget Report elsewhere on the agenda.

### 3. Performance Report – Head of Performance, Customer Services and Capacity

#### 2012/2013 Quarter Three Performance

- 139. This section provides a high level summary of the key performance headlines for the first nine months of 2012/2013.
- 140. For external reporting purposes at the end of quarter three, the Council continues to report on a basket of measures retained within service plans from the former National Indicator Set, and the former Best Value Performance Indicator Set.
- 141. At the request of the Strategic Director of Children, Families and Adults, three additional local performance measures relating to adoption of children are now being externally reported.
- 142. In total 26 measures are now being externally reported on a quarterly basis during 2012/2013, with additional measures being reported at year-end.

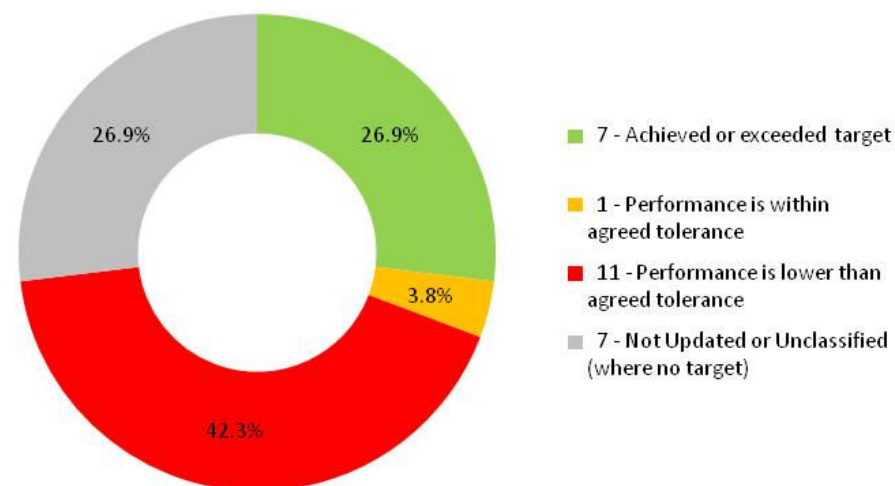
#### Performance Measure Tolerances (Red/Amber/Green ratings)

- 143. The Council's electronic monitoring and performance system (CorVu) is pre-populated with a five percent tolerance against the targets set by service areas, meaning that the system assigns a 'red' assessment to performance data 5% (or more) short of the target, an 'amber' assessment to data within 5% of the target, and a 'green' assessment to data performing on or above target. Where strong cases are made for the revision of tolerances (e.g. where a 5% tolerance is not appropriate due to a measure's data return format), tolerances will be revised to support individual targets. In all other circumstances, the 5% tolerance will remain in place for performance measure reporting in 2012/2013.

#### 2012/2013 Quarter Three Performance Against Target

- 144. Performance assessments (red; amber; green) were made based on performance against target.

#### 2012/2013 Q3 Actual vs Target



- 145. **26.9%** of measures are on target or exceeding their target at 2012/2013 Quarter Three.
- 146. However **42.3%** did not achieve their quarterly target:

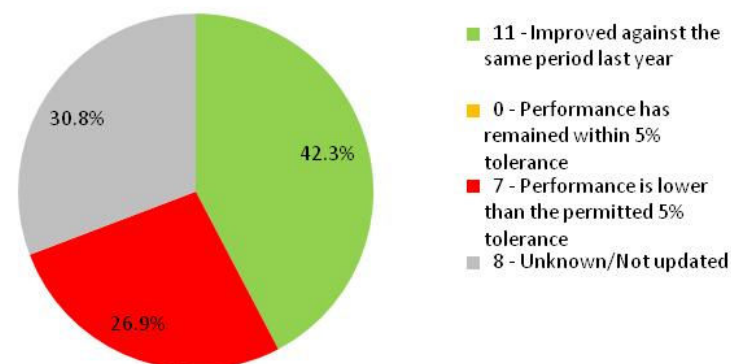
<b>Directorate</b>	<b>Reference</b>	<b>Definition</b>
Children, Families & Adults	CFA 001	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days)
	NI 59	Initial assessments for children's social care carried out within 7 working days of referral
	NI 60	Core assessments for children's social care that were carried out within 35 working days of their commencement
	NI 64	Child protection plans lasting 2 years or more
	NI 117	16 to 18 year olds who are not in education, training or employment (NEET)
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)
	NI 145	Adults with learning disabilities in settled accommodation
	NI 146	Adults with learning disabilities in employment
Places & Organisational Capacity	NI 155	Number of affordable homes delivered
	NI 157a	Processing of planning applications as measured against targets for major application types
Human Resources	BV 12	Working days lost due to sickness absence

(See Appendix 8 for further details)

### Year On Year Direction Of Travel

147. Performance assessments (red; amber; green) have been made based on current performance compared to Q3 2011/2012.

Dec 2011 vs Dec 2012



148. The 7 (26.9%) measures which failed to achieve the same level of performance when compared to the same period last year were:

<b>Directorate</b>	<b>Reference</b>	<b>Definition</b>
Children, Families & Adults	NI 59	Initial assessments for children's social care carried out within 7 working days of referral
	NI 60	Core assessments for children's social care that were carried out within 35 working days of their commencement
	NI 64	Child protection plans lasting 2 years or more
	NI 65	Children becoming the subject of a Child Protection Plan for a second or subsequent time
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)
	NI 145	Adults with learning disabilities in settled accommodation
Human Resources	BV 12	Working days lost due to sickness absence

(See Appendix 8 for further details)

# **Appendices to Three Quarter Year Review of Performance 2012 / 2013**

**February 2013**

## Appendix 1 – Changes to Revised Budget 2012/2013 since Mid Year Review

	Mid Year Net Budget £000	Additional Grant Funding £000	Allocations from Contingency £000	Restructuring & Realignments (within Directorate) £000	Other Virements £000	Revised Qtr 3 Net Budget £000
<b>Children &amp; Families</b>						
Directorate	762			-189		573
Safeguarding & Specialist Support	27,395		34	-589		26,840
Early Intervention & Prevention	11,857			987		12,844
Strategy, Planning & Performance	19,148	33		-255		18,926
	59,162	33	34	-46	0	59,183
<b>Adults</b>						
Care4CE	0					0
Strategic Commissioning	36,242		16	15	200	36,473
Business Management and Challenge	3,427			30		3,457
Individual Commissioning	59,109					59,109
	98,778	0	16	45	200	99,039
<b>CHILDREN, FAMILIES &amp; ADULTS</b>	<b>157,940</b>	<b>33</b>	<b>50</b>	<b>-1</b>	<b>200</b>	<b>158,222</b>
<b>Places &amp; Organisational Capacity</b>						
Waste, Recycling & Streetscape	26,885		4	-104		26,785
Highways & Transport	17,275		23	493		17,791
Community Services	150		8	48		206
Development	22,506		18	-652	100	21,972
	10,078		13	213		10,304
Performance, Customer Services & Capacity						
<b>PLACES &amp; ORGANISATIONAL CAPACITY</b>	<b>76,894</b>	<b>0</b>	<b>66</b>	<b>-2</b>	<b>100</b>	<b>77,058</b>

	Mid Year Net Budget £000	Additional Grant Funding £000	Allocations from Contingency £000	Restructuring & Realignments (within Directorate) £000	Other Virements £000	Revised Qtr 3 Net Budget £000
<b>Corporate Services</b>						
Finance & Business Services	17,702		34	1	100	17,837
HR & OD	3,141		5		120	3,266
Borough Solicitor	5,557		10	2	61	5,630
<b>CORPORATE SERVICES</b>	<b>26,400</b>	<b>0</b>	<b>49</b>	<b>3</b>	<b>281</b>	<b>26,733</b>
<b>TOTAL SERVICE OUTTURN</b>	<b>261,234</b>	<b>33</b>	<b>165</b>	<b>0</b>	<b>581</b>	<b>262,013</b>
<b>CENTRAL BUDGETS</b>						
Specific Grants	-41,535	-33				-41,568
Capital Financing	14,800					14,800
Contingencies	4,501		-165			4,336
Contribution to Reserves	7,245					7,245
Invest to Save Reserve	0				-581	-581
<b>CENTRAL BUDGETS</b>	<b>-14,989</b>	<b>-33</b>	<b>-165</b>	<b>0</b>	<b>0</b>	<b>-15,768</b>
<b>TOTAL BUDGET</b>	<b>246,245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>581</b>	<b>246,245</b>

## Appendix 2 – Debt Management

1. In addition to the collection of Council Tax and National Non-Domestic Rates the Council also issues invoices to organisations or individuals for certain key services. Performance related to Council Tax and Non-Domestic Rates is contained in **Section 2** of this report.
2. Total Invoiced Debt at the end of December 2012 was £16.0m. After allowing for £9.2m of debt still within the payment terms, outstanding debt stood at £6.7m. This is £3.6m lower than at 30<sup>th</sup> September mainly due to settlement of debt relating to the PCT contribution towards the Learning Disability Pooled Budget within Adults Services.
3. The total amount of service debt over 6 months old is £2.9m which is unchanged from the first quarter and mid –year positions.
4. Services have created debt provisions of £2.7m to cover this debt in the event that it needs to be written off.
5. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
6. An analysis of the invoiced debt provision by directorate is provided in the table:

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families			
<i>Children &amp; Families</i>	659	350	205
<i>Schools</i>	55	48	55
Adults	4,324	1,529	1,607
<b>Total Children, Families &amp; Adults</b>	<b>5,038</b>	<b>1,927</b>	<b>1,867</b>
Waste, Recycling & Streetscape	359	259	174
Highways & Transport	333	233	190
Community	164	85	85
Development	813	377	377
Performance, Customer Service & Capacity	7	3	3
<b>Total Places &amp; Org Capacity</b>	<b>1,676</b>	<b>957</b>	<b>829</b>
Finance & Business Services	15	12	4
HR & OD	18	1	1
Borough Solicitor	8	5	1
<b>Total Corporate Services</b>	<b>41</b>	<b>18</b>	<b>6</b>
<b>TOTAL</b>	<b>6,755</b>	<b>2,902</b>	<b>2,702</b>

## Appendix 3 – Summary Capital Programme and Funding

Department	MYR In-Year Budget	SCE's/ Virements/ Reductions Qtr 3	Revised TQR In-Year Budget	Forecast Expenditure			
	2012-13 £'000	2012-13 £'000	2012-13 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	Post 2014-15 £'000
Children & Families							
New Starts	6,273	357	6,630	3,696	7,858	625	0
Ongoing schemes	11,453	-183	11,270	11,176	911	0	0
	<b>17,726</b>	<b>174</b>	<b>17,900</b>	<b>14,872</b>	<b>8,769</b>	<b>625</b>	<b>0</b>
Adults							
New Starts	1,466		1,466	847	949	0	0
Ongoing schemes	20	-20	0	0	0	0	0
	<b>1,486</b>	<b>-20</b>	<b>1,466</b>	<b>847</b>	<b>949</b>	<b>0</b>	<b>0</b>
Places & Organisational Capacity							
New Starts	27,697	989	28,686	25,288	24,917	20,728	1,512
Ongoing schemes	19,796	-46	19,750	12,160	20,632	901	0
	<b>47,493</b>	<b>943</b>	<b>48,436</b>	<b>37,448</b>	<b>45,549</b>	<b>21,629</b>	<b>1,512</b>
Corporate Services							
New Starts	6,781	-414	6,367	3,064	29,589	26,840	5,000
Ongoing schemes	1,093		1,093	763	829	327	0
	<b>7,874</b>	<b>-414</b>	<b>7,460</b>	<b>3,827</b>	<b>30,418</b>	<b>27,167</b>	<b>5,000</b>
Total New Starts	42,217	932	43,149	32,894	63,313	48,193	6,512
Total Ongoing schemes	32,362	-249	32,113	24,099	22,373	1,228	0
Total Capital Expenditure	<b>74,579</b>	<b>683</b>	<b>75,262</b>	<b>56,993</b>	<b>85,686</b>	<b>49,421</b>	<b>6,512</b>

Funding Source	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Grants	31,249	28,558	12,909	0
External Contributions	2,013	22,121	20,263	0
Supported Borrowing	1,629	20	0	0
Non-supported Borrowing	11,672	24,887	16,249	6,512
Revenue Contributions	430	100	0	0
Capital Reserve	10,000	10,000	0	0
Total	56,993	85,686	49,421	6,512

## Appendix 4 – Reductions in Capital Programme

Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason
<b>CHILDREN AND FAMILIES</b>				
Capital for Kitchen & Dining Facilities	459,571	299,025	160,546	Budget no longer required as no commitments placed, this saving will alleviate borrowing requirements
Tytherington HS	3,130,000	3,049,686	80,314	Savings achieved which will alleviate borrowing requirements
Ruskin Secondary School	100,000	53,608	46,392	Budget not required as no commitments placed, this saving will alleviate borrowing requirements
Woodcocks Well Primary School	21,350	0	21,350	Scheme removed from Capital Programme
Christ the King Catholic & C of E PS	3,337,802	3,316,802	21,000	Scheme Completed. Surplus grant to be utilised of reduce borrowing requirements of work undertaken at Styal Primary.
Middlewich High Secondary School	199,901	179,848	20,053	Scheme Completed
			<b>349,655</b>	
<b>PLACES &amp; ORGANISATIONAL CAPACITY</b>				
<b>Streets &amp; Open Spaces</b>				
S106 Reades Lane, Congleton	13,840	5,060	8,780	No specific plans to spend so return to S106 Balances
S106 Earls Court, Earlsay, Macclesfield	145,716	128,203	17,513	No specific plans to spend so return to S106 Balances
S106 Ground Work Cheshire - Bird Sanctuary	20,000	1,700	18,300	No specific plans to spend so return to S106 Balances
<b>Development</b>				
Parkgate - Regeneration	509,254	359,254	150,000	No specific plans to spend
Astbury Marsh Caravan Site	41,805	41,475	330	No specific plans to spend
			<b>194,923</b>	
<b>CORPORATE SERVICES</b>				
<b>ICT</b>				
Core System Stability	15,342,000	13,493,000	<b>1,849,000</b>	Outcome of ICT Capital Challenge Session
<b>Totals</b>			<b>2,393,578</b>	

## Appendix 5a – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement	PARA Ref
<b>Cabinet are asked to approve SCE and Virements over £250,000 and up to and including £1m</b>					
<b>Children and Families</b>					
Springfield Special School (School Funded Project)	2012-13	850,206	External Contribution	New Project to create a sports barn incorporating a sport hall and swimming pool with changing facilities adjacent to main school. This project is fully financed by Springfield Special School	18
		55,794	Grant - Devolved Formula Capital (DFC)	New Project to create a sports barn incorporating a sport hall and swimming pool with changing facilities adjacent to main school. This project is fully financed by Springfield Special School	
		<b>906,000</b>			
<b>Places &amp; Organisational Capacity</b>					
Disabled Facilities Grants	2012-13	284,191	Additional DCLG Funding	Additional Disabled Facilities Grant funded by DCLG in 2012-13	76
		4,953	External Income	Repayment of a Disabled Facilities Grant, to be recycled for further disabled adaptations	
		<b>289,144</b>			
<b>Total SCE's / Virements Requested</b>		<b>1,195,144</b>			

## Appendix 5b – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
<b>Cabinet are asked to note SCE and Virements up to and including £250,000</b>				
<b>Adults</b>				
Building Base Review - Alteration and refurbishment works, at Dean Row, Redesmere, Hollins View, Park View, Mountview And Stanley Centre.	2012-13	161,299	Grant - Adults Mental Health	Additional grant funding available.
Building Base Review - Alteration and refurbishment works, at Dean Row, Redesmere, Hollins View, Park View, Mountview And Stanley Centre.	2012-13	25,000	Grant - CEPCT	Accessed funding available from CEPCT
Building Base Review - Alteration and refurbishment works, at Dean Row, Redesmere, Hollins View, Park View, Mountview And Stanley Centre.	2012/13	20,000	Grant - Adults Mental Health	Residual budgets within Adults with different start years, rolled up so that the funds can be focused on BBR.
		<b>206,299</b>		
<b>Children and Families</b>				
Short Breaks for Disabled Children	2012-13	203,276	Grant (Short Break)	2012-13 Grant award to enable improvement into provision for short breaks for disabled children.
Capital Maintenance	2012/13	30,000	Contribution from Shavington HS delegated budget	School has agreed to make a contribution to the Roofing Work
Capital Maintenance	2012/13	9,000	Contribution from Cranberry PS Delegated Budget	School has agreed to make a contribution to the Roofing Work
Capital Maintenance	2012/13	10,000	Contribution from Ashgrove PS Delegated Budget	School has agreed to make a contribution to the window replacement work
Capital Maintenance	2012/13	31,000	Grant - Modernisation Grant	To fund overspend of capital maintenance budget allocation towards work at Poynton High School.
Feasibility 10-11	2010-11	25,000	Grant - Capital Maintaince Grant	Feasibility Costs, to be funded temporary from Capital Grants. If capital projects are not progressed the costs associated with this project will be funded from the revenue budget.
Malbank School & Sixth Form College	2010-11	70,038	Contribution from Schools Delegated Budget	Additional Cost of DDA works for multi purpose / multi functional new build project to be funded by a further contribution from Malbank High School.
Wilmslow High Secondary School	2011-12	4,250	Contribution from Schools Delegated Budget	School has agreed to fund additional costs of refurbishing three Science Labs
Minor Works/Accessibility	2011-12	6,000	Contribution from Schools Delegated Budget	Offley Primary School has agreed to fund the additional work for foul drainage at site.

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Church Lawton - Specialist Provision	2011-12	77,000	Grant - Capital Maintaine Grant	Feasibility Costs, to be funded temporarily from Capital Grants. If capital projects are not progressed the costs associated with this project will be funded from the revenue budget.
DFC Grant	2012-13	68,556	DFC Grant	Increase budget to match funds available to schools of Devolved Formula Capital Grant
Pupil Referral Unit 11-12	2011-12	17,049	Grant - Capital Maintaine Grant	To be funded temporarily from Capital Grants. If capital projects are not progressed the costs associated with this project will be funded from the revenue budget.
Lostock Hall Primary School	2011-12	39,962	Grant - Capital Maintaine Grant	To be funded temporarily from Capital Grants subject to discussions with Lostock Primary School contributing towards the additional cost of this project.
Suitability (<£100k)	2012-13	1,864	Contribution from Schools Delegated Budget	Additional Cost to works undertaken at Vine Tree Primary School to be funded by a further contribution from school.
Minor Works (<£100k)	2012-13	46,755	Contribution from Schools Delegated Budget	Additional Cost to works at Shavington High School, Monk Coppenhall Primary, The Berkeley Primary School, The Quinta Primary School and Ivy Bank Primary to be funded by a further contribution from these schools.
Stapeley Broad Lane Primary School	2012-13	39,000	Contribution from Schools Delegated Budget	Additional Cost to Hall Extension at Stapeley Broad Lane Primary School to be funded by a further contribution from school.
Adelaide Special School	2011-12	14,000	Contribution from Schools Delegated Budget	Additional Cost of improvements at Adelaide Special School to be funded by requesting a further contribution from school.
Cledford Infants School	2011-12	11,000	Grant - Capital Maintaine Grant	Additional Cost to refurbishing of a vacant school building, Cledford Infants School, to accommodate a number of Children and Families Social Care staff on a permanent basis.
Short Break Re Provision 11-12	2011-12	124,000	Prudential Borrowing	Recommended for restatement in the capital programme at a reduced budget. The original budget for this project was £249,000.
St Oswalds (School Funded Project)	2012-13	26,282	Grant - Devolved Formula Capital (DFC)	Additional Cost to project funded by a further contribution of the schools share of Devolved Formula Capital.
St Oswalds (School Funded Project)	2012-13	130,831	Contribution from Schools Delegated Budget	New Project financed by St Oswalds Primary School to develop an additional classroom to operate a three class model.
Monks Coppenhall Primary School	2011-12	3,288	Grant - Devolved Formula Capital (DFC)	Additional Cost of refurbishment of toilets and kitchen at Monks Coppenhall Primary School to be funded by a further contribution of the schools share of Devolved Formula Capital Grant.

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Suitability Bids (<£100k)	2011-12	3,737	Grant - Devolved Formula Capital (DFC)	Additional Cost of work to create a single storey extension and re-modelling of classroom at Mobberley Primary School to be funded by a further contribution of the schools share of Devolved Formula Capital Grant
Styal Primary School	2011-12	6,000	Grant - Devolved Formula Capital (DFC)	Virement between two schemes to create an new classroom and remodel and fit an extension at Styal Primary School for the cost of work on the schools wiring for electricity.
Suitability (<£100k)	2012-13	5,000	Grant - Devolved Formula Capital (DFC)	Additional Cost to works undertaken at Vine Tree Primary School to be funded by a further contribution from school share of Devolved Formula Capital Grant.
Minor Works (<£100k)	2012-13	40,213	Grant - Devolved Formula Capital (DFC)	Additional Cost to works at Shavington High School, Monk Coppenhall Primary, The Berkeley Primary School, The Quinta Primary School and Ivy Bank Primary to be funded by a further contribution from these schools share of Devolved Formula Capital Grant.
Basic Need (<£100k)	2012-13	28,000	Grant - Capital Maintainece Grant	Additional Costs to phase one work undertaken at Pebble Brook Primary to be funded from savings on phase two work at Pebble Brook Primary.
TLC Vernons PS Amalgamation	2008-09	60,000	Grant - Primary Capital Programme (PCP)	Additional cost to work at Vernon's Primary School. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
Stapely Broad Lane PS - Replacement of temp accomod	2009-10	6,000	Grant - Primary Capital Programme (PCP)	Additional cost to work at Stapely Broad Lane. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
Offley Primary School	2009-10	2,859	Grant - Primary Capital Programme (PCP)	Additional cost to work at Offley Primary School. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
Cledford TLC Scheme	2009-10	12,000	Grant - Primary Capital Programme (PCP)	Additional cost to work at Cledford Primary School. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
		<b>1,151,960</b>		
<b><u>Places &amp; Organisational Capacity</u></b>				
<b><u>Streets &amp; Open Spaces</u></b>				
Sandbach Park	2009-10	1,989	External Funding	Re-align budgets between Sandbach Park & Building Refurb schemes. Also to increase budget for Assets staff time charges not known at time of budget setting.
Sandbach Park		586	Prudential Borrowing	

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Congleton Park Improvements - Town Wood	2009-10	840	External Contribution	Increased costs/scope being funded by external contribution from Groundwork Trust
Queens Park Restoration	2004-05	80,000	LTP Grant	Increased project costs to meet Consultants & Architects final fee's. Ongoing review of settlement of final contractor claims
Sandbach Park Building Refurbishment	2008-09	4,516	Prudential Borrowing	Re-align budgets between Sandbach Park & Building Refurb schemes. Also to increase budget for Assets staff time charges not known at time of budget setting.
<b>Highways &amp; Transport</b>				
Congleton Relief Road	2012-13	200,000	Prudential Borrowing	The investigation of a number of transport options including the provision of a possible link between the west of Congleton from the A534 Sandbach Road and north to the A34 Manchester Road, bypassing Congleton Town Centre and linking a number of potential development sites. This additional funding is to allow scheme to progress through development stage.
S278 Sherbourne Road, Crewe	2008-09	5,000	Developer Contribution	Increase in costs or scope from original S278 agreement - extra costs to be met by Developer
Connect 2 - Phase 3	2010-11	84,459	Sustrans Grant	Grant income for 12-13 higher than estimated - re-align grant income budget
Connect 2 Phase 2-3	2010-11	50,000	LTP Grant	Increased as a result of the need to re-design intended route. Concerns expressed by landowner late in design process. Sustrans successfully approached for additional funding to cover the increased design and construction costs. Failure to complete project would have resulted in significant abortive costs for CEC.
Air Quality Action Plan	2012-13	30,000	LTP Grant	Decision to separately identify Air Quality costs from Local Measures budgets for easier more transparent reporting
Bridge Maintenance Minor Works	2012-13	84,459	LTP Grant	Partial reversal of previous budget virement to Connect 2 due to additional Sustrans grant being received for that project.
<b>Community Services</b>				
Parking Penalty Charge Notice Processing	2012-13	10,000	Prudential Borrowing	Increased costs for software licencing - funded by virement within budget holders area of responsibility
Nantwich Pool Enhancements	2008-09	20,000	Prudential Borrowing	Specific works to replace the external pool cover were identified as part of the Council's 'Invest to Save' projects. The works are to be undertaken as part of the overall Nantwich Pool refurbishment project, so approval is sought to vire the funding the main Capital project budget.

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Lifestyle Centre Refurb at MLC	2011-12	20,000	Prudential Borrowing	Specific maintenance & internal decoration works have been outlined as part of the detailed design and remodelling works. An agreed contribution of £ 20k ( not £10k as previously outlined ) has been agreed from the Corporate Minor Works budget, so approval is sought to vire the funding to the main capital project budget.
Lifestyle Centre Refurb at WLC	2011-12	20,000	Prudential Borrowing	Specific maintenance & internal decoration works have been outlined as part of the detailed design and remodelling works. An agreed contribution of £ 20k ( not £10k as previously outlined ) has been agreed from the Corporate Minor Works budget, so approval is sought to vire the funding to the main capital project budget.
<b>Performance, Customer Services &amp; Capacity</b>				
Customer Relationship Management & Telephone System	2009/10	37,000	Prudential Borrowing	The scope of the two projects was combined resulting in a single delivery from ICTSS.
Relocation of Library Services	2011-12	1,554	Funded by Revenue contribution	Overspend by Libraries Shared Service
<b>Development</b>				
Earl Road Handforth Feasibility	2012/13	130,000	Financed from Revenue Funding	Feasibility study to identify strategic options for Council owned land off Earl Road, Handforth. £100,000 funded from existing feasibility budget and £30,000 from a revenue contribution towards capital.
Tatton Vision 12-13	2012/13	95,000	Capital Reserve	
Private Sector Assistance	2011-12	16,082	External Income	Repayment of Home Repair loans previously funded by external grant, to be recycled for further home repairs
Minor Works 2012/13	2012/13	7,752	Prudential Borrowing	Residual budgets within Assets with different start years, rolled up so that the funds can be focused on Minor Works.
		<b>899,237</b>		
<b>Corporate Services</b>				
Enable Citizens and Businesses	2012/13	233,000	Prudential Borrowing	Outcome of ICT Capital Challenge Session
Location Independent Workforce	2012/13	181,000	Prudential Borrowing	Outcome of ICT Capital Challenge Session
		<b>414,000</b>		
<b>Total SCE's Requested</b>		<b>2,671,496</b>		

# Appendix 6 – Corporate Grants Register as at 31st December 2012

	Forecast Sept MYR 2012/2013 £000	Forecast Dec TQR 2012/2013 £000	Variance 2012/2013 £000
<i>Note</i>	<i>✓</i>	<i>✓</i>	
<b>Formula Grant</b>			
Revenue Support Grant	1,287	1,287	0
National Non Domestic Rates	66,390	66,390	0
Total Formula Grant	<b>67,677</b>	<b>67,677</b>	<b>0</b>
<b>Specific Grants</b>			
<b>Ringfenced Grants</b>			
Dedicated Schools Grant	193,540	193,540	(0)
Pupil Premium Grant	4,009	4,164	(155)
Sixth Forms Grant (EFA)	8,801	8,801	0
Golden Hello	40	40	0
16-19 Bursary	128	128	0
Summer Schools (New Grant as at July-2012)	90	91	(1)
Total Ringfenced Grants	<b>206,608</b>	<b>206,764</b>	<b>(156)</b>
<b>Non Ringfenced Grants - held within service</b>			
Council Tax Benefit Subsidy	1 20,408	20,408	0
Housing Benefit Subsidy	1 75,128	75,128	0
Total Benefit Subsidies	<b>95,536</b>	<b>95,536</b>	<b>0</b>
<b>Non Ringfenced Grants - held corporately</b>			
<b>Children &amp; Families</b>			
Early Intervention Grant	12,908	12,908	0
Learning Disabilities & Health Reform - PCT tra	6,128	6,128	0
Learning Disabilities & Health Reform	4,417	4,417	0
Adult Skills & Adult Safeguarding	675	675	0
Learning			0
Skills Funding Agency	2 294	296	(2) SRE bid
	418	418	
YOS grant			0
NHS S256 Reablement	3,756	3,756	0
Troubled Families	522	522	0
Troubled Families - Co-ordinator	100	100	0
Music Grant	143	143	0
Adoption Improvement Grant	40	40	0
<b>Places &amp; Organisational Capacity</b>			
Housing Benefit & Council Tax Admin.	2,094	2,094	0
NNDR Administration Grant	562	562	0

## Notes

1 The budgets for Council Tax Benefit and Housing Benefit Subsidy grants are held within the service.

2 Grant increased by £78k at MYR, and a further £2k at TQR. SRE bid now made for £33k.

	Forecast Sept MYR 2012/2013 £000	Forecast Dec TQR 2012/2013 £000	Variance 2012/2013 £000
<i>Note</i>	<i>✓</i>	<i>✓</i>	
<b>Non Ringfenced Grants - held corporately (con't)</b>			
<b>Places &amp; Organisational Capacity (con't)</b>			
<i>Local Service Support Grant -</i>	0	0	0
Preventing Homelessness Grant	253	254	(1)
Lead Local Flood Authorities	177	177	0
Community Safety Fund	148	148	0
Extended Rights to Free Transport (C&F)	385	385	0
<i>Local Services Support Grant Total</i>	<b>963</b>	<b>963</b>	<b>0</b>
Mortgage Rescue / preventing Repossessions	107	107	0
Community Transport Grant	139	139	0
Local Sustainable Transport Fund	578	578	0
Town Team Partnership	0	40	(40)
<b>Corporate</b>			
New Homes Bonus 2011/12	870	870	0
New Homes Bonus 2012/13	1,844	1,844	0
New Homes Bonus 2013/14	0	0	0
Affordable Homes - starts 2012/13	85	85	0
Council Tax Freeze Grant 12/13	4,505	4,464	41
Council Tax - New Burdens	84	84	0
Community Rights to Challenge New Burdens grant	9	9	0
LACSEG refund from 2011/12 formula grant	503	503	0
New Burden Temporary Deferment Business Rates 12/13	5	5	0
New Burden Community Rights to Bid	5	5	0
<b>Budgeted but not due in</b>			
Children's Workforce in Schools Modernisation Grant	0	0	0
Learner Support Funds	0	0	0
16+ Transport Partnership grant	0	0	0
Further Education Funding (16-18 Funding)	0	0	0
Grants Claimed Retrospectively -			0
Milk Subsidy	0	0	0
Asylum Seeker	0	0	0
Workstep	0	0	0
Migration Impact Fund (Communities of Interest)	0	0	0
	<b>41,752</b>	<b>41,754</b>	<b>(2)</b>
Total Specific Grants	<b>343,896</b>	<b>344,054</b>	<b>(158)</b>
<b>Total Government Grant Funding</b>	<b>411,573</b>	<b>411,731</b>	<b>(158)</b>

# Appendix 7 – Treasury Management

## Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and building societies this has been set at 15% of our total investments subject to a maximum value of £15m. These limits apply to the banking group that each bank belongs to. Limits for Money Market funds have been set at 25% of total investments subject to a maximum value of £20m. There is also a maximum that can be invested in all Money Market Funds at any one time of 50% of the value of all investments.
2. Our approved counterparties list also includes a number of foreign banks although, to date, none have been used. Credit conditions within the Eurozone and world wide have been improving and consideration, with advice from our Treasury Management advisors, is being given to investments in strongly rated foreign banks. The limits applicable to foreign banks are the same as those applied to UK banks.
3. Banks credit ratings are kept under continual review although there have been no material changes in the last quarter. In addition to ratings, other credit indicators, such as Swap rates are also monitored. There has been a marked reduction in the difference between the 3 month overnight interest swap rates and LIBOR which is indicative of a reduction in credit risk. This has led to an increase in the duration limits applicable to investments with Barclays, HSBC, Nationwide Building Society and Standard Chartered increased to 12 months. Lloyds Group and RBS Group have been increased to 6 months and Santander(UK) to 100 days.
4. Opportunities are being taken whenever possible to fix investments for longer periods to take advantage of slightly higher rates. In quarter 3 these have been generally been 3 month or 1 year investments with Lloyds TSB. Opportunity was also taken to

purchase a 1 year Certificate of Deposit with Standard Chartered Bank. This allows the Council to keep its free custodian account arrangements in place and may provide an opportunity to profitably sell the investment prior to maturity.

5. **Table 1** shows the current investments and limits with each counterparty. A full analysis of the types of investment and current interest rates achieved is given in **Table 2**.

**Table 1 – Current Investments and Limits**

Counterparties	Limits		Investments as at 31/12/12	
<b>UK BANKS</b>				
Barclays Bank	15%	£15m	10%	£9m
Co-operative Bank:	15%	£15m	12%	£11.4m
HSBC Bank	15%	£15m	-	-
Lloyds TSB	15%	£15m	13%	£12m
Royal Bank of Scotland	15%	£15m	11%	£10m
Santander (UK) plc	15%	£15m	12%	£11m
Standard Chartered Bank	15%	£15m	2%	£2m
<b>BUILDING SOCIETIES</b>				
Nationwide Building Society	15%	£15m	-	-
<b>Money Market Funds</b>	50%		19%	
Deutsche	25%	£20m	4%	£4m
Ignis	25%	£20m	5%	£5m
Federated Prime Rate	25%	£20m	6%	£5.2m
Scottish Widows	25%	£20m	4%	£4m
Pooled Funds - External Fund Manager	50%		21%	£20.1m
				<b>£93.7m</b>

**Table 2 – Types of Investments and Current Interest Rates**

<b>Instant Access Accounts</b>	<b>Avg rate %</b>	<b>£'000's</b>
Instant Access Accounts	0.70%	26,406
Money Market Funds	0.42%	18,170

<b>Notice Accounts</b>	<b>Avg rate %</b>	<b>£'000's</b>
Notice Accounts (up to 100 days)	0.51%	15,023

<b>Fixed Term Deposits</b>	<b>Start</b>	<b>Maturity</b>	<b>Rate %</b>	<b>£'000's</b>
Lloyds TSB	01/11/2012	07/01/2013	1.35	4,000
Lloyds TSB	08/11/2012	08/05/2013	1.35	4,000
Lloyds TSB	16/11/2012	18/02/2013	1.15	4,000
Standard Chartered – CD	26/11/2012	26/11/2013	0.69	2,000

<b>Externally Managed Funds</b>	<b>£'000's</b>
Pooled Investments	20,139
<b>Maturity Profile</b>	<b>£'000's</b>
Instant Access	44,576
Maturing < 1 month	13,000
Maturing within 1 - 6 months	14,023
Maturing within 6 - 12 months	2,000
Externally Managed Funds	20,139
<b>Total</b>	<b>93,738</b>

6. Benchmarking of investment returns is notoriously difficult as the level of returns is related to the level of risk and different Local Authorities take different views on risk. As explained at the mid

year review the Council's performance is about average compared to other Local Authorities. Returns could be increased by using lower credit rated counterparties or increasing the duration of investments. Many authorities with lower risk but higher returns than Cheshire East have historic longer dated investments which have yet to mature or have lower and less volatile daily cash balances. Higher cash balance means spreading the risk among counterparties even if the rate paid by some counterparties is relatively low.

### Performance of Fund Manager

7. The table below shows the performance of the funds (net of fees) since the initial investment of £20m (£10m in each model) on 27th May 2011.

	<b>STANDARD MODEL</b>	<b>DYNAMIC MODEL</b>
<b>April 2012</b>	0.00%	-0.06%
<b>May 2012</b>	-0.04%	-0.13%
<b>June 2012</b>	0.10%	0.17%
<b>July 2012</b>	0.24%	0.27%
<b>August 2012</b>	0.07%	0.10%
<b>September 2012</b>	0.11%	0.13%
<b>October 2012</b>	0.07%	0.10%
<b>November 2012</b>	0.11%	0.12%
<b>December 2012</b>	-0.01%	0.01%
<b>Cumulative 2012/13</b>	0.66%	0.71%
<b>Value of Investment at 31/12/12</b>	£10,170,314	£10,146,173
<b>Fees (Total since start)</b>	£40,490	£43,583
<b>Average Annual Rate as at 31/12/12</b>	0.82%	0.65%

8. Performance of the funds in April and May was affected by the continued debt crisis in Europe, in particular the uncertainties over the Greek economy.
9. Corporate Bonds and emerging market debt were all affected by the European debt issues but improved greatly in June once the markets settled down. They have continued to provide most of the gains on the funds since then. Most good credit quality Government stocks continue to offer very low yields but the funds have focused on other AAA rated stocks (such as Norway, Canada and Australia) which have helped the performance of the Short dated bonds element of the funds.
10. The performance of the funds in the last two quarters has been encouraging and more in line with our expectations than previously. The nature of these investments is that performance can be volatile so they should only be judged over a longer period of time. Regular meetings are being held with the fund managers to assess the on-going performance and suitability of these funds.

# Appendix 8 – Performance Report

## Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
Children, Families & Adults	CFA001	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days)	Quarterly	Low	719 days	640 days	687 days	Figures relate to 21 adoption orders to date for 2012-2013
	CFA002	Average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family (days)	Quarterly	Low	260 days	214 days	174 days	Figures relate to 21 adoption orders to date for 2012-2013

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	CFA003	Percentage of children who wait less than 21 months between entering care and moving in with their adoptive family	Quarterly	None	46%	Not Set	43%	Rationale for calculation of this figure has been obtained from number of children adopted during 01/04/2012 - 31/12/12, number of children placed with adoptive carers at 31/12/12 and number of children with an adoption decision at 31/12/12 who have not been cared for longer than 21 months. The figure is for period 01/04/12 - 31/12/12 not a cumulative 3-year figure. Whilst this has dropped slightly from last year, the drop is minor (46% to 43%), we are still a little way off the national average (56%), but are working with a new tracker system to improve this. This is part of the Improvement Plan for Adoption.

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 19	Rate of proven re-offending by young offenders	Quarterly	Low	0.97 number	1.00 number	Not Updated	<p>Home office changes to the counting rules mean that we can no longer compare like with like as we monitor the rate of offending via the PNC data now.</p> <p>The method for PNC calculation is to track a 12 month cohort of young people for 12 months after the original outcome. This means it can be upto 15 months after initial outcome before a figure can be calculated.</p> <p>The latest data available on the PNC database is for two periods Oct 08 - Sept 09 and Oct 09 - Sept 10.</p> <p>The frequency rate of offending is 0.87 and 0.74 respectively and results in a performance change/frequency difference of -0.13.</p> <p>This shows that the young people in that particular cohort committed less offences compared to the cohort from the 12 months in the previous year.</p>

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 59	Initial assessments for childrens social care carried out within 10 working days of referral	Quarterly	High	52.20%	75.00%	49.00%	There has been an improvement in the third quarter in terms of IA's completed within 10 working days. Overall there have been 1216 IA's completed in the 9mths to 31/12/2012 with 45% completed and signed off within 10 days  NB 56% have been completed within 20 working days overall
	NI 60	Core assessments for childrens social care that were carried out within 35 working days of their commencement	Quarterly	High	60.60%	75.00%	56.00%	Work continues to ensure that CA's are completed in a timely fashion.  65% are currently signed off within 40 working days
	NI 64	Child protection plans lasting 2 years or more	Quarterly	Low	2.63%	5.00%	7.10%	Q3 is slightly high with 3 cases out of 42 ending which were subject to a plan for more than 2 years. The overall picture for 9 months is 6 cases out of 187 that have ended which were longer than 2 years which equates to 3.2% and is within the acceptable threshold of 5%. This demonstrates that plans for the most vulnerable children are not left to drift.

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 65	Children becoming the subject of a Child Protection Plan for a second or subsequent time	Quarterly	Low	11.11%	15.00%	7.30%	Quarter 3 relates to 4 children made subject to a plan for a second time out of 55 made subject to a plan within that period. This is within target – the cumulative figure for the year shows a decreasing picture and demonstrates that safeguarding intervention to reduce risk is sustained.
	NI 67	Child protection cases which were reviewed within required timescales	Monthly	High	100.00%	100.00%	100.00%	The service gives a high priority to ensuring that the plans to make the most vulnerable children in Cheshire East safe are reviewed within statutory requirements. This performance is a reflection of that and has been sustained for over a year.
	NI 111	First time entrants to the Youth Justice System aged 10 to 17	Quarterly	None	188 number	Not Set	36 number	This relates to the number of first time entrants for the period 1/7/2012 - 30/9/2012
	NI 117	16 to 18 year olds who are not in education, training or employment (NEET)	Quarterly	Low	5.00%	4.90%	5.30%	5.3% is the indicative figure for Dec 2012. The Autumn term is always high and subject to wide fluctuations as there are large numbers of young people who change plans due to exam results and courses not being what they anticipated. Work is ongoing to clarify the individuals where the 16+ destination is unknown and it is expected that this figure will be much more stable by March 2013

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 125	Achieving independence for older people through rehabilitation/ intermediate care	Monthly	None	74.40%	Not Set	79.30%	The new Service Manager for Intermediate Care is currently looking at new and better collection methods to increase response rates. Difficulties have been experienced contacting customers. Retrospective work is done which may see some improvement on the measure. The information needed to collate this indicator comes from two different hospital trusts and we are continuing to work through options to standardise this.
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	Monthly	High	45.50%	55.00%	40.50%	We are seeing an increasing number of service users who are receiving services that are ineligible for personal budgets (e.g. reablement). This year's target of 60% was based on a maximum achievable figure of 64% in 2011/12. However, this maximum figure currently stands at 56%. Work is being undertaken on this measure to address performance issues. The Team Support Service continues to work with teams to help them improve their performance on this measure.

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 131	Delayed transfers of care from hospitals	Monthly	None	8.70 number	Not Set	Not Updated	The Quarter 3 figure was not available prior to the Cabinet paper deadline. However, the figure as at the end of November was 9.8. The figure within this measure that account for delays attributable to adult social care is only 0.13 (last year this was 0.3 which was the equal lowest in the country).
	NI 132	Timeliness of social care assessment	Monthly	High	92.80%	94.00%	94.10%	This measure continues to perform well. New reporting at team level has been produced so that team managers can see more detailed breakdowns of time taken for completion of assessments
	NI 133	Timeliness of social care packages	Monthly	High	93.80%	93.00%	94.90%	Performance remains consistent on this measure and above target. A review of this measure is currently being considered for 2013/14: this measure is based on the old national indicator which was created prior to developments around personalisation and programmes such as reablement.

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 135	Carers receiving needs assessment or review and a specific carers service, or advice and information	Monthly	High	35.45%	32.60%	31.70%	There was a significant improvement in 2011/12 but we are still looking at ways to help more carers. For example we are currently exploring ways of improving and increasing the numbers of carer's assessments with an organisation that works with carers on behalf of Community Mental Health Teams – this is being retendered for April.
	NI 141	Percentage of vulnerable people achieving independent living	Quarterly	High	73.45%	65.00%	Not Updated	Figures for Quarter 3 were unavailable prior to Cabinet paper deadline.
	NI 142	Percentage of vulnerable people who are supported to maintain independent living	Quarterly	High	98.43%	98.70%	Not Updated	Figures for Quarter 3 were unavailable prior to Cabinet paper deadline.

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 145	Adults with learning disabilities in settled accommodation	Monthly	High	52.90%	60.70%	41.80%	Performance on this measure is slightly behind on the same point last year (45.9%). Although there was significant improvement on this measure in 2011/12, a stretching end year target of 70% has been set. The Team Support Service is currently looking at where there are opportunities to improve performance through new ways of collecting the data required as the issue of under performance is related to gaining confirmation of accommodation status in a way that meets the criteria for the measure.
	NI 146	Adults with learning disabilities in employment	Monthly	High	7.00%	6.13%	5.23%	Performance on this measure has improved on the same point last year (4.22%). Work is ongoing to help support learning disabled people into work opportunities: for example, Work Placement Officers continue to further explore the use of assistive technology when arranging in-work support for customers.

# Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
Places & Organisation Capacity	NI 155	Number of affordable homes delivered (gross)	Quarterly	High	247 number	75 number	61 number	The 6 completions this quarter consist of a mixture of Firstbuy and Assisted Purchase Scheme completions. The sluggish housing market continues restricting the progress on market sites. However, there are a number of Homes and Communities Agency grant funded sites that are due to complete before the end of March 2013 that will boost the delivery of affordable housing.
	NI 157a	Processing of planning applications as measured against targets for major application types	Quarterly	High	31.30%	60.00%	50.00%	
	NI 157b	Processing of planning applications as measured against targets for minor application types	Quarterly	High	51.70%	65.00%	75.00%	
	NI 157c	Processing of planning applications as measured against targets for other application types	Quarterly	High	69.60%	80.00%	90.40%	

## Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
HR & OD	BV012	Working days lost due to sickness absence (cumulative)	Monthly	Low	9.16 days	6.10 days	7.02 days	The Council has an ongoing Action Plan to address and reduce levels of absence which includes regular reporting, management training and targeted intervention on issues such as manual handling and stress management. There has also been a focus on positive health promotion involving a number of wellbeing events as well as provision of guidance and information on conditions such as cancer. Absence levels, however continue to be over target, currently by an average of 1 day per employee. Close monitoring of absences will continue and early, appropriate action will be taken. The Council is also considering the use of additional positive, targeted interventions such as an Employee Assistance Programme, stress management and early access to physiotherapy to effectively reduce absence levels.

## **CHESHIRE EAST COUNCIL**

### **Cabinet**

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<b>Dates of Meeting:</b>	4 February 2013
<b>Report of:</b>	Interim Chief Executive
<b>Subject/Title:</b>	Becoming a “Strategic Council” – Review of Management Roles and Responsibilities

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#### **1 Purpose of the Report**

- 1.1 This report sets out proposals for significant changes in the current roles and responsibilities of managers at all levels within the organisation, as a key element of establishing a new operating model for the Council, to support our ambitious programme of service transformation and our drive to reduce costs and provide better value-for-money for local people.
- 1.2 The report sets out the process and timetable for implementing the required management changes over the next six months, and seeks Members’ approval for the authority to proceed immediately with the Management Review, on this basis, so that its benefits can start to be realised as quickly as possible.

#### **2 Recommendations**

Cabinet is asked to recommend to Council that:

- 2.1 The Interim Chief Executive, in consultation with the Leader of the Council and his Cabinet Portfolio Holders, be authorised to start, with immediate effect, the proposed Management Review and the phased process of selection for appointment to new management posts in the Council’s revised organisational structure, on the basis and timetable set out in this report.
- 2.2 The need for planned complementary action on the wider implications of the introduction of the new operating model for the Council, in terms of collaborative working with other local commissioners and providers of public services, as well as the development of the Council’s Localism initiative, be noted, and that further reports on these initiatives be brought forward for Members’ consideration in due course.

#### **3 The Lessons from Lyme Green**

- 3.1 Some years ago, many local authorities changed their management structures to absorb a large number of largely autonomous service departments into larger groupings. The Council’s current structure of two Directorates, each led by a Strategic Director for People and Placed-based services, respectively, is a product of those changes and is now quite common in other local authorities, (in both Staffordshire and Shropshire, for example). Such an approach had

several advantages, not least in terms of reducing the number (and hence the cost) of senior managers needed to run the organisation.

- 3.2 However, such structures still tended to group services on the basis of their different professional expertise, and this did not foster joined-up multi-disciplinary approaches to complex issues or projects, which required the co-ordinated input of a range of different professionals. Indeed, such structures frequently created artificial and impermeable barriers between related functions, which prevented holistic solutions and which led to duplication of activity and inefficiency. As a result, the loyalty of managers and staff remained predominantly to their professional grouping, rather than to the Council more widely as a single entity.
- 3.3 The investigation into the failings of the Council's Lyme Green development project has exposed serious weaknesses in our organisational culture, which are a product of these separate professional "silos" in our current management structure. These have sometimes caused confusion, poor decision making, and inefficiency, because it was not always clear who had authority to act and who was accountable ultimately for the success or failure of particular initiatives.
- 3.4 Increasingly, the outcomes desired from the Council's activities, in terms of improving the quality of life of local people, require our staff from different services to work together as a team, and to create joint solutions to complex challenges. However, there are times, under our current structures, where the relationships between the different professionals involved are strained. As a result, there can be lack of clarity about what is required and a lack of proper care and diligence over the procedures for achieving success, because staff do not personally "own" the outcomes involved and focus only on their own part of the process.
- 3.5 Consequently, at times, communication between Council services can be poor, and uncertain lines of reporting in our multi-tiered management hierarchy has sometimes led to poor management of risk. Also, as a result of how the Council is currently structured, necessary technical advice is sometimes neither sought nor taken at key stages, with wrong assumptions being made as a result. One unwelcome product of our present structures has been the unintended creation of an organisational culture in which key decisions and judgments are sometimes insufficiently challenged, with staff being too reactive or lacking the confidence to do this effectively, within what should be a mutually supportive environment and a framework of shared goals.
- 3.6 In the light of new government policy and legislative changes, together with the major ongoing squeeze on resources for public services, many local authorities are reconsidering their core purposes and priorities, and are reviewing the organisational form and structures they need to work effectively and efficiently in very different ways in future. The lessons from the Lyme Green project, coupled with the significant challenges involved in delivering the Council's ambitious service transformation plan, mean that it is similarly a good time for us to make changes in our management roles and responsibilities, to ensure

that they are “fit for purpose” over the next few years, as a key element of moving to a new operating model for the Council.

3.7 No single model of a “modern” 21<sup>st</sup> century local council has yet emerged from the present large scale changes and experimentation going on in many local authorities. But a number of councils are basing their new approach on moving to create a “hard” organisational split between their service commissioning and their service provider functions, not least as a more “mixed economy” of local providers is developing to deliver public services in more cost-effective ways in future. This move towards seeing “strategic commissioning” as the core purpose of the Council has a number of attractions for us at this time, not least because it helps us rethink the way we work and make necessary changes to the way that local public services are delivered in Cheshire East, if we are to retain the range and quality of provision that local people want within the more limited resources available to us in future.

3.8 The benefits of structuring ourselves and our management roles around such a split include that it will:

- provide greater choice for local people;
- make it easier for us to access opportunities for new sources of funding and income to benefit local people;
- increase public value and social capital, by unlocking resources within local communities;
- reduce potential or perceived conflict of interest for council managers and Members;
- provide greater objectivity and a wider, more strategic place-shaping approach;
- enable service transformation because providers are more able to deliver new and more innovative approaches, free from the normal council constraints;
- allow greater efficiency by grouping contracts and integrating provision around outcomes;
- support greater effectiveness by focussing not on standard services, but on joined up approaches to early intervention and prevention – reducing preventable and unnecessary demand and cutting costs;
- move to a system of “payment by results”, transfer (some) financial risk to providers, and encourage them to deliver outcomes that provide financial returns to the Council;
- encourage both greater collaboration and greater competition between providers (as appropriate);
- stimulate economic growth, by creating more local (sustainable) jobs;
- make all public service providers more accountable to local people.

3.9 It is for these reasons that I am recommending that we make this the basis of the Council’s new operating model. The later sections of this report explain the concept of strategic commissioning in more detail, and set out the implications of such a change for both elected Members and for the future roles and responsibilities of our managers. The report also comments on the process and

timetable for completing our planned management review over the next six months, to achieve the benefits of this timely fresh approach within the Council's operations, and in the wider context of our increasingly important collaborative working with local partner organisations.

- 3.10 Such changes, therefore, need to be designed also to take forward the next stage of our "Localism" agenda and the introduction of "Community Budgets". They will help us create more resilient and self sufficient local communities, which reduce unnecessary demand on public services, by involving local people more actively and directly in our commissioning processes and decisions in future, as well as in terms of our residents assisting us in the "co-production" of local services.

#### **4 Strategic Commissioning – Our New Operating Model**

- 4.1 The landscape under which local public services are designed, purchased and delivered is changing rapidly under new Government policy and legislation. The Coalition Government's emphasis on "Localism" means that, where services and facilities cannot be run directly by local communities themselves, a new range of commissioners will ensure that local needs, preferences and aspirations are met and that service providers are more accountable to local people.
- 4.2 These changes are already taking place, with the recent election of the first Police and Crime Commissioners, the creation of Clinical Commissioning Groups for health and wellbeing services, and the transfer of Directors of Public Health to become statutory officers of local authorities and be accountable to their Chief Executive. To ensure the alignment of all key public services locally, it is essential, therefore, that the Council changes the way it operates and is structured to also become a strategic commissioning body.
- 4.3 In this context, "strategic commissioning" is the process of identifying and prioritising local needs and, by stimulating and managing a diverse local market of high quality reliable providers, meeting those needs in the most cost-effective way. This approach recognises that the public's priority is to receive effective, good value local services, and that this matters more to them than who provides that service. In practice, however, the Commissioner will still be held accountable by local people for both service quality and reliability, as well as for its outcomes.
- 4.4 Strategic Commissioning is about getting costs down by doing things differently and using innovative new approaches to the way in which services are delivered, that achieve the desired outcomes for local people. Strategic Commissioning is not about simply reducing costs through acquiring cheaper provision or about traditional outsourcing, as it can be used to get the best also from inhouse services, from joint ventures between the Council and other providers, and from new delivery vehicles such as Social Enterprises or Staff Mutuals.
- 4.5 On this basis, a "Strategic Council" is one that is able to capture, leverage and disperse **all** available local funds and resources, in line with its strategic

ambitions and goals for its local communities, as part of its “place shaping” role. The Council, however, cannot do this alone, and will need to work closely with other local commissioners of public services (for health and wellbeing, community safety – including the Fire and Rescue Service, Ambulance Service and Probation Service – and for local business support, as well as with Town and Parish Councils, who might also be service providers as well as commissioners). The Council will also need closer working relationships with the private sector and with the voluntary and community sector in Cheshire East, as part of its local “market making” role (see Appendix 1 attached).

- 4.6 Strategic Commissioning is not an end in itself. Rather it is a quicker way of transforming traditional forms of local service delivery and, where done well, of creating greater “public value” from more limited public funds in the future. At its best, commissioning is a different way of thinking about service design and how local people can get what they want, by realigning and targeting scarce resources. In essence, it is a practical “change management” tool, to transform public services on the basis of a new dialogue and relationship with local people (see Appendix 2 attached). It is about “doing more for less” in the more complex environment in which local councils now find themselves.

## **5 “Market Making” and the Changing Role of Elected Members**

- 5.1 Strategic Commissioning strengthens the role of elected Members, as it must begin and end with councillors’ democratic relationship with local residents, who should have a stronger voice and input into commissioning decisions in future. Members will need to ensure that what is commissioned really reflects the priorities and preferences of our local communities, and that they are able to facilitate putting the necessary changes in place quickly. Members will also play a pivotal role in managing residents’ expectations about what “affordable” and sustainable public services will look like in the future.
- 5.2 Under this proposed new operating model, Members will have a crucial role to play in both directing the Council’s commissioning process and in subjecting it to democratic oversight and scrutiny. Members will drive and influence commissioning decisions:
- Strategically – through policy, agreed outcomes, and prioritisation decisions (in Policy Development Groups, Cabinet and full Council); and
  - Locally – through the engagement and empowerment of local communities in the commissioning of services and in their local delivery.
- 5.3 Members will, of course, also seek to influence and align the decisions of other commissioning bodies in Cheshire East, as well as at sub-regional and regional levels. Our arrangements for strategic partnership will need to be reviewed and improved, so that they bring all commissioners of local public services together on a regular basis, to ensure they plan complementary and coherent approaches, based on a single “pot” of local public funding, and the efficient integration of related elements of service delivery at community level, such as health and social care provision or enforcement and community safety activities, for example (see Appendix 3 attached).

- 5.4 Similarly, to gain the maximum benefits of this approach for local people, our local governance arrangements under the current Local Area Partnerships also need to be reviewed and improved, as part of transforming the way in which joined-up services are provided, in collaboration with Town and Parish Councils and other local providers. We have recently opened up a fresh dialogue on this with those partners.
- 5.5 The Council has also recently anticipated the need for such a change in its revamped Scrutiny arrangements. These now provide for examination of the effectiveness of all the main local commissioners of public services, and of the success of new forms of integrated and less fragmented service delivery at local community level, in terms of more desired outcomes to improve quality of life for local people.
- 5.6 Members role in actively developing a more diverse local “market” of providers of public services will be pivotally important to the success of our proposed new operating model. The Council’s “market making” role will involve a more dynamic focus on:
- attracting new partners, venture capital and investment;
  - creating a new framework of local supply chains/pipelines (through the LEP);
  - attracting a diverse range (across sectors) of high quality providers;
  - building the capacity of the local Voluntary and Community Sector, and of local businesses to take a greater share of the local market;
  - “seed funding” new enterprises;
  - promoting the creation of new community-owned micro businesses;
  - establishing new delivery vehicles, and fostering a willingness by staff to adapt to these (social enterprises, staff mutuals, JVs etc);
  - putting in place new funding models (eg payment by results); and
  - facilitating greater public engagement in service commissioning and delivery.
- 5.7 There are several potential barriers to our success in making these changes quickly, and overcoming these will be an early priority for the senior staff appointed to changed roles in the proposed new management structure for the Council. Indeed, we need to start by developing or acquiring greater commercial capability and capacity in our commissioners. We will need also to urgently improve our procurement, tendering and contracting arrangements. In future, our commissioning decisions need to be based on a better ability to collate, analyse, and actively use data from providers and from customer intelligence. We will also want to place priority on appropriate development training for elected Members, so that they can take up their new roles with confidence. The new operating model will not work properly, however, if we fail to put in place quickly the new management structures and ways of working (both internally and externally) needed to support it.

## **6 Changed Management Roles and Responsibilities in the Proposed New Operating Model**

6.1 If we are to learn the lessons from our experience with the Lyme Green project, our review of management roles and responsibilities needs to be guided by a set of clear principles, which are applied consistently across the Council, and needs to ensure that form follows function, rather than simply reflecting outmoded structures based on professional groupings. Our current structure of two large “Directorates” for People and Place based services respectively, each headed by a Strategic Director, has served its time, and needs to be rethought to deliver the full benefits of moving to become a Strategic Council.

6.2 These guiding principles should include:

- each management post will have clear, individual accountabilities for a group of related “functions” (requiring fewer senior posts overall), to achieve agreed outcomes and integrated solutions;
- each manager will have a larger span of control, with a minimum of five direct reports in each case;
- the structure will be less hierarchical, with significantly fewer management tiers, and with authority based on the particular outcomes and project priorities in each case;
- statutory accountabilities are clearly designated and provided for in the new organisational “core” of the Council;
- each management post will be accountable for delivery of agreed outcomes in their functional area across the whole organisation (and beyond, in terms of collaborative working with other partner bodies), including through people who are not directly line managed by them;
- the emphasis (in senior management roles particularly) will be on the leadership of change, the engagement of staff, and the acquisition and display of high order commercial and entrepreneurial skills;
- formal authority will be devolved so that assessments and decisions can be taken and executed where they need to be made, as close to the frontline as possible, in order to produce better performance and more speedy and responsive action;
- the role of “corporate support services” is to facilitate and support frontline service change and innovation, within an effective framework of identified and well-managed risk;
- the clear expectation of consistent and visible compliance with agreed values and behaviours, as part of a new organisational culture and as a catalyst for change;
- the effective securing, organisation and deployment of all (collective) resources, in ways which increase “public value” in securing priority outcomes for local people, as part of a single “Team Cheshire East” approach;
- every role exists to enable delivery of the objectives and added value of the whole organisation, from the perspective of our local residents and communities;
- management roles enable local people and our partners to interact with us easily and effectively; and

- common processes and tasks are done in one way, by one team, without duplication elsewhere or hand-offs to others, both internally and externally, with quality assurance at both the beginning and the end.

6.3 Applying these principles is more straightforward in an organisational structure where there is a clear “hard” split between commissioner and provider roles, as is being proposed here. In effect, we will put in place a different organisational structure, based on a single “core”, integrated multi-disciplinary team, which drives strategic commissioning activities and the democratic decision making processes of the Council. These “core” functions should represent no more than 10% of the Council’s resources (ie about 400 staff), with the remaining 90% being directed to maintain essential frontline services (see Appendix 4 and 5 attached).

6.4 However, to be effective, this “core” structure will need to contain sufficient expertise in key areas, and we will need to quickly augment and enhance both our capacity and capability in strategic planning, programme and performance management, risk management and internal audit, customer insight, research and intelligence, and in commissioning, procurement and contract management (in a more commercial environment in future). On this basis, our new organisational “core” will need to include:

- “place shaping” – strategy and policy development, infrastructure investment, transparency and accountability, relationship management, partnership and influence, and citizen engagement;
- lead commissioners for all functions and activities, including our outcomes framework and “market making” activities;
- area/locality based commissioners for local/community based services;
- flexible support teams – function specialists and experts, procurement and contract specialists, project management, administrative support, performance oversight and intervention;
- core corporate enabling and transition support functions;
- support for Corporate Governance and Democratic decision making processes;
- all our statutory roles (Head of Paid Service, Section 151 and Monitoring Officers, DCS and DASC, DPH etc);
- Strategic communications to ensure “brand strength” for the Council, as both a service provider and a commissioner.

6.5 This report seeks to define and provide an outline design for our future commissioning “core”, and to put in place the transitional arrangements to create it, over the next 12-18 months, as we separate and redefine our relationship with our provider functions, as well as set up new contracts and put in place new vehicles for service delivery (see Appendices 4 and 5 attached).

6.6 On this basis, the need for two Strategic Directors, each overseeing a large grouping of professional silos with relatively few links between them to promote joint working, is replaced by a single Director of Strategic Commissioning for all Council services and activities, supported by a single, integrated team of appropriate commissioning experts and the statutory postholders for Children’s

and Adults' social care, and for Public Health services. The scope and impact of such a senior post is significant enough to warrant a salary of about £130K a year.

- 6.7 Alongside this, a second new senior post of Chief Operating Officer will be responsible for all the “core” strategic and business support functions of the Council, together with service standards and the performance of all the providers (including inhouse service teams) used by the Council, and its partners where such provision is delivered on a joint or integrated basis. Depending on the professional background of the postholder, they would also undertake the statutory role of either Monitoring Officer or Section 151 Officer, for which a 10% salary supplement would be payable. The COO would also lead a small corporate support team of Managers for the following functions:

Finance (who would also undertake the statutory role of Section 151 Officer if not covered by the COO);  
Commercial Strategy, Business Innovation and Performance;  
Organisational Development; and  
Democratic Services and Governance.

To attract the right calibre of applicant, the annual salary of the post of COO will need to be in the region of £110-120K, (including the salary supplement for statutory responsibilities). Although the posts of Corporate Support Managers are a single tier, their levels of responsibility will differ, and this will be reflected in the appropriate spot salary in the range of £70-90K – see paragraph 6.11 below).

- 6.8 This new senior management structure would have the immediate effect of clarifying individual accountabilities and reducing the number of senior posts required, whilst enhancing strategic leadership across the whole organisation, so that it functions holistically, as a single entity. Functional leadership will be provided by a smaller number of Heads of Service, as related activities are grouped together in the new management structure to reflect the priorities set out in our new Council Plan. Depending on the particular responsibilities involved in each case, spot salaries for these posts will fall also in the range of £70-90K. These functional groups will include:

- Economic Growth and Prosperity
- Public Protection and Enforcement
- Environmental Protection and Enhancement
- Early Intervention and Prevention
- Independent Living
- Safeguarding of Vulnerable Children and Adults

- 6.9 There will be a similar fresh emphasis on locality working, which will be co-ordinated and developed by a new Head of Service post, to devolve and integrate a wide range of service delivery and activities, and to develop more resilient and self sufficient local communities, which reduce unnecessary demand on public services. This revamped approach would be based on an overt fresh dialogue with local residents about striking a more appropriate

balance between citizens' rights and their responsibilities (to themselves, their families and those they care for, their neighbours and their wider local community), and the expectation that everyone has capabilities that can help reduce long term dependency and support working together on shared goals.

- 6.10 Operational management in the new structure would be undertaken at the level of specialist "technical" teams or units (including former support functions such as ICT, HR and Legal Services). These managers will have clear direct personal accountability for meeting specified service standards and outcomes, but with greater freedom to operate within those requirements, and with payment or funding based on results in achieving agreed targets.

(Some Heads of Service, other managers and specialist staff will need to undertake both commissioning and operational roles temporarily, during the period of transition to completion of the new structure, but will move to one or the other of those roles at the end of the process, depending on their particular skills and our organisational needs. This would have the effect of further reducing the overheads costs relating to Service Heads, without detriment to operational management, as our commissioning expertise is enhanced.)

- 6.11 In all cases, managers would be required to display a high calibre of skill and ability in leading, engaging and motivating staff through major service transformation; in building capacity and capability, and in identifying, developing and coaching talent; as well as in empowering frontline staff to deliver effectively and efficiently; and for dealing with complexity, uncertainty and risk. The intention is for all the new management posts to attract a single inclusive "spot" salary within the range applicable to their tier, depending on their particular responsibilities. In addition, the intention is to design and put in place an appropriate performance pay element, where a proportion of the salary could be held back if performance was not consistently exemplary.
- 6.12 The new roles and responsibilities will be based also on the assumption that senior postholders will actively foster and develop extensive collaborative working relationships, operating confidently beyond their formal authority in spheres of activity outside the Council, at Borough, sub regional, regional and national levels, as required.
- 6.13 Our 3 Year Financial Strategy is based on reducing the cost of our management overheads by about 25%, to protect frontline jobs and services, with cumulative savings of £5 million a year by Year 3. This new management structure is the main way in which these savings will be delivered. The 3 Year Financial Plan further protects funding for the frontline, by providing for the costs associated with these management changes to be met from one-off funding in our Budget Plan.
- 6.14 In this context, the focus of the Council shifts to brokering, facilitating, supporting and empowering, as well as to prevention and early intervention, rather than simply being on providing or procuring services. The role of local elected Members also changes, to place greater emphasis on Community Leadership and "Social Entrepreneurship", to build capability and capacity

within local communities (social capital), as councillors become “Cabinet Members in their own Wards”.

## **7 The Change Process – Implementing the New Management Structure**

7.1 The changes to existing management roles and responsibilities will need to be undertaken in three phases, because it entails a process of top-down displacement of current postholders, as follows:

- Phase 1 all senior posts (49 in total) with salaries of £55K+ a year – to be completed by Easter 2013;
- Phase 2 all posts with salaries of £30K+ a year – to be completed by July; and
- Phase 3 all frontline team leaders and supervisors – to be completed by September.

7.2 In effect, although it will be “business as usual” until appointments have been made in each of these phases, all current management posts are to be deleted from the Council’s staffing structure, and postholders will need to apply for, and be formally assessed on their suitability for, newly established posts with revised roles and responsibilities. Selection for these new roles will be undertaken in the following sequence:

- assessment of job fit (based on current role and responsibilities);
- assessment ringfenced to a group of managers where there is more than one suitable candidate for a new role; and
- internal selection before seeking external recruitment.

7.3 Each of our current managers will have the benefit of a personal dialogue (on the options available) and support. Where appropriate to the particular appointment being made, new programmes of training and development will be provided to assist those involved to take on the new or expanded roles and responsibilities with confidence. Where individuals are displaced by this process, support will be provided to redeploy them into suitable alternative employment, either in the Council or elsewhere, (though this is often more difficult for staff at this level and it might not be possible to avoid compulsory redundancy in some cases).

7.4 The appointment to the post of Director for Strategic Commissioning and for those posts with statutory roles will be for determination by elected Members, who will have some involvement also in confirming selection decisions for other appointments to senior posts in Phase 1. A dedicated HR support team will be set up to oversee and co-ordinate the process, assisted by a limited, cost-effective input from external experts to ensure objectivity and fairness in the assessment and selection process, to support the managers involved in the review and to avoid the risk of challenge or appeals from those staff involved.

7.5 The management review will also encompass related personal assistants, secretarial, and administrative support posts. No changes to current posts will be made, however, until the new senior manager appointments have been

made and the support needs for these new positions have been determined. It is expected that, as for the management posts involved, there will be scope for rationalisation and efficiency savings from these support roles also, which will contribute to the Review's overall savings target set out in our Medium Term Financial Strategy.

- 7.6 Detailed Job Outlines and Person specifications for the new roles will be drawn up quickly, subject to Member approval of these proposals, so that the change process can start as soon as possible.

### **HR Considerations**

- 7.7 A dedicated HR support team will be set up to oversee and co-ordinate the process, assisted by a limited, cost-effective input from external experts to ensure objectivity and fairness in the assessment and selection process, and to avoid the risk of challenge or appeals from those staff involved.
- 7.8 Arrangements for the implementation of the structure, as outlined above, are appropriate in the circumstances and in accordance with the Council's existing practices.
- 7.9 The outlined proposals have been the subject of consultation with the extended management team over recent weeks and the detail within this report has been shared with the joint Trade Unions.

### **Legal Considerations**

- 7.10 Whilst specific legal advice may be needed once the proposals contained in this report are worked up in more detail, there are no apparent legal obstacles to the proposals.

### **Financial Considerations**

- 7.11 The 3 Year Financial Strategy forecasts an overall reduction in funding to Cheshire East Council. In order to protect frontline services it is therefore prudent to target savings at corporate overheads. One potential risk from reducing overheads is the associated reduction in organisational capacity to manage change and react to customer demands. However, this risk is mitigated within the report by providing a strategic approach that develops clearer roles and responsibilities in a reduced management structure.
- 7.12 The financial forecasts in this report are robust and have been factored in to the Budget Report 2013/2016. Savings from management reductions are forecast to exceed £5M by 2015/2016, with the bulk of savings being achieved in 2013/2014. The associated costs of reducing senior staff can be funded from one-off income sources in 2013/2014 & 2014/2015.
- 7.13 The most evident risks come from potential delays in implementing such a large scale change, which would then not achieve the savings targets, and a potential knock-on effect on other Council Change Programmes. Briefings and

roadshows with key staff have been carried out already, and there is sufficient clarity in the revised structure that these risks should not materialise in a way that could de-stabilise any of the current medium term forecasts.

## **8 The Need for Wider Changes and Potential Problem Areas**

8.1 To obtain maximum benefit from this proposed new operating model for the Council, several other key steps will need to be taken over the next 6-12 months:

- establish a new forum for all Cheshire East commissioners (a “Public Service Board” meeting twice a year), to align strategies, key decisions and resource allocation across all local public services;
- agree and share widely our new Strategic Commissioning Policy and priorities – linked to our key objectives of economic growth and resilient local communities (see Appendix 6 attached);
- provide guidance, training and support to elected Members (and officers) on their new roles in the (strategic and local) commissioning process;
- develop more effective local governance arrangements to enhance or replace Local Area Partnerships, in order to integrate service provision locally and establish “community budgets”;
- complete the work underway on our strategic outcome targets and measures, and improve our intelligence about the “dynamics” of our local communities, to inform our commissioning decisions;
- formally open dialogue with the local voluntary and community sector, and with the local business sector, to invite new providers, partners and investors into the local market place; and
- create (through the LEP) a new local supply chain framework, including the formation of new community-based micro-businesses, to boost our local economy;
- set up new delivery vehicles to enable inhouse services to compete in the local market place and to create local jobs; and
- develop a communications plan to improve public understanding of and support for these changes.

8.2 In terms of Risk Management, action will need to be taken quickly also to deal with potential problem areas and obstacles or barriers to realising the benefits of these changes. These include:

- tensions or lack of alignment between the decisions of different public service commissioners now operating in Cheshire East or between the strategic and local levels of commissioning;
- lack of a clear and consistent understanding of our commissioning process for our staff or partners;
- lack of innovation in service design and delivery (if we fall into the trap of simply commissioning out of date approaches from new providers);
- failure to reduce costs (if commissioning raises public expectations rather than reducing demand on public services);
- the local market is slow to respond effectively to newly created provider opportunities;

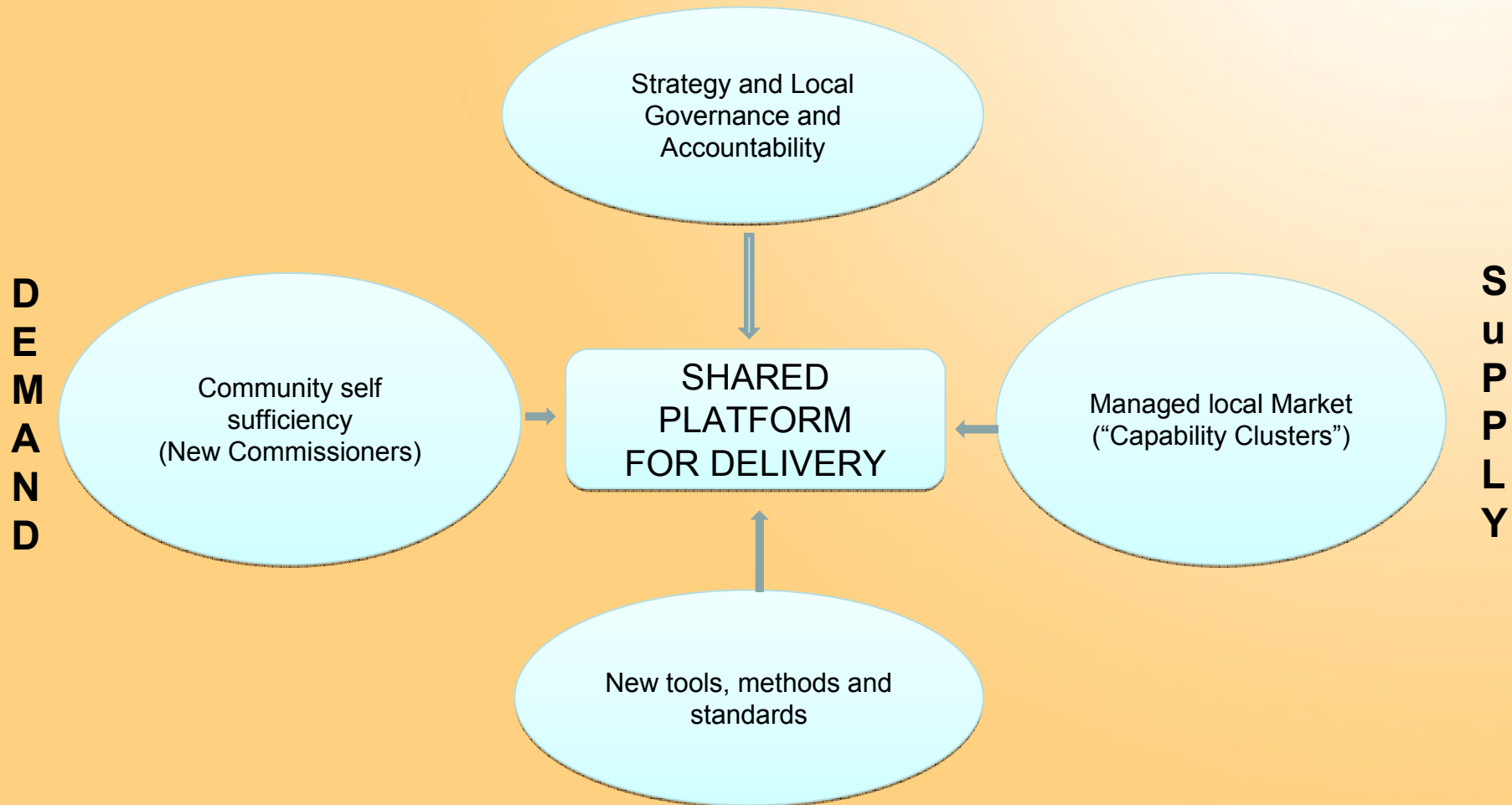
- there is insufficient appetite for risk and ineffective management of it; and
- the public fail to understand the benefits of the Strategic Council model and the new emphasis on our “place shaping” role, rather than simply on being a monolithic service provider.

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# THE STRATEGIC COUNCIL

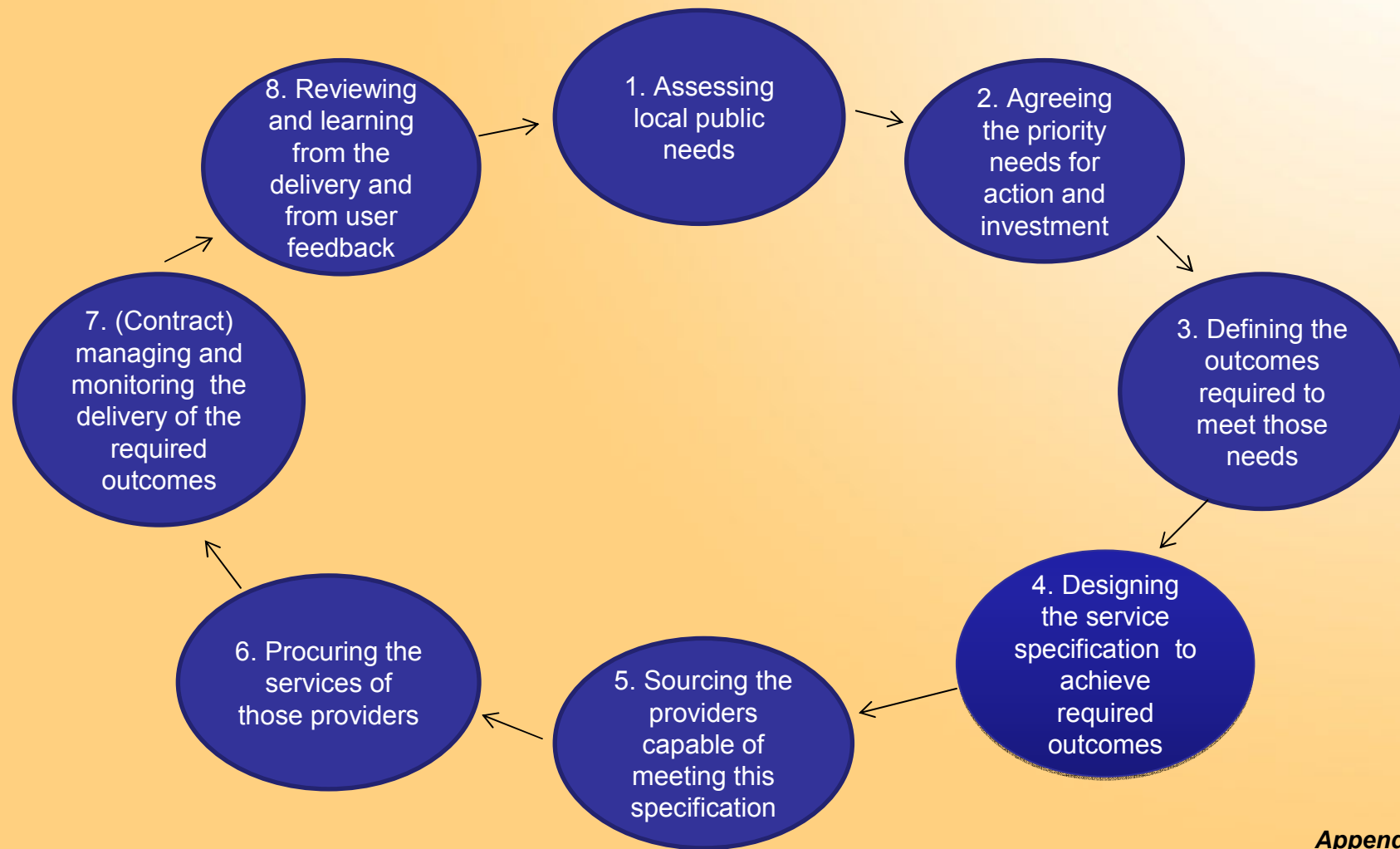


## LEADERSHIP TRUST AND ENGAGEMENT

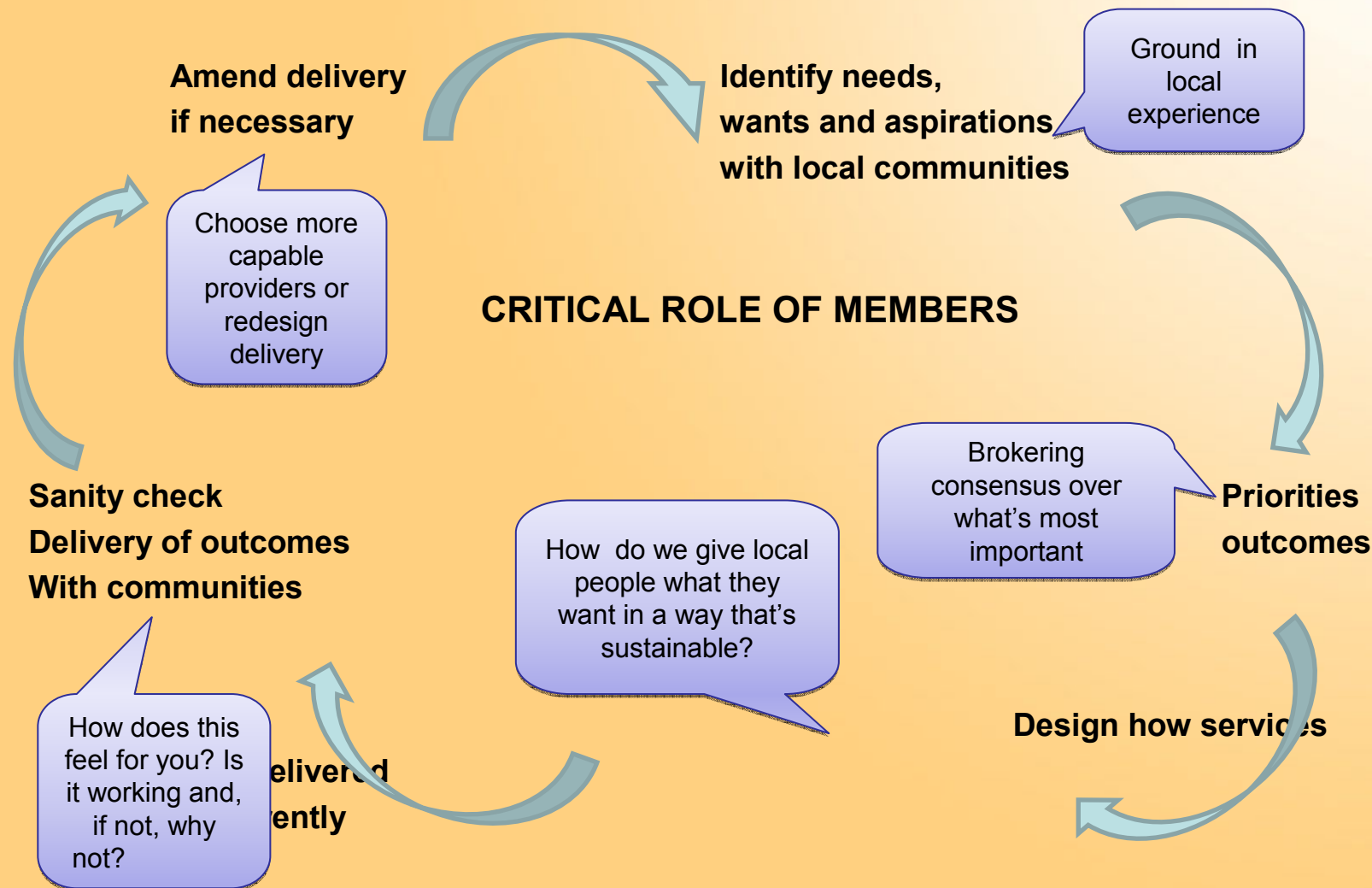


## NEW FUNDING SOURCES AND NEW DELIVERY VEHICLES

# The Strategic Commissioning Cycle



# Why the Members' role is critical

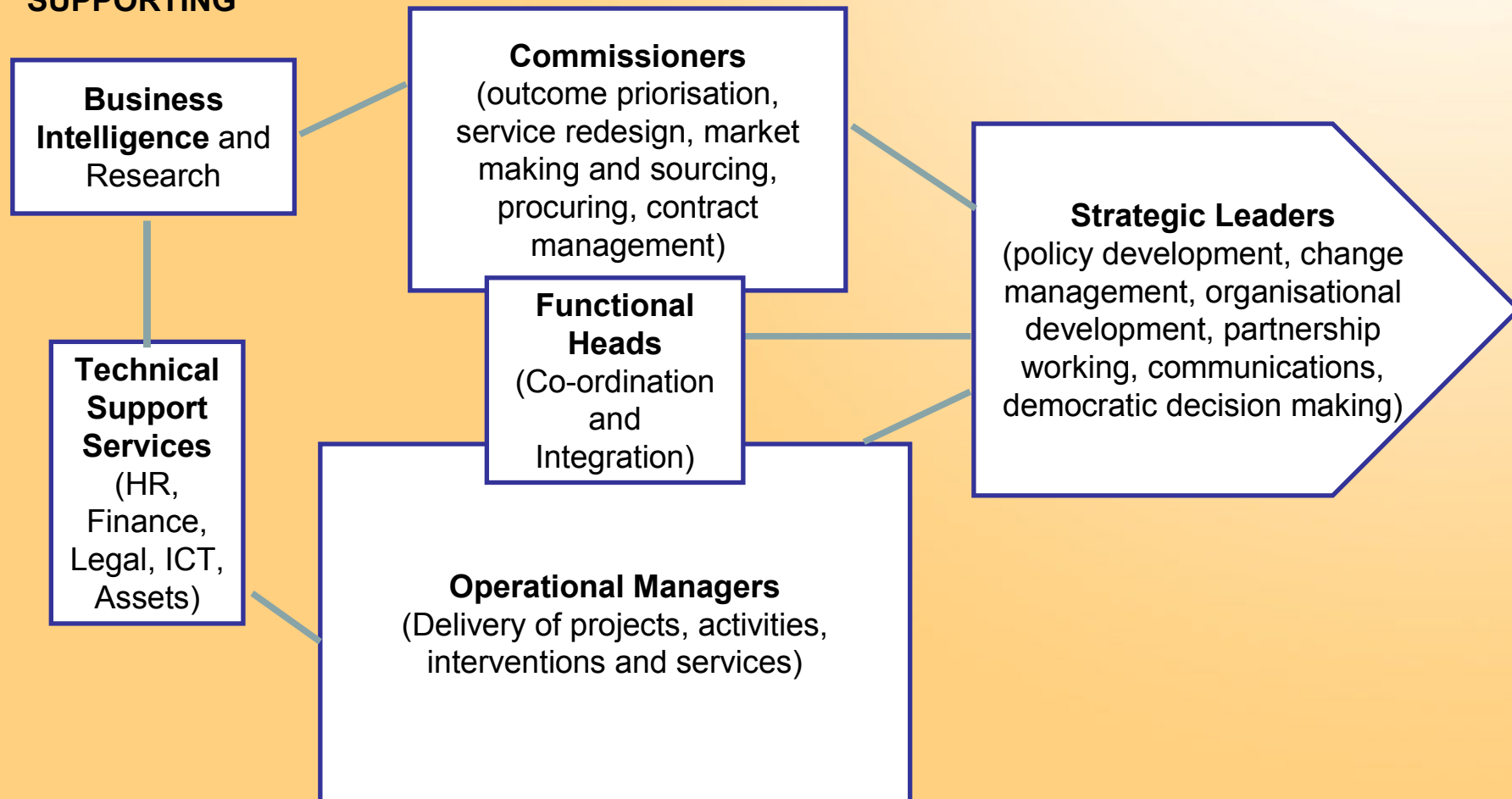


# The New Operating Model

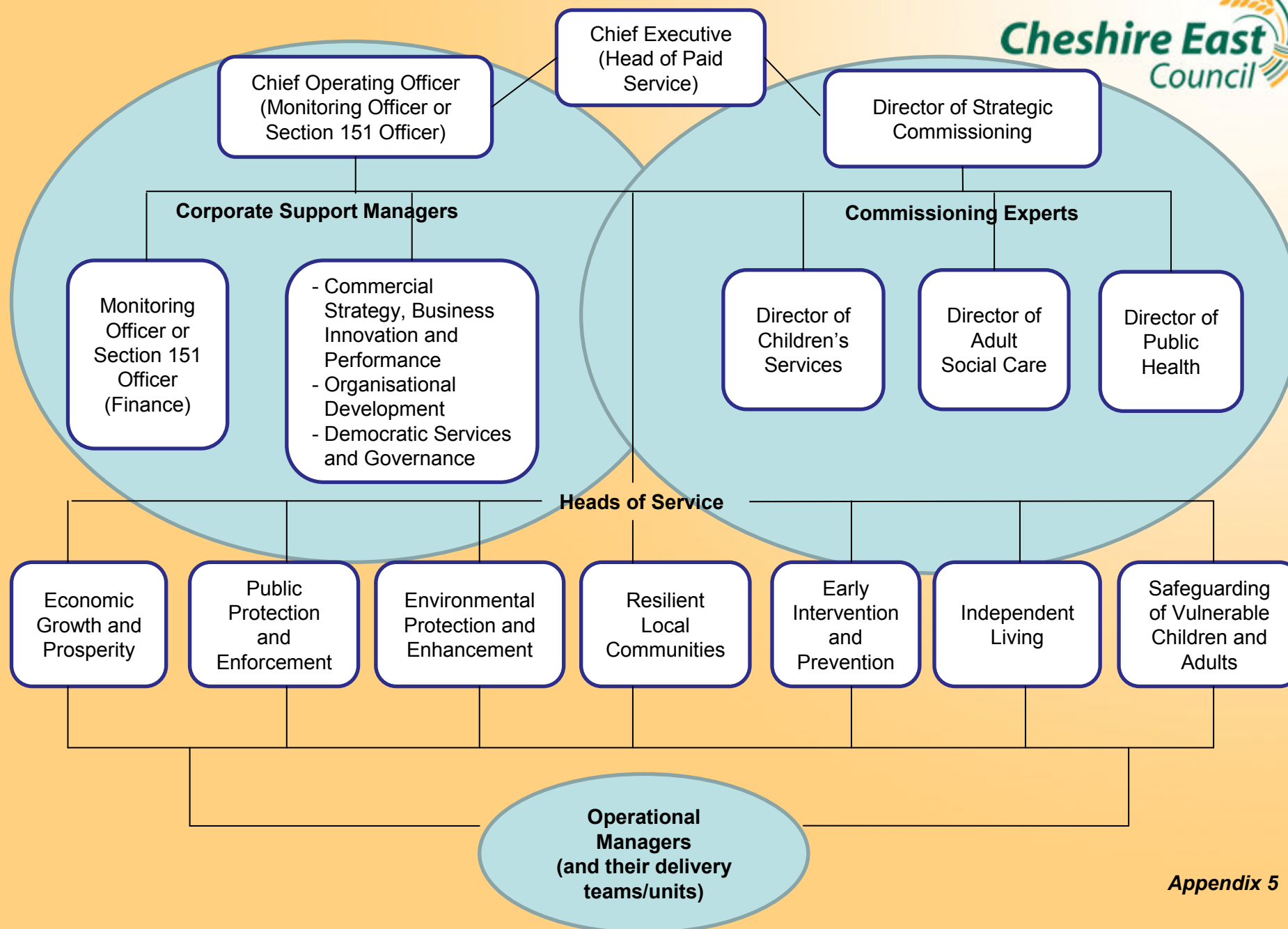
**DRIVING AND  
SUPPORTING**

**DOING**

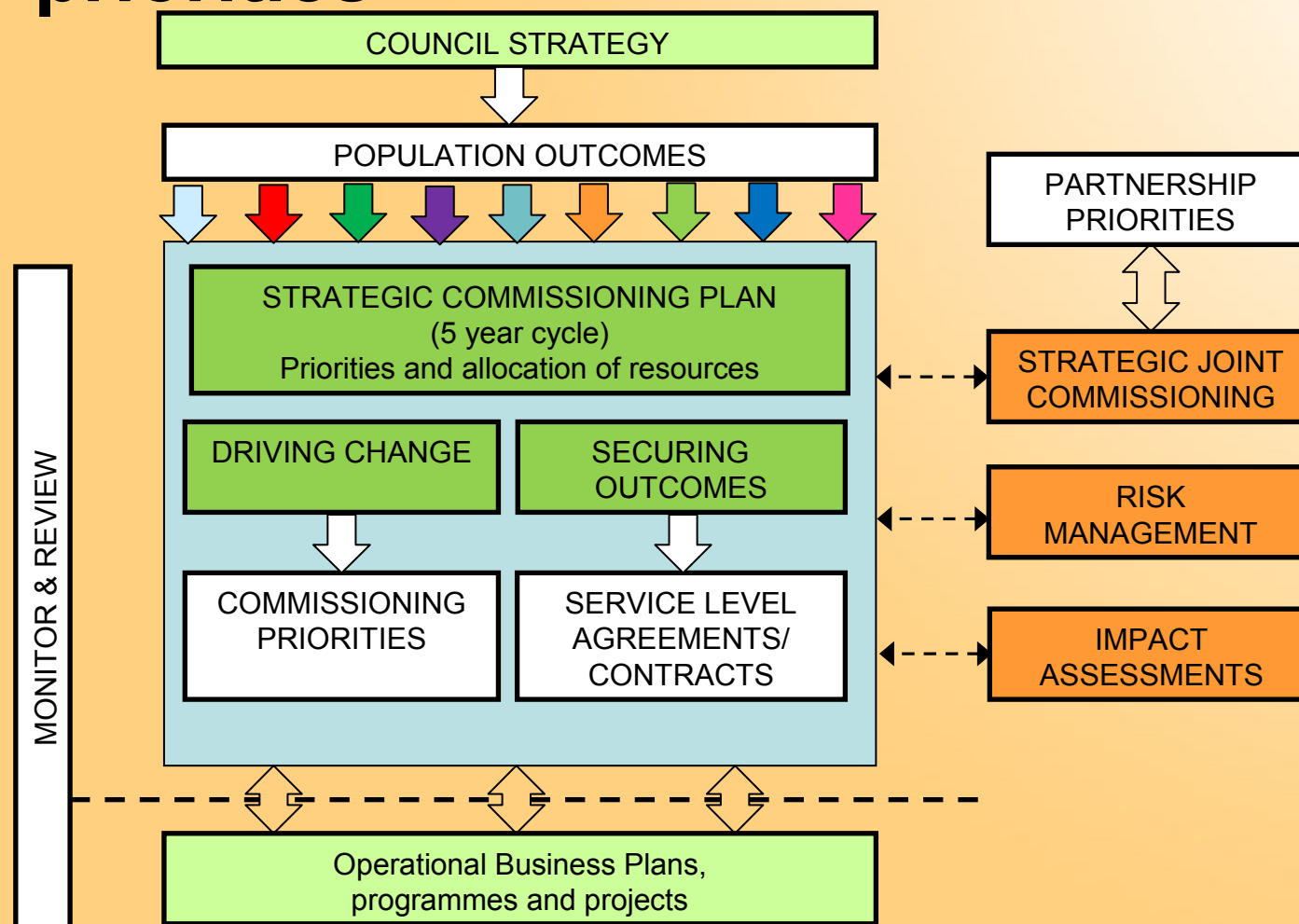
**LEADING**



# The Council's new Corporate "Core"



# Commissioning – setting our priorities



# CHESHIRE EAST COUNCIL

## Cabinet

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<b>Date of Meeting:</b>	4 February 2013
<b>Report of:</b>	Chief Executive/Director of Finance and Business Services
<b>Subject/Title:</b>	Treasury Management Strategy and MRP Statement 2013/14
<b>Portfolio Holder:</b>	Councillor Peter Raynes Portfolio Holder for Finance

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### 1.0 Report Summary

- 1.1 To present the 2013/14 Treasury Management Strategy Statement (TMSS), incorporating the Minimum Revenue Provision (MRP) Policy Statement, Investment Strategy and Prudential and Treasury Indicators 2013/16, required under Part 1 of the Local Government Act 2003.

- 1.2 Treasury Management is defined as:-

The management of the Council's investment and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- 1.3 The Council has carefully managed its Treasury Management function and this report shows how Cheshire East has continued to fund the capital programme without the need for external borrowing. No new long term loans have been take out during 2012/13 and the cash position remains strong with the Council likely to enter 2013/14 with increased cash balances.

### 2.0 Decision Requested

- 2.1 Cabinet is requested to recommend to Council the approval of the Treasury Management Strategy and the Minimum Revenue Provision Statement for 2013/14.
- 2.2 The Strategy includes the Department for Communities and Local Government (DCLG) reporting requirements in accordance with the Local Government Investments Guidance under Section 15(1) (a) of the Local Government Act 2003.

### 3.0 Reasons for Recommendations

- 3.1 The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2013/14. The Strategy for 2013/14 reflects the views on interest rates of leading market forecasts provided by Arlingclose, the Council's advisor on treasury matters. It also includes the Prudential Indicators relating to Treasury Management.
- 3.2 The CIPFA Code of Practice on Treasury Management requires all local authorities to agree a Treasury Management Strategy Statement including an Investment Strategy annually in advance of the financial year. The strategy

should incorporate the setting of the Council's prudential indicators for the three forthcoming financial years.

**4 Wards Affected**

4.1 Not applicable

**5.0 Local Ward Members**

5.1 Not applicable

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

6.1 Not applicable.

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

7.1 Effective Treasury Management provides support towards the achievement of service priorities, it allows the Council to invest in capital projects without any limit as long as it can demonstrate that its capital expenditure plans are affordable, external borrowing is prudent and sustainable and treasury decisions are taken in accordance with good practice.

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

8.1 It is a requirement of the CIPFA's Treasury Management in the Public Services: Code of Practice, that Council receives an Annual Report on its Treasury Strategy, that Council sets Prudential Indicators for the next three years and approves an Annual Investment Strategy and an Annual MRP Policy Statement. There are stringent legislative requirements in place which dictate the way that a local authority deals with financial administration.

**9.0 Risk Management**

9.1 The steps outlined in this report will significantly mitigate the main legal and financial risk to the council's financial management:

- a. That council borrowing will comply with the Treasury Management Strategy

**10.0 Background and Options**

10.1 The Treasury Management Strategy set out in Appendix A is also reported to the Audit & Governance Committee for scrutiny before being presented to Full Council for approval on 21<sup>st</sup> February 2013.

10.2 The Treasury Management Strategy takes into account future borrowing requirements, based on the Council's three year capital spending plans, projected cash flow requirements and money market opportunities. The aim is to maintain control over borrowing activities, with particular regard for longer term affordability; but also to allow sufficient flexibility to respond to changes in the capital and money markets as they arise.

- 10.3 A comprehensive review of the capital programme has been undertaken during 2012-13 with the intention of making substantial savings and focussing on initiatives with the highest priority. The key aims of the challenge to the existing programme has been to:
- Realign capital expenditure with corporate priorities;
  - Cap the cost of financing the capital programme by reducing the need for future borrowing;
  - Create financial & non-financial capacity to enable new schemes to come forward;
  - Reassess business cases, particularly for investment projects.
- 10.4 In addition to the review of the capital programme, a balance sheet efficiency review has also been undertaken with the Council's treasury advisors, Arlingclose. This review aims to establish the most cost effective method of financing the capital programme and make adequate provision for the repayment of debt in future years. The review has considered the previous three financial years to form a view on the adequacy of the Council's reserves and working capital positions, as well as a projection of the expected position at the end of the following four financial years.
- 10.5 The methodology for applying capital receipts to finance capital expenditure has been considered as part of the review. 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. This method is available to Council's wishing to use capital receipts to reduce debt repayment charges to revenue.
- 10.6 The application of the capital reserve will be undertaken in 2012-13 and will be used to repay £15m of borrowing for assets purchased after 2008 that are being written down over the various asset lives. The impact will be to reduce the level of revenue provision required for the repayment of debt in 2013-14 and future years by an estimated £2.4m.
- 10.7 In 2013-14 and future years, capital receipts in line with the Corporate Capital Receipts Policy will not be linked in any form to individual assets. Receipts will be fully applied to fund the capital programme in the year they are generated and the Council will hold no capital receipts in reserve on the balance sheet.
- 10.8 The savings in the short term on debt repayment charges will be off-set by increased debt repayment costs in future years as available capital receipts have been exhausted and future financing plans are realigned. New investment in the capital programme will need to be funded from borrowing to a greater extent in the future and therefore debt repayments may increase in the longer term.
- 10.9 The forecast for future capital receipts has remained at a prudent level for 2013-14 and therefore receipts of £10m will be made available to fund schemes within the 2013/14 programme.
- 10.10 The Council currently has external borrowing of £134m. The amount of interest paid on the Council's portfolio of long term loans is mainly at fixed rates of interest (circa 3.96%). This provides a degree of certainty to the capital financing budget. Currently long term interest rates are around 4.1%.

- 10.11 Within the Treasury Management Strategy, the Council will continue to minimise borrowing by making use of internal balances. This not only minimises costs, but also reduces the credit risk associated with investments, as the amount being invested is low. Given the current low interest rate environment is expected to continue throughout 2013/14 and beyond, the interest rate risk associated with delayed borrowing is assessed to be low.
- 10.12 The budgeted provision for the repayment of debt in the year 2013/14 has been broadly calculated as 4% of the estimated outstanding debt at the end of the year 2012/13. This is based on the assumption that debt will generally be repaid over 25 years. Where assets are to be funded from prudential borrowing, debt repayments are profiled over the estimated life of the specific asset in question.
- 10.13 The Council has undertaken prudential borrowing to fund £13m of new starts in 2013-14. The Council is conscious of the impact of repayment costs on the revenue budget and has only considered schemes where capital investment is required to secure long term revenue savings and repayment costs are affordable.
- 10.14 The rate of interest to be earned on the Council's cash balances that are temporarily invested pending their being used (estimated at £66 million) is budgeted to be 0.5%.

#### **Capital Financing Budget 2013-14**

Capital Financing Budget	2012/13 Original £m	2012/13 Revised £m	2013/14 £m
Repayment of Outstanding Debt	9.5	9.2	6.9
Contribution re: Schools TLC Schemes	-0.8	-0.8	-0.9
Direct Revenue Funding	0.0	0.5	0.4
Interest on Long Term Loans	6.4	5.3	5.7
Total Debt Repayment	15.1	14.2	12.1
Less: Interest Receivable on Cash Balances	-0.3	-0.3	-0.2
Net Capital Financing Budget	14.8	13.9	11.9

- 10.15 Cheshire East inherited investments made by the former Cheshire County Council with Heritable Bank, which went into administration in October 2008. Any expected losses associated with this were accounted for by Cheshire County Council in their accounts in 2008/2009. As at 31<sup>st</sup> March 2012 the balance sheet included investments with Heritable Bank of £0.8m of which £0.3m has since been repaid to Cheshire East BC. The remainder is expected to be received in instalments ending in April 2013 although this may be delayed due to ongoing litigation. The accounts currently provide for recovery of 88% of the original investments.
- 10.16 The principal changes to the 2013/14 Treasury Strategy have been:

- The addition to the lending list of further Non-UK banks although these are kept under continual review and can be deleted or added to as credit conditions change. In addition to credit ratings, the Council will also assess other indicators, such as credit default swaps, share prices, the sovereign's economic fundamentals, corporate developments highlighted through news articles and market sentiment. If any of these indicators give rise to concern, the counterparty may be suspended from further use irrespective of the existing credit rating.

The revision to the credit criteria, once approved by Council for use in 2013/14, will also apply to the residual period of 2012/13.

- The addition to the lending list of Registered Providers. Typically these are Registered Social Landlords managing large quantities of housing stock.
- Following changes to CIPFA's guidance, the prudential indicator for net debt and capital financing requirement has been replaced with gross debt and the capital financing requirement. This has also resulted in the removal of the indicator 'Gross and Net Debt'.

#### **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: Corporate Finance Lead  
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Email: [lisa.quinn@cheshireeast.gov.uk](mailto:lisa.quinn@cheshireeast.gov.uk)

#### ***Appendices:***

*Appendix A – Treasury Management Strategy Statement & Investment Strategy  
2013/14 – 2015/16*

## **Treasury Management Strategy Statement and Investment Strategy 2013/14 to 2015/16**

### **Contents**

- 1. Background**
- 2. Capital Financing Requirement**
- 3. Interest Rate Forecast**
- 4. Borrowing Strategy**
- 5. Sources of Borrowing and Portfolio Implications**
- 6. Debt Rescheduling**
- 7. Annual Investment Strategy**
- 8. Investment Strategy**
- 9. Policy on Use of Financial Derivatives**
- 10. 2013/14 MRP Statement**
- 11. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators**
- 12. Other Items**

### **Annexes**

- A. Existing Investment & Debt Portfolio Position (Section 2.2)**
- B. Prudential Indicators**
- C. Economic & Interest Rate Forecast (Sections 4.1 & 5.1)**
- D. Current Recommended Sovereign and Counterparty List**
- E. Non- Specified Investments for use by the Council**
- F. MRP Statement 2013/14**

## 1. Background

- 1.1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.
- 1.2. As per the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management Code at a meeting of its Council on 23<sup>rd</sup> February 2012.
- 1.3. The purpose of this TMSS is, therefore, to approve:
  - revisions to Treasury Management Strategy and Prudential Indicators for 2012/13
  - Treasury Management Strategy for 2013/14
  - Annual Investment Strategy for 2013/14
  - Prudential Indicators for 2013/14, 2014/15 and 2015/16 (Annex B)
  - MRP Statement (Annex F)
- 1.4. The Authority has borrowed and invested substantial sums of money and therefore has potentially large exposures to financial risks including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Authority's treasury management strategy.

## 2. Capital Financing Requirement

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves, are the core drivers of the Authority's Treasury Management activities.
- 2.2 The Authority's currently has £159m of debt and £99m of investments. This is set out in further detail at **Annex A**.
- 2.3 **Money Borrowed in Advance of Spending Need:** The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2015/16. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 2.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs), which can be found in Annex B. The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
General Fund CFR	196	227	253	260
Less: Existing Profile of Borrowing	-124	-118	-107	-98
Less: Other Long Term Liabilities	-23	-22	-21	-20
<b>Cumulative Maximum External Borrowing Requirement</b>	<b>49</b>	<b>87</b>	<b>125</b>	<b>142</b>
Usable Reserves	-37	-38	-38	-43
<b>Cumulative Net Borrowing Requirement/(Investments)</b>	<b>12</b>	<b>49</b>	<b>87</b>	<b>99</b>

### 3. Interest Rate Forecast

- 3.1 The Arlingclose interest rate forecast continues its theme of the last few years, that is, that interest rates will remain low for even longer. Indeed, the forecast is for official UK interest rates to remain at 0.5% until 2016 given the moribund outlook for economic growth and the extension of austerity measures announced in the Chancellor's Autumn Statement. Until there is a credible resolution of the problems that stalk the Eurozone - and that resolution requires full-scale fiscal union which faces many significant political hurdles - then the UK's safe haven status and minimal prospect of increases in official interest rates will continue to combine and support the theme within the forecast.
- 3.2 The economic and interest rate forecast provided by the Authority's treasury management advisor is attached at **Annex C**. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

### 4. Borrowing Strategy

- 4.1 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. This difference creates a "cost of carry" for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment. The cost of carry is likely to be an issue until 2016 or beyond. As borrowing is often for longer dated periods (anything up to 50 years) the cost of carry needs to be considered against a backdrop of uncertainty and affordability constraints in the Authority's wider financial position.
- 4.2 As indicated in Table 1, the Authority has a gross and net borrowing requirement and will be required to borrow up to £49m in 2013/14. The Authority will adopt a flexible approach to this borrowing in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:
- Affordability;
  - Maturity profile of existing debt;
  - Interest rate and refinancing risk;

- Borrowing source.

## 5. Sources of Borrowing and Portfolio Implications

5.1 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Authority will keep under review the following borrowing sources:

- Internal
- PWLB
- Local authorities
- European Investment Bank (*NB the EIB will only lend up to 50% towards the funding of a specific project and needs to meet the EIB's specific criteria*)
- Leasing
- Structured finance
- Capital markets (stock issues, commercial paper and bills)
- Commercial banks

5.2 The cost of carry has resulted in an increased reliance upon shorter dated borrowing and consideration of variable rates for new borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review by reference to the difference or spread between variable rate and longer term borrowing costs. A significant narrowing in the spread (e.g. by 0.50%) will result in an immediate and formal review of the borrowing strategy to determine whether the exposure to shorter dated and variable rates is maintained or altered.

5.3 The Authority has £17m exposure to LOBO loans (Lender's Option Borrower's Option) of which the whole £17m can be "called" within 2013/14. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion.

Any LOBOs called will be discussed with the treasury advisers prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted.

5.4 Other sources of borrowing will also be considered where it is advantageous to do so (e.g reduced rate or interest free loans in connection with project funding such as Energy Efficiency Loans Scheme for Highways LED lights).

## 6. Debt Rescheduling

6.1 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.

6.2 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities arise. The rationale for undertaking any debt rescheduling or repayment would be one or more of the following:

- Reduce investment balances and credit exposure via debt repayment
- Align long-term cash flow projections and debt levels

- Savings in risk adjusted interest costs
- Rebalancing the interest rate structure of the debt portfolio
- Changing the maturity profile of the debt portfolio

6.3 Borrowing and rescheduling activity will be reported to the Cabinet in the Annual Treasury Management Report and the regular treasury management reports presented to the Audit and Governance Committee.

## 7. Annual Investment Strategy

7.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments is secondary, followed by the yield earned on investments which is a tertiary consideration.

7.2 The Authority and its advisors remain on a heightened state of alert for signs of credit or market distress that might adversely affect the Authority.

7.3 Investments are categorised as "Specified" or "Non-Specified" within the investment guidance issued by the CLG.

Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the "high credit quality" as determined by the Authority and are not deemed capital expenditure investments under Statute. Non specified investments are, effectively, everything else.

7.4 The types of investments that will be used by the Authority and whether they are specified or non-specified are as follows:

**Table 2: Specified and Non-Specified Investments**

Investment	Specified	Non-Specified
Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Investments with Registered Providers	✓	✓
Certificates of deposit with banks and building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	×
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	×
Commercial Paper	✓	×
Corporate Bonds	✓	✓
AAA-Rated Money Market Funds	✓	×
Other Money Market and Collective Investment Schemes	✓	✓
Debt Management Account Deposit Facility	✓	×

Further details can be found in **Annex D & E**.

- 7.5 Registered Providers (RPs) have been included within specified and non-specified investments for 2013/14. Investments with RPs will be analysed on an individual basis and discussed with Arlingclose prior to investing.
- 7.6 The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term rating for counterparties is A- (or equivalent). As detailed in non-specified investments in Annex E, the Director of Finance will have discretion to make investments with counterparties that do not meet the specified criteria on advice from Arlingclose.

The other credit characteristics, in addition to credit ratings, that the Authority monitors are listed in the Prudential Indicator on Credit Risk (PI 12).

Any institution will be suspended or removed should any of the factors identified above give rise to concern. Specifically credit ratings are monitored by the Authority on a daily/weekly basis. Arlingclose advises the Authority on ratings changes and appropriate action to be taken.

The countries and institutions that currently meet the criteria for investments are included in **Annex D**.

- 7.7 **Authority's Banker** - The Authority banks with Co-operative Bank. At the current time, it does not meet the Authority's minimum credit criteria. Despite the credit rating being below the Authority's minimum criteria, Co-operative Bank will continue to be used for short term liquidity requirements (overnight and instant access investments) and business continuity arrangements.
- 7.8 The Authority may also grant loans at market rates to businesses where it is considered necessary to achieve the policy objectives of the Authority or where it is a condition for receipt of funds. A current example is the Growing Places Scheme where £13m is currently held by the Authority. Approval for any such schemes and the criteria for agreeing these loans will be obtained from the appropriate committee and will not, therefore, fall within the scope of the Treasury Management Strategy.

## 8. Investment Strategy

- 8.1 With short term interest rates low for some time, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk.
- 8.2 In order to diversify a portfolio largely invested in cash, investments will be placed with approved counterparties over a range of maturity periods. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.
- 8.3 Money market funds (MMFs) will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to mitigate operational risk by utilising at least two MMFs. The Authority will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of the CCLA Public Sector Deposit Fund the maximum amount invested will be the higher of £1m or 0.5% of the net asset value of the fund. In the case of Government MMFs, the Council will ensure exposure to each Fund does not exceed 2% of the net asset value of the Fund.
- 8.4 Collective Investment Schemes (Pooled Funds):

The Authority has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Authority to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.

- 8.5 Investments in pooled funds will be undertaken with advice from Arlingclose Ltd. Since May 2011, the Authority currently has investments of £20m in Pooled Funds with Investec; their performance and continued suitability in meeting the Authority's investment objectives are regularly monitored. Performance in the first 12 months was not as good as expected being adversely affected by the European debt crisis. However, since then performance has improved and the fund has started producing higher returns than in house investments.

## **9. Policy on Use of Financial Derivatives**

- 9.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 9.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 9.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 9.4 The local authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

## **10. 2013/14 MRP Statement**

- 10.1 The Council is required to set an annual policy on the way it calculates the prudent provision for the repayment of borrowing (MRP). This year's policy can be found in Annex F of this report.

## **11. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators**

- 11.1 The Director of Finance and Business Services will report to the Audit and Governance Committee on treasury management activity/performance and Performance Indicators as follows:
- Quarterly against the strategy approved for the year. The Authority will produce an outturn report on its treasury activity no later than 30<sup>th</sup> September after the financial year end.
  - The Audit and Governance Committee will be responsible for the scrutiny of treasury management activity and practices.

## 12. Other Items

### 12.1 Training

CIPFA's Code of Practice requires the *responsible officer* to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Treasury management staff will have regular access to training opportunities to ensure they are fully up to date with developments. This will be delivered by a combination of workshops provided by Arlingclose and CIPFA technical updates.

Treasury management training for those members charged with governance was provided in 2012/13 and updates will also be arranged during the 2013/14 financial year.

### 12.2 Treasury Management Advisors

The Authority uses Arlingclose as Treasury Management Advisors and receives the following services:

- Credit advice
- Investment advice
- Technical advice
- Economic & interest rate forecasts
- Workshops and training events
- Etc.

The Authority maintains the quality of the service with its advisors by holding *quarterly* meetings and tendering periodically.

## Annex A - Existing Investment &amp; Debt Portfolio Position (Section 2.2)

	02/01/13 Actual Portfolio £m	02/01/13 Average Rate %
<b>External Borrowing:</b>		
PWLB - Fixed Rate	117	3.89%
PWLB - Variable Rate	0	-
LOBO Loans	17	4.49%
<b>Total External Borrowing</b>	<b>134</b>	<b>3.96%</b>
<b>Other Long Term Liabilities:</b>		
PFI	22	-
Finance Leases	3	-
<b>Total Gross External Debt</b>	<b>159</b>	<b>-</b>
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments	79	0.67%
Long-term investments	0	-
<i>Managed externally</i>		
Fund Managers	0	-
Pooled Funds ( <i>please list</i> )	20	1.03%
<b>Total Investments</b>	<b>99</b>	<b>0.74%</b>
<b>Net Debt</b>	<b>60</b>	<b>-</b>

## Annex B

## Prudential Indicators revisions to 2012/13 and 2013/14 - 2015/16

## 1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

## 2. Gross Debt and the Capital Financing Requirement:

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

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

The Director of Finance reports that the Authority had no difficulty meeting this requirement in 2012/13, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

## 3. Estimates of Capital Expenditure:

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

Capital Expenditure	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
<b>Total</b>	<b>83.9</b>	<b>57.0</b>	<b>112.0</b>	<b>83.1</b>	<b>28.9</b>

3.2 Capital expenditure will be financed or funded as follows:

Capital Financing	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital receipts	14.3	10.0	10.0	5.0	0.0
Government Grants	36.1	31.2	41.3	22.1	2.6
Other Grants/ Contributions	0.2	2.0	22.7	20.7	8.4
Revenue contributions	0.6	0.5	0.1	0.0	0.0
<b>Total Financing</b>	<b>51.2</b>	<b>43.7</b>	<b>74.1</b>	<b>47.8</b>	<b>11.0</b>
Supported borrowing	1.8	1.6	0.0	0.0	0.0
Unsupported borrowing	30.9	11.7	37.9	35.3	17.9
<b>Total Funding</b>	<b>32.7</b>	<b>13.3</b>	<b>37.9</b>	<b>35.3</b>	<b>17.9</b>
<b>Total Financing and Funding</b>	<b>83.9</b>	<b>57.0</b>	<b>112.0</b>	<b>83.1</b>	<b>28.9</b>

Table 1 shows that the capital expenditure plans of the Authority cannot be funded entirely from sources other than external borrowing.

**4. Ratio of Financing Costs to Net Revenue Stream:**

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

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

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2012/13 Approved %</b>	<b>2012/13 Revised %</b>	<b>2013/14 Estimate %</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>
<b>Total</b>	<b>6.01</b>	<b>5.64</b>	<b>4.58</b>	<b>5.35</b>	<b>6.23</b>

**5. Capital Financing Requirement:**

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

<b>Capital Financing Requirement</b>	<b>2012/13 Approved £m</b>	<b>2012/13 Revised £m</b>	<b>2013/14 Estimate £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>
<b>Total CFR</b>	<b>233</b>	<b>196</b>	<b>227</b>	<b>253</b>	<b>260</b>

**6. Actual External Debt:**

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

<b>Actual External Debt as at 31/03/2012</b>	<b>£m</b>
Borrowing	134
Other Long-term Liabilities	25
<b>Total</b>	<b>159</b>

**7. Incremental Impact of Capital Investment Decisions:**

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

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2012/13 Approved £</b>	<b>2013/14 Estimate £</b>	<b>2014/15 Estimate £</b>	<b>2015/16 Estimate £</b>
Increase in Band D Council Tax	6.02	0.00	11.92	10.77

**8. Authorised Limit and Operational Boundary for External Debt:**

8.1 The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will

therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.

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

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

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

8.5 The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Authorised Limit for Borrowing	245	208	240	267	275
Authorised Limit for Other Long-term Liabilities	23	23	22	21	20
<b>Authorised Limit for External Debt</b>	<b>268</b>	<b>231</b>	<b>262</b>	<b>288</b>	<b>295</b>
Operational Boundary for Borrowing	235	198	230	257	265
Operational Boundary for Other Long-term Liabilities	23	23	22	21	20
<b>Operational Boundary for External Debt</b>	<b>258</b>	<b>221</b>	<b>252</b>	<b>278</b>	<b>285</b>

## 9. Adoption of the CIPFA Treasury Management Code:

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

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 23 <sup>rd</sup> February 2012.

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

#### **10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:**

- 10.1 These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).
- 10.2 The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

	Existing level (or Benchmark level) at 02/01/13 %	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0%	100%	100%	100%	100%	100%

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

#### **11. Maturity Structure of Fixed Rate borrowing:**

- 11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.
- 11.3 LOBOs are classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs are can be called within 12 months the upper limit for borrowing maturing within 12 months has been increased from 25% to 35% to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2013/14.

<b>Maturity structure of fixed rate borrowing</b>	<b>Existing level as at 02/01/13 %</b>	<b>Lower Limit for 2013/14 %</b>	<b>Upper Limit for 2013/14 %</b>
under 12 months	17%	0%	35%
12 months and within 24 months	8%	0%	25%
24 months and within 5 years	15%	0%	35%
5 years and within 10 years	15%	0%	50%
10 years and within 20 years	16%	0%	100%
20 years and within 30 years	9%	0%	100%
30 years and within 40 years	9%	0%	100%
40 years and within 50 years	11%	0%	100%
50 years and above	0%	0%	100%

## 12. Credit Risk:

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

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

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

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

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

## 13. Upper Limit for total principal sums invested over 364 days:

13.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

<b>Upper Limit for total principal sums invested over 364 days</b>	<b>2012/13 Approved %</b>	<b>2012/13 Revised %</b>	<b>2013/14 Estimate %</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>
	40%	40%	40%	40%	40%

## Annex C - Economic &amp; Interest Rate Forecast (Sections 4.1 &amp; 5.1)

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
<b>Official Bank Rate</b>													
Upside risk			0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month LIBID</b>													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.55	0.60	0.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>1-yr LIBID</b>													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.90	0.90	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>5-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	0.80	0.90	0.90	0.90	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.20	1.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>10-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
Central case	1.90	1.90	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>20-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	2.80	2.80	2.80	2.80	2.90	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>50-yr gilt</b>													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
Central case	3.30	3.30	3.30	3.40	3.40	3.40	3.50	3.50	3.50	3.50	3.60	3.60	3.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

**Underlying Assumptions:**

- Consumer Price Inflation has fallen to 2.7% from a peak of 5.2%. Near term CPI is likely to be affected by volatility in commodity prices and its decrease towards the 2% target is expected to be slower than previously estimated.
- Strong Q3 growth data has provided encouragement with the larger than expected 1% rise in GDP. Consumers are yet to loosen purse strings and businesses are still reticent to make long-term investments. The momentum in growth is unlikely to be sustained whilst uncertainty over the economic outlook persists.
- In the absence of large, unexpected decline in growth, QE is likely to remain on hold at £375bn for now. The availability of cheaper bank borrowing and subsequently for corporates through the Funding for Lending Scheme (FLS) is a supporting factor.
- The US Federal Reserve's shift in its rate guidance from a date-based indication to economic thresholds (6.5% unemployment, inflation 1 - 2 years out projected to remain below 2.5%, longer term inflation expectations remain well anchored) is likely to increase market uncertainty around the highly volatile US employment data releases.
- The US 'fiscal cliff' was avoided with a last-minute compromise between Congress and the White House averting automatic tax rises and spending cuts. However, the problem remains and has merely been delayed rather than resolved.
- The Eurozone is making slow headway (the European Stability Mechanism is now operational, announcements on the OMT programme, slow progress towards banking union) which has placated markets and curtailed some of the immediate risks although peripheral countries continue to struggle. Full-fledged banking and fiscal union is still some years away.

**Annex D - Current Recommended Sovereign and Counterparty List as at 17/12/2012 (Section 8)**

*Please complete with your own authority's limits for investments and duration:*

Country/ Domicile	Counterparty	Maximum Counterparty Limit %/£m	Maximum Maturity Limit (term deposits and instruments without a secondary market) <sup>1</sup>	Maximum Maturity Limit (negotiable instrument) <sup>2</sup>
UK	Co-operative Bank (for banking & liquidity purposes only)	15% up to £15m	Overnight	N/A
UK	Santander UK Plc (Banco Santander Group)	15% up to £15m	2 years	5 years
UK	Bank of Scotland (Lloyds Banking Group)	15% up to £15m	2 years	5 years
UK	Lloyds TSB (Lloyds Banking Group)	15% up to £15m	2 years	5 years
UK	Barclays Bank Plc	15% up to £15m	2 years	5 years
UK	HSBC Bank Plc	15% up to £15m	2 years	5 years
UK	Nationwide Building Society	15% up to £15m	2 years	5 years
UK	NatWest (RBS Group)	15% up to £15m	2 years	5 years
UK	Royal Bank of Scotland (RBS Group)	15% up to £15m	2 years	5 years
UK	Standard Chartered Bank	15% up to £15m	2 years	5 years
Australia	Australia and NZ Banking Group	15% up to £15m	2 years	5 years
Australia	Commonwealth Bank of Australia	15% up to £15m	2 years	5 years
Australia	National Australia Bank Ltd (National Australia Bank Group)	15% up to £15m	2 years	5 years
Australia	Westpac Banking Corp	15% up to £15m	2 years	5 years
Canada	Bank of Montreal	15% up to £15m	2 years	5 years
Canada	Bank of Nova Scotia	15% up to £15m	2 years	5 years
Canada	Canadian Imperial Bank of Commerce	15% up to £15m	2 years	5 years
Canada	Royal Bank of Canada	15% up to £15m	2 years	5 years
Canada	Toronto-Dominion Bank	15% up to £15m	2 years	5 years
Finland	Nordea Bank Finland	15% up to £15m	2 years	5 years
Finland	Pohjola	15% up to £15m	2 years	5 years
France	BNP Paribas	15% up to £15m	2 years	5 years
France	Credit Agricole CIB (Credit	15% up to £15m	2 years	5 years

<sup>1</sup> 2 years is the maximum approved duration for term deposits and illiquid investments (those without a secondary market), although in practice the Authority may be investing on a shorter term basis depending on operational advice of the authority's treasury management adviser.

<sup>2</sup> 5 years is the maximum approved duration for negotiable instruments such as Certificates of Deposits, Medium Term Notes and Corporate Bonds, although in practice the Authority may be investing for shorter periods depending on operational advice of the authority's treasury management adviser.

	Agricole Group)			
France	Credit Agricole SA (Credit Agricole Group)	15% up to £15m	2 years	5 years
France	Société Générale	15% up to £15m	2 years	5 years
Germany	Deutsche Bank AG	15% up to £15m	2 years	5 years
Netherlands	ING Bank NV	15% up to £15m	2 years	5 years
Netherlands	Rabobank	15% up to £15m	2 years	5 years
Netherlands	Bank Nederlandse Gemeenten	15% up to £15m	2 years	5 years
Singapore	DBS Bank Ltd	15% up to £15m	2 years	5 years
Singapore	Oversea-Chinese Banking Corporation (OCBC)	15% up to £15m	2 years	5 years
Singapore	United Overseas Bank (UOB)	15% up to £15m	2 years	5 years
Sweden	Svenska Handelsbanken	15% up to £15m	2 years	5 years
Switzerland	Credit Suisse	15% up to £15m	2 years	5 years
US	JP Morgan	15% up to £15m	2 years	5 years
UK/Ireland/ Luxembourg	AAA rated Money Market Funds (CNAV and VNAV)	25% subject to fund size (see paragraph 8.3) Limit of 50% in all funds	Instant Access	N/A

Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools or a new suitable counterparty comes into the market. Alternatively, if a counterparty is downgraded, this list may be shortened.

**Group Limits** - For institutions within a banking group, the authority applies the limit applicable to the individual limit of a single bank within that group.

## Annex E - Non-Specified Investments

Instrument	Maximum maturity	Max % of portfolio	Capital expenditure?	Example
Term deposits with banks, building societies which meet the specified investment criteria (on advice from TM Adviser)	2 years	25%	No	
Term deposits with local authorities	5 years	No limit	No	
CDs and other negotiable instruments with banks and building societies which meet the specified investment criteria (on advice from TM Adviser)	5 years	25%	No	
Investments with banks and building societies which <b>do not meet</b> the specified investment criteria (on advice from TM Adviser and authority from S151 Officer)	3 months	25%	No	
Deposits with registered providers	5 years	25%	No	
Gilts	10 years	100%	No	
Bonds issued by multilateral development banks	10 years	50%	No	EIB Bonds, Council of Europe Bonds etc.
Sterling denominated bonds by non-UK sovereign governments	10 years	50%	No	
Money Market Funds and Collective Investment Schemes	These funds do not have a defined maturity date	50%	No	Investec Target Return Fund;
Corporate and debt instruments issued by corporate bodies purchased from 01/04/12 onwards	10 years	25%	No	
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	These funds do not have a defined maturity date	50%	Yes	Way Charteris Gold Portfolio Fund; Aviva Lime Fund

**Annex F - MRP Statement 2013/14**

CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

*NB This does not preclude other prudent methods.*

MRP in 2013/14: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Authority chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.

The MRP Statement will be submitted to Council before the start of the 2013/14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Authority at that time.

The Authority will apply **Option 2** in respect of supported Non-HRA capital expenditure funded from borrowing and **Option 3** in respect of unsupported Non-HRA capital expenditure funded from borrowing.

And

MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	4 February 2013
<b>Report of:</b>	Streetscape Task and Finish Group
<b>Subject/Title:</b>	Call in of Key Decision CE12/13-18, Delivery of Streetscape and Parking Maintenance Activities Within the Highway Services Contract
<b>Portfolio Holder:</b>	Councillor David Topping Portfolio Holder for Environment

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#### 1.0 Report Summary

- 1.1 This report sets out the findings of the Streetscape Task and Finish Group, which was established to give consideration to the Call In of Key Decision CE12/13-18, Delivery of Streetscape and Parking Maintenance Activities Within the Highway services Contract.

#### 2.0 Decision Requested

- 2.1 To approve the extension of the scope of the Highways Services Contract to include Mechanical Street Cleansing activities (subject to no challenge being received during the Voluntary Ex-ante Transparency Notice period commonly referred to as the VEAT notice)
- 2.2 To approve the publication of a procurement VEAT Notice
- 2.3 To approve the development of a detailed activity programme that will engage with elected Members, existing employees and their Trade Union representatives with a view to achieving the earliest possible commencement date after 1<sup>st</sup> April 2013 for the new service delivery arrangements.
- 2.4 That the remaining Streetscape Services be reviewed and investigated by the Environment and Prosperity Policy Development Group and reported back to Cabinet in September 2013.

#### 3.0 Reasons for Recommendations

- 3.1 Due to the ever increasing financial pressures that the Council is facing, new and innovative ways of service delivery are required that will allow the Council to achieve 'more for less', ensuring that existing service provision continues to the same high standards as delivered previously whilst being sustainable in future years. By adopting the above approach it will allow the Council to maximise the efficiency opportunities associated with Highways activities without adversely affecting delivery arrangements for the maintenance of parks & open spaces and cemeteries. In addition, the Council's approach to local

service delivery transfer and devolution can be developed directly in consultation with Town & Parish Councils.

#### **4.0 Wards Affected**

4.1 All wards are affected by the proposal

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

5.1 All wards are affected by the proposal

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

6.1 The existing Highways Services Contract requires Ringway Jacobs to carry out the services in a manner that achieves greater value for money for the Council, year on year, by reducing costs and delivering the Services more efficiently whilst seeking to maximise the achievement of the Council's Strategic Objectives throughout the contract period. Our Strategic Objectives include 'limiting carbon emissions', which ensures that Ringway Jacobs are required to demonstrate that they are achieving this. Additionally, in support of this, Ringway Jacobs must also maximise the 'achievement of the objectives set out in the Local Transport Plan'. The Local Transport Plan includes Priority Policies that work towards carbon reduction, through for example, minimising the future need to travel and through encouraging technological development in transport services in partnership with operators.

6.2 Ringway Jacobs have already embraced the Council's objectives associated with well being and carbon reduction and in the short time they have been in operation, have become an integrated member of the Carbon Reduction Group. The same approach will apply to all services included within the increased scope of contract.

6.3 An existing performance framework exists which requires Ringway Jacobs to measure performance in this area with challenging targets established for energy reduction.

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

7.1 The services which are included within the scope of works for the Highways Services Contract and undertaken by Ringway Jacobs as core services have an annual value of around £14 million (capital and revenue).

7.2 The current 2012-13 annual combined value of the Streetscape services associated with Grounds Maintenance and Street Cleansing activities is around £5.5 million. The mechanical sweeping activities cost approximately £1million p.a. and savings are proposed against this element of work in the 2013/14 budget.

- 7.3 The new arrangement will deliver savings after the first full year of operation when compared to existing Service costs. This will be achieved by the integration of services across the Highway Service combined with operational efficiencies secured during the first full year of operation, generating savings of around 7.5% as per the contractual commitment contained within the Highways Services Contract. In addition to these initial savings, future year-on-year savings of 3% per annum will be secured from innovation and efficiency gains.

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

- 8.1 The Council has entered into the Highways Services Contract (the Contract) with Ringway Jacobs. The term of the Contract is five years with the opportunity to extend for a further two years (depending on performance and at the Council's ultimate discretion). The Contract commenced early October 2011.
- 8.2 The Council, as Highway Authority for the Cheshire East area, has numerous powers and duties under the Highways Act 1980 to carry out highway associated activities including maintenance, improvement and repair work on the highway network all of which were included within the original contract scope as set out in the OJEU Procurement Notice (the Notice) for the Contract. None of the duties discharged by Ringway Jacobs on behalf of the Council relieve the Council of those powers and duties and the Contract contains contractual remedies that can be exercised in the event that Cheshire East Highway's fails to discharge the functions.
- 8.3 The Highways Services Contract sets out very clearly the statutory obligations of the Council the performance of which, are delegated to Ringway Jacobs along with the protocol for the discharge of other statutory obligations of the Council.

Substantially amending the scope of a contract post award of tender can lead to a breach of the procurement rules. A substantial change in scope could amount to an award of a new contract which could then be challenged as an unlawful award of contract. Although the wording within the Contract was widely drafted with a catch all phrase of 'any additional services as may be requested by the Employer from time to time' this would be legally construed in the light of the overall content of the Notice and the categories of services included within that Notice. Although adding the services to the Contract would not result in the value of the Contract exceeding the estimated financial contract value given in the Notice this is not the only issue to consider when interpreting if a change in scope amounts to an award of a new contract that could be challenged as an unlawful award of contract.

- 8.4 Advice was sought from Bevan Brittan, the external solicitors involved in the procurement of the Highway's Contract, as to the potential risk of a challenge that could result from any perceived change in the scope and value of the contract. Bevan Brittan has provided clear advice as to what is unequivocally within scope and what is in strict legal terms was outside scope. A commercial view was proffered as to the risk of challenge by the unsuccessful tenderers;

this was considered to be low. However, a challenge can be brought by anyone, in practical terms only parties that might stand to benefit bring claims, however in the given situation the Council needs to consider the Unions and Members and would be unwise to proceed in the event that there was not universal support for the action. Although it is envisaged that the risk of challenge from both internal and external sources is minimal, the proposed increased scope of activities will result in a variation to the existing arrangement that is sufficiently material to fall beyond the scope of works originally advertised and with hindsight should have been included on the original published OJEU Notice. It is not only original tenderers that could challenge the award organisations that are able to provide mechanical street cleansing activities might also wish to challenge, any one could raise a complaint with the EU Commission which would pursue the Council of its own volition.

- 8.5 It has been suggested that prior to the Council extending the scope of the Contract it could protect its position by issuing a VEAT Notice. Provision is made for the VEAT Notice in the Public Procurement Regulations to be used to advertise to the market an intention to award a contract directly without making a call for competition. However these direct awards can only be made where explicit justification is given. The permissible justifications are set out in regulation 14 as follows:

(1) A contracting authority may use the negotiated procedure without the prior publication of a contract notice in accordance with regulation 17(3) in the following circumstances-

(a) in the case of a public contract-

(i) when a contracting authority is using the negotiated procedure in accordance with regulation 13(a) and invites to negotiate the contract every economic operator which submitted a tender following an invitation made during the course of the discontinued open procedure or restricted procedure or competitive dialogue (not being a tender which was excluded in accordance with regulation 15(11), 16(7) or 18(10)); and

(ii) subject to paragraph (2), in the absence of tenders, suitable tenders or applications in response to an invitation to tender by the contracting authority using the open procedure or the restricted procedure but only if the original terms of the proposed contract offered in the discontinued procedure have not been substantially altered in the negotiated procedure;

(iii) when, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the public contract may be awarded only to a particular economic operator;

(iv) when (but only if it is strictly necessary) for reasons of extreme urgency brought about by events unforeseeable by, and not attributable to, the contracting authority, the time limits specified in-

(aa) regulation 15 for the open procedure;

(bb) regulation 16 for the restricted procedure; or

(cc) regulation 17 for the negotiated procedure;

The Council does not fit comfortably within these justifications, however as Bevan Brittan has advised issuing the VEAT is a way of flushing out potential challenges and would protect the Council's position.

Although the publication of the VEAT notice in itself can encourage a challenge, in practice since the introduction of the New Directive Remedies these notices are being used across the EU to resolve the changing needs of long-term arrangements.

A challenge can be received anytime during the first six months of a Contract but by following the VEAT Notice approach identified above, will reduce the risk of any challenge being made.

- 8.6 It must also be noted that extending the scope of the Contract will trigger the automatic application of the TUPE Regulations which will affect a transfer of a number of existing Council employees within the Streetscape, Parking and Fleet Services to Ringway Jacobs.

## 9.0 Risk Management

- 9.1 The potential risks to the Council of a procurement challenge are dealt with in paragraph 8.5 above.
- 9.2 The Council is at the forefront of pursuing devolution of services and the objectives of the Localism Act 2011 with its Town and Parish Councils. Currently a 'Pathfinder' is underway with Congleton Town Council. The Pathfinder has been conducting trials on local delivery of services and is currently considering the benefits of devolving services from Cheshire East Council to the Town Council of Congleton. Other Town and Parish Councils are also considering similar service delivery models. The scope of the proposed extended Contract with Ringway Jacobs will not prevent or delay such initiatives and remains flexible enough to accommodate future delivery needs.
- 9.3 Achieving the target date of 1<sup>st</sup> April 2013 for the commencement of service delivery under the revised scope of contract is dependent upon the successful completion of 2 key activities, namely, concluding the terms of the extension with Ringway Jacobs and liaising with staff and trade unions in relation to TUPE transfer.
- 9.4 The Council has recently introduced a requirement for all major projects and programmes to be reviewed by a new corporate quality assurance group called the Executive Monitoring Board (EMB) before they can proceed. Major projects and programmes are defined where there is a total cost in excess of £250k and/or where there is significant risk. The project arising from this report will therefore need to be reviewed by the EMB prior to any approval to proceed being given.

## **10.0 Background and Options**

- 10.1 Following the Call In of Key Decision CE12/13-18, Delivery of Streetscape and Parking Maintenance Activities Within the Highway Services Contract, at its meeting held on 12 November 2012, Cabinet resolved that the decision would be deferred in order to allow time for the matter to be considered by the relevant Policy Development Group, but that the part of decision relating to Parking Maintenance be proceeded with.
- 10.2 The Environment and Prosperity Policy Development Group set up a Task and Finish Group comprising of Councillors D Brickhill, H Davenport, W Fitzgerald, S Hogben and B Livesley to review that decision.
- 10.3 The Task and Finish Group met several times during its investigations and considered evidence relating to:
- Questions submitted by Members and the Reasons for Call In
  - Details of the Grounds Maintenance and Street Cleansing Service, including service overview, statutory responsibilities, key service responsibilities, financial and staffing resources, performance measures, contribution to the Corporate Plan and Service Context and service structure.
  - Details on how works would be monitored.
  - Results of the Ringway Jacobs Satisfaction Survey.
  - The proposed system for contact arrangements by Members.
  - Summary of the business options appraisal.
  - Further evidence that the quality of the service would not be sacrificed.
  - Details of the split between grounds maintenance and street cleansing
  - The possibility of phasing the contract
  - The model to be used to achieve localism
- 10.4 Following detailed consideration of the above evidence, it became apparent that further time was required to review the decision and gain assurance that the quality of service would not be compromised. It was therefore agreed that the issue should be further investigated and reported back to Cabinet in September 2013. However as the Mechanical Cleansing activity has clear operational synergies with Highways Maintenance it was agreed this part of the decision should be proceeded with.

## **11.0 Access to Information**

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

Name: Katie Smith

Designation: Scrutiny Officer, Democratic Services

Tel No: 01270 686465

Email: [katie.smith@cheshireeast.gov.uk](mailto:katie.smith@cheshireeast.gov.uk)

## CHESHIRE EAST COUNCIL

### Cabinet

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**Date of Meeting:** 4 February 2013  
**Report of:** Head of Human Resources and Organisational Development  
**Subject/Title:** Pay Policy Statement 2013/14  
**Portfolio Holder:** Councillor Barry Moran  
Portfolio Holder for Performance

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#### **1.0 Report Summary**

- 1.1 Section 38 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement (PPS) by 31 March on an annual basis. Regard is to be given to any guidance from the Secretary of State in producing this statement.
- 1.2 The draft PPS for 2013/2014 is attached at Appendix 1. This highlights in shaded text the main changes between the current PPS (2012/13) and the proposed PPS for the next financial year (2013/13), showing proposed deletions of text as 'struck through'. It also highlights in red (underlined) text the additional amendments recommended by the Council's Staffing Committee at its meeting on Friday 11 January 2013.

#### **2.0 Recommendation for Cabinet:**

- 2.1 That Cabinet consider the draft Pay Policy Statement and endorse the Staffing Committee's proposed amendments, for Staffing Committee to be able to recommend to Council.

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

- 3.1 A PPS is required to be produced annually from 2012/2013 under Section 38 of the Localism Act. Local Authorities must have their PPS approved by full Council and published on their web site no later than the 31st March prior to the financial year to which they relate.

#### **4.0 Wards Affected**

- 4.1 Not applicable.

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

- 5.1 Not applicable.

#### **6.0 Policy Implications**

- 6.1 Any decisions relating to the pay and remuneration of Chief Officers must comply with the PPS in place at the time for that financial year and, whilst

the Statement can be amended in year should the need arise, changes must be subject to the approval of full Council.

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

- 7.1 There are no direct financial implications associated with approving the draft PPS 2013/14 and no budgetary adjustments are proposed specifically in relation to this report.

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

- 8.1 The Council is required to produce and publish a PPS, agreed by Council, each year, under Section 38 of the Localism Act.
- 8.2 This report and accompanying draft PPS, once approved and adopted, ensures that the Council complies with this requirement.

**9.0 Risk Management**

- 9.1 Should the draft PPS not be approved and published by the 31 March 2013, the Council will fail to comply with the legal requirements stated above.

**10.0 Detail**

- 10.1 The Council approved the 2012/2013 Statement on 23 February 2012. Subsequent revisions to reflect amendments made to redundancy payments, payments on termination and compromise agreements were approved by Council on 19 July 2012.
- 10.2 The draft PPS for the next financial year, 2013/14, has been updated to reflect a number of changes which are detailed below and highlighted in the draft version attached at Appendix 1.
- 10.2.1 Reference to the continuation of the increment freeze to 30 November 2013 has been incorporated;
- 10.2.2 Reference has been made to changes in the Local Government Pension Scheme to reflect the requirements under the Automatic Enrolment Regulations 2012 and changes to pension bandings effective from 1 April;
- 10.2.3 Job titles, salary levels (including market supplements) and the organisational structure have been updated to reflect changes;
- 10.2.4 Information about pay multiples have been amended to reflect updated figures as well as National Minimum Wage rates effective from October 2012.

## **11.0 Consideration by Staffing Committee**

- 11.1 The draft PPS was presented to the Staffing Committee at its meeting on the 11 January 2013. The Committee made a number of comments and recommendations.
- 11.1.1 It was recommended that the changes between the current PPS (2012/13) and the updated draft PPS be highlighted for ease of reference. This has been incorporated.
- 11.1.2 It was recommended that a further reference to the increment freeze be included as appropriate for Chief Officers – this has now been included.
- 11.1.3 It was recommended that further information about the Relocation Expenses Policy be included – this has now been included. It was acknowledged that full versions all of the relevant policies were available for information.
- 11.1.4 It was recommended that the current provision whereby any changes to existing posts or additional posts created, with a salary above £100,000 are subject to a vote by full Council be amended to include all officers on JNC Chief Officer conditions reporting directly to the Chief Executive. This change would require a corresponding change to the Council's constitution.
- 11.1.5 It was also recommended that the current provision whereby the decision and approval for any termination payment and approval for the terms of a compromise agreement (in the case of a termination on a consensual basis) for Chief Officers (Statutory, non Statutory and those earning over £100,000) which rests with the Chief Executive in agreement with the Leader of the Council and the Chairman of Staffing Committee be amended from above £100,000 to all officers on JNC Chief Officer conditions reporting directly to the Chief Executive. This change would require a corresponding change to the Council's constitution.
- 11.1.6 Currently, the Council publishes the job title and salary for all posts with a full time equivalent salary of £50,000 and above. This salary level is in line with the CIPFA Code of Practice on Local Authority Accounting. In addition, (in accordance with the requirements of the Localism Act), the Council is also required to publish the names of any individuals earning over £150,000. Staffing Committee recommended that the Council consider going further than is required. As a result, it is proposed that the Council publish the names of all individuals earning in excess of £56,000, in line with the Government's recommendations, subject to individual agreement where earnings are below £150,000.
- 11.1.7 It was recommended that the decision making process for recruitment decisions be amended to require a vote of full Council for all Officers on JNC Chief Officer conditions reporting directly to the Chief Executive, in addition to those already stated in the PPS. This change would require a corresponding change to the Council's constitution.
- 11.2 Cabinet are requested to consider the draft PPS (attached) and endorse the amendments for recommendation for approval by Council.

- 11.3 There is no formal requirement to consult the Trade Unions but the policy has been shared with them and no significant concerns have been raised.

**12.0 Access to Information**

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

Name: Paul Bradshaw, Head of HR & OD

Tel No: 01270 686027

Email: [paul.bradshaw@cheshireeast.gov.uk](mailto:paul.bradshaw@cheshireeast.gov.uk)

**Appendix 1: Pay Policy Statement 2013/2014**

The main changes between the current PPS (2012/13) and the proposed PPS for the next financial year (2013/13) are highlighted in shaded text and struck out where appropriate i.e. where it is proposed to delete text. It also highlights in red (underlined) text the additional amendments recommended by the Council's Staffing Committee at its meeting on Friday 11 January 2013.

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## APPENDIX 1

### DRAFT PAY POLICY STATEMENT 2013/2014

The main changes between the current Pay Policy Statement (PPS) (2012/13) and the draft PPS for the next financial year (2013/13) are highlighted in shaded text and struck out where appropriate i.e. where it is proposed to delete text. It also highlights in red (underlined) text the additional amendments recommended by the Council's Staffing Committee at its meeting on Friday 11<sup>th</sup> January 2013.

#### 1. INTRODUCTION AND PURPOSE

Under Section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding teaching staff and employees working in local authority schools) by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior employees i.e. 'Chief Officers', as defined by the relevant legislation;
- the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

"Remuneration" for the purposes of this statement includes three elements - basic salary, pension and all other allowances arising from employment.

Additionally, the definition of "Chief Officers", for the purposes of this statement and in line with recommendations from the Secretary of State, includes the Head of Paid Service and Statutory Officers as well as those who report directly to them (non-statutory Chief Officers) and their direct reports.

Under this definition, the Council regards the following as its "Chief Officers":

#### **updated changes to job titles**

##### **Head of Paid Service**

Chief Executive

**Statutory Chief Officers**

Director of Finance and Business Services (151 Officer)  
Strategic Director (Children, Families and Adults)  
Borough Solicitor and Monitoring Officer (also Returning Officer) (Vacant)

**Non-Statutory Chief Officers**

Strategic Director (Places and Organisational Capacity) (Vacant)  
Head of HR and Organisational Development

**Deputy Chief Officers**

Deputy Director of Children's Services (Lead Early Intervention and Prevention)  
Head of Service - Strategy Planning and Performance  
Head of Service – Children's Social Care  
Principal Manager Safeguarding & Specialist Services  
Head of Care4CE  
Head of Integrated Strategic Commissioning  
Head of Individual Commissioning & Personalisation for Adult Social Care  
Head of Business Management & Challenge  
Head of Development  
Head of Community Services  
Head of Performance, Customer Services and Capacity  
Head of Highways and Transport  
Waste & Recycling Manager  
Streetscape & Bereavement Services Manager  
HR Strategy & Organisational Development Manager  
HR Delivery Manager  
ICT Manager  
Finance Manager  
Shared Services and Procurement Manager  
Internal Audit Manager (Vacant)  
Democratic & Registration Services Manager  
Head of Health Improvement

The senior management structure and relevant grades for these posts (including any vacancies) is attached at Annex 2.

In addition, the Council will employ a number of Officers from the Public Health Service with effect from 1 April 2013. It is anticipated that some of these Officers will fall into the categories of Chief Officers or Deputy Chief Officers.

Once approved by the full Council, this policy statement will come into effect from 1 April 2013 and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31 March each year.

Any decision under powers delegated in the Council's Constitution with regard to remuneration to be taken during 2013/14 will be bound by and must comply with this Statement.

The Head of Human Resources and Organisational Development must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement.

## **2. OTHER LEGISLATION RELEVANT TO PAY AND REMUNERATION**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Fixed Term Workers Regulations 2002 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

## **3. PAY STRUCTURE**

### **Amended reference to increment freeze being extended to November 2013.**

The Council evaluates all Chief Officer roles, including the Chief Executive, using the HAY evaluation scheme. This ensures that different jobs having the same value are paid at the same rate i.e. the rate or pay scale linked to the “job score”. Up to Grade 18 (SCP 73) there is provision for progression by annual increments until the top of the pay scale is reached and most pay scales have 5 increments. However, incremental progression has been temporarily frozen for all employees (excluding Soulbury) until November 2013. This commenced in November 2011.

The Council uses the nationally negotiated pay spine(s) i.e. a defined list of salary points, as the basis for its local pay structure up to Spinal Column Point 38. The Council then deviates from the nationally negotiated pay spine and determines salary points locally up to SCP 73 / Grade 18 in order to provide flexibility to attract and appoint the best candidates taking into account local market conditions..

This defined pay structure then determines the salaries of all employees on NJC (National Joint Council for Local Government Services) and JNC (Joint Negotiating Committee for Chief Officers) terms and conditions, including Chief Officers, up to SCP 73 / Grade 18.

The Chief Executive and Chief Officers above Grade 18 (SCP 73), are paid a fixed spot salary with no provision for incremental progression. These posts are detailed below and the salaries for each grade are detailed in Annex 1:

- Chief Executive

Director 3:

- Strategic Director Places and Organisational Capacity

Director 2:

- Strategic Director (Children, Families and Adults)

Director 1:

- Director of Finance and Business Services (151 Officer)
- Head of Human Resources and Organisational Development

For these posts, the Council will normally use external advisers such as the Hay Group and the North West Employers Organisation when determining salary. The external advisor(s) would then provide information and advice as to the appropriate level at which to pitch the salary to be successful in recruiting. This statement and future benchmarking would also inform part of the process by which these salaries are reviewed.

Employees outside of this local pay and grading structure include the following groups of employees:

Soulbury - Education Psychologists and Advisers. Their pay is determined by the National Soulbury Committee.

#### **Added Public Health Officers**

NHS - Occupational Health Nurses & Public Health Officers. Their pay is determined in accordance with NHS Agenda for Change Pay Bands

Craft - Electricians, Mechanics etc. Their pay is determined by the Joint Negotiating Committee for Local Authority Craft & Associated Employees

In addition, there will from time to time be employees that have TUPE transferred into the authority on different pay and conditions.

The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national and local pay spine, for example through any agreed annual pay increases negotiated with joint trade unions.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

#### **Additional reference to the increment freeze added in below.**

In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high

quality services to the community, delivered effectively and efficiently and at times at which those services are required.

In addition, progression through the incremental scale of the relevant grade for NJC and JNC employees (including Chief Officers) is subject to completing satisfactory service, which is reviewed on an annual basis. However, (as noted above), incremental progression has been temporarily frozen until November 2013. This commenced in November 2011.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a 'contract for service', particularly where this relates to a statutory post. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. In assessing such it should be noted that in respect of such engagements the Council is not required to make either pension or national insurance contributions for such individuals. ~~The Council does not currently have any Chief Officers engaged under such arrangements.~~

#### 4. RECRUITMENT OF CHIEF OFFICERS

The Council's policy and procedures with regard to recruitment of Chief Officers are set out within the ***Recruitment Policy and Procedure*** (Annex 3) and as set out in the Staff Employment Procedure Rules in Part 4.

When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own ***Recruitment Policy and Procedure, Disability at Work Commitment, Mindful Employer, Redeployment Policy and Procedure*** and ***Equality in Employment Policy*** (Annex 3).

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and in line with this Pay Policy Statement. New appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied on an exceptional basis where necessary to secure the best candidate. Where the appointment salary is above the minimum point of the pay scale and is not affected by other council policies, for example promotion, redeployment or flexible retirement, this is approved in accordance with the ***Pay and Allowances Policy*** and will take into account the appointee's existing pay and their relevant experience and qualifications taking account of equal pay within the Council.

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government

sector and outside, as appropriate. Any such payments will be reviewed at regular intervals to ensure their ongoing suitability and appropriateness.

Any temporary supplement to the salary scale for the grade is approved in accordance with the guidance document ***Payment of Market Supplements*** as a recruitment/retention incentive (Annex 3)

~~Currently one Chief Officer, the Head of Service, Early Intervention & Prevention, receives a market factor supplement of £3,500 per annum. This will be reviewed annually in line with the Council's policy on Market Supplements. – deleted and new paragraph added below to include up to date information~~

Currently two Chief Officers receive a market supplement:

- Deputy Director of Children's Services (Lead Early Intervention and Prevention) – supplement of £11,760. To be reviewed 16 April 2013.
- Head of Service, Children's Social Care – supplement of £7,000. To be reviewed 15 October 2013.

## 5. CHIEF OFFICER REMUNERATION

~~With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory service, which is reviewed on an annual basis, currently, the level of remuneration is not variable dependent upon the achievement of defined targets. However, the Council expects high levels of performance from its employees and intends to move to a contribution based progression scheme linked to the annual performance and development review process from November 2012 onwards. In developing this scheme and future arrangements for setting Chief Officer remuneration, the Council will consider the Hutton Review's proposal for "earn back" (ie withholding a specified proportion of existing pay if performance is unsatisfactory) alongside any performance related pay scheme as a future model.~~

~~In addition and in preparation for the move towards a contribution based progression scheme, the Council currently has in place a 12 month freeze on incremental progression, this commenced in November 2011. – wording amended as below~~

With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory service, which is reviewed on an annual basis, currently, the level of remuneration is not variable dependent upon the achievement of defined targets. However, the Council expects high levels of performance from its employees and is currently exploring the possibility of linking pay to performance at some point in the future.

To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's

arrangements for authorising any additional remuneration relating to temporary additional duties are set out in Section 10 of the Pay and Allowances Policy (Annex 3) Where the full duties and responsibilities of a higher graded post are being undertaken, the payment will be the salary in the higher job that would apply were the employee acting-up to be promoted to that job. If the full duties and responsibilities are not being undertaken or if they are undertaken by more than one employee, the amount of payment should be calculated with reference to the salary of the higher graded post by the Head of Service in consultation with HR. It may consist of a monthly addition to salary or one or more lump sums to be paid at the end of, or during, the acting-up period.

~~Any changes to existing posts or additional posts created, with a salary above £100,000, will be subject to a vote by full Council prior to appointment / confirmation.~~  
**– amended following Staffing Committee as below.**

Any changes to existing posts or additional posts created, with a salary above £100,000 and/or where the postholder is on JNC Chief Officer conditions and reports directly to the Chief Executive, will be subject to a vote by full Council prior to appointment / confirmation.

If the need arises to provide agency or interim cover the policy is to seek to cap the cost of that appointment at no more than that of the permanent appointment taking into account additional employment costs – pension contributions, national insurance, paid leave etc. However, where necessary a higher “market rate” will be paid to secure a suitable individual and market rate will be established by reference to soft market testing, external advice and dialogue with peer authorities.

## 6. ADDITIONS TO SALARY OF CHIEF OFFICERS

- **Fee for acting as the Returning Officer and Deputy Returning Officer(s)**

Cheshire East Council is required to appoint a Returning Officer by virtue of section 35 of the Representation of the People Act 1983. In Cheshire East the ~~Chief Executive~~ Borough Solicitor & Monitoring Officer has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity they are the Returning Officer for elections to the Council and to Parish Councils within this Borough. For Borough and Parish Council elections, the Returning Officer fee is calculated in accordance with an agreed Scale of Fees. The Scale of Fees is agreed between and used by the four Cheshire Authorities.

The Returning Officer fee is payable for the substantial additional duties undertaken, and leadership required of the Returning Officer in planning, delivering and undertaking the elections and recognises the personal nature and personal responsibility of the role of the Returning Officer. The agreed scale of fees is used to determine the fees of the Deputy Returning officers, who are appointed from time to time and other elections employees.

The Returning Officer for Cheshire East is very involved in the electoral process and exceeds the Performance Standard set by the Electoral Commission for “skills and knowledge of the Returning Officer”. There are no scheduled Borough or Parish elections during the 2013/14 financial year.

~~The Cheshire Scale of Fees is currently under review. – deleted as Fees now agreed.~~ For each election the scale of fees are set by the Government and the Returning Officer is directly accountable in law to the Government in regards to their electoral duties.

- **Travel Allowances and Expenses**

~~In addition to pay, National Agreements cover other terms and conditions such as annual leave and allowances for use of private vehicles on council business. The Council recently reduced these travel allowances and rates and, whilst they continue to be in accordance with these national scales (which are the same for the Chief Executive, Chief Officers and other employees) the Council no longer pays the highest band. – deleted, amended wording below.~~

The current rates (which were last increased in April 2009) for use of private vehicles on Council business for all employees are:

	Engine Size	Engine Size
REGULAR USERS	451 -999cc	1000cc+
Lump Sum	£846	£963
Per mile first 8,500	36.9p	40.9p
Per mile after 8,500	13.7p	14.4p

	Engine size	Engine Size
OCCASIONAL USERS	451 -999cc	1000cc+
Per mile first 8,500	46.9p	52.2p
Per mile after 8,500	13.7p	14.4p

The Council has a small number of employees who are assessed as regular car users and receive a lump sum payment (payable monthly) with a reduced mileage rate. Assessment criteria are used to determine eligibility for all employees (including Chief Officers). Currently no Chief Officers are in receipt of the regular user lump sum.

- **‘Green’ Salary Sacrifice Lease Car Scheme**

The Council has a ‘green’ salary sacrifice lease car scheme. This is an employee benefit, born out of the Government’s introduction of a 10% band for benefit in kind

taxation on low emission vehicles. The scheme enables employees to drive a new, fully maintained and insured car, but at a significantly reduced cost and offers savings in tax (employee only) and national insurance for both the employer and the employee. As such, it is a very attractive proposition for both.

The Green Car Scheme is underpinned by a salary sacrifice arrangement. Salary sacrifice is a contractual arrangement whereby an employee gives up the right to receive part of their cash remuneration, usually in return for their employer's agreement to provide some form of non-cash benefit, in this case a car.

Whilst the scheme operates at no cost to the employer, in fact generating a saving overall, because it is being provided as a benefit by the Council it attracts a 'Benefit in Kind' (BiK) tax for employees on the scheme.

The scheme is open to all employees of the Council, subject to meeting the criteria set out in the scheme rules.

The level of CO2 emissions on the car chosen is important as it determines the benefit in kind tax to pay on the car (the non-cash benefit). The more environmentally friendly the car is, the greater the savings will be.

- **Relocation Expenses**

Where it is necessary for a newly appointed employee to relocate to take up appointment the Council may make a contribution towards relocation expenses, in accordance with the Relocation Expenses Policy (Annex 3). Under this policy, the Chief Executive, or their nominee, has discretion to agree relocation financial assistance for any external candidate appointed, up to a maximum of £10,000. The details of any such payment must be agreed at the time of making a job offer/during initial appointment. The relocation must bring the employee nearer to their workbase and, as such, support will not normally be given to employees who already live within 30 miles of the workbase. This discretion covers all items for which assistance may be given, which must be directly related to a home relocation within two years of appointment, for example removal expenses, legal and estate agents fees.

Travel Assistance may also be agreed for expenditure arising from a move from temporary accommodation to permanent home, (as well as for the initial move to temporary accommodation), normally provided that the second move takes place within the maximum two year period. Both sets of assistance are subject to the overall limit of £10,000 and the policy is very clear that an employee must not make a net financial gain from the assistance.

**Wording amended to include reference to requirement to pay back some or all of financial assistance if Officer leaves the Council within two year period as requested by Staffing Committee.**

An employee who leaves the Council's employment within one year of appointment will be required to repay all of the assistance given. If they leave during the second

year, the assistance must still be repaid but the amount will be reduced by one twelfth for each completed month of employment in that year.

The same policy applies to Chief Executive, Chief Officers and other employees.

- **Professional Fees and Subscriptions**

The Council will reimburse professional fees only for those employees where it is a legal requirement of their employment (subject to the employee paying the first £50) or, where employees are undertaking a training course and the membership of a professional body it is a requirement of the course. In those circumstances it will be paid for the period of study only. The Council has one policy and does not differentiate between Chief Officers and other employees.

## **7. LOCAL GOVERNMENT PENSION SCHEME**

### **updated to include information on auto-enrolment**

The Local Government Pension Scheme and policy with regard to the exercise of discretions in Pension provision is an important part of the remuneration package.

All employees under the age of 75 and who have a contract of employment which is for 3 months or more are entitled to join the statutory Local Government Pension Scheme (LGPS). There are no restrictions on the minimum number of hours an employee must work to be entitled to join.

From 1 March 2013 (the staging date) Cheshire East Council will comply with the new pensions duties under the Automatic Enrolment Regulations 2012 as follows:

- All new Cheshire East employees from 1 March 2013 will be automatically entered into Scheme membership, and have to elect to opt out if they wish;
- All existing eligible employees who have previously opted out of scheme membership will be automatically re-enrolled into the scheme with effect from 1 October 2017, at the end of the allowed transitional period. They will retain the right to opt out again if they wish;
- All existing employees who fall into the non eligible category will be monitored from 1 March 2013 and will be automatically enrolled into scheme membership at the point that they meet the earnings and age threshold. They will retain the right to opt out if they wish;
- The Automatic Enrolment exercise will be repeated on a three yearly basis following the initial staging date.

### **Bands updated**

Contribution bands are determined on full time equivalent pay on 1 April each year. The bands are shown below.

Annual Rate of Pay	Rate of Contributions
More than £85,300	7.5%
More than £45,500 and up to £85,300	7.2%
More than £34,000 and up to 45,500	6.8%
More than £20,400 and up to £34,000	6.5%
More than £15,800 and up to £20,400	5.9%
More than £13,500 and up to £15,800	5.8%
Up to £13,500	5.5%

This is the banding rate applicable at 1st April 2012. The increase applied is based on the Consumer Price Index (CPI) figure of September 2011 which stood at 5.2% and these rates will go up in line with the Consumer Price Index (CPI) each April.

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council must make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Cheshire Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. ~~The current rate is set at 21.3% and this will increase to 21.8% with effect from 1 April 2012. These rates were set following the 2010 triennial valuation.~~ – **figures updated** The current rate is set at 21.8% and this will increase to 22.30% with effect from 1 April 2013. These rates were set following the 2010 triennial valuation.

For more comprehensive details of the Local Government Pension Scheme and Cheshire Pensions Fund see <http://www.cheshirepensionfund.org/>

Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to the Chief Executive, Chief Officers and other employees alike.

The Scheme also provides for the exercise of discretions that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits unless early release of pensions is agreed on compassionate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional service with the non statutory part of their redundancy payment (additional redundancy payment) if employees are in receipt of such a non statutory payment.

The **Pensions Discretions Policy** (Annex 3) details the Council's agreed Pensions Discretions and applies equally to the Chief Executive, Chief Officers and other employees.

The Pension Scheme also provides for flexible retirement. In applying the flexible retirement provision no distinction is made between the Chief Executive, Chief Officers and other employees. Employees aged 55 and above may apply to have their hours and/or their pay grade reduced and to seek agreement to early release to some or their entire pension.

The request can be considered if;

Either

- their substantive grade reduces by a minimum of 2 grades (e.g. Grade 6 to Grade 4)

And / Or

- their contract hours reduce by a minimum of 1/5

And

- at the same time, the employee can request early release of their accrued pension benefits in full or some of their accrued rights. Employees can now choose to take:
  - All or none of their pre April 2008 rights; and
  - All, some or none of their post March 2008 rights.

Any consequential fund strain payments to the pension fund are recoverable in three years with the discretion to extend the three years in exceptional circumstances. The Council's Staffing Committee will consider requests from the Chief Executive or a Chief Officer in respect of other employees.

## **8. REDUNDANCY PAYMENTS AND PAYMENTS ON TERMINATION**

### **• Redundancy**

Where an employee is made compulsorily redundant, they will receive a redundancy payment in accordance with the State formula based on the employee's actual week's pay, plus any payment in lieu of notice where applicable and, payment for any annual leave for employees leaving the Council's employment with accrued leave which, by agreement is untaken at the date of leaving.

The Council also has a voluntary redundancy scheme in place which is applicable to all employees whose applications for voluntary redundancy are accepted as being in the interests of the Council. Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the statutory formula but based on the employee's actual week's pay plus an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 weeks pay. This will be reviewed in August 2013. The Council reserves the right to change all discretionary elements.

When considering applications for voluntary redundancy the Council considers: -

- The need for the competency and skill set to meet current commitments
- The uniqueness of that competency and skill set in the organisation compared to the expected demand
- The likely need for that competency and skill set to meet future needs
- The likely timescale of future needs, comparing the cost of retention with the cost of VR and future re-recruitment
- The opportunity to cross skill or retrain remaining staff to fill the gap, and the cost and timescale to achieve this
- The cost of VR

The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within the **Redundancy Policy and Procedure** and for those eligible for retirement, in the **Retirement and Severance Policy** (Annex 3) and are in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.

All payments under this section are subject to the approval process set out in the **Redundancy Policy and Procedure**.

- **Severance and Retirement on Grounds of Efficiency**

In line with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, the Council also operates a voluntary scheme to facilitate early retirement or severance on grounds of efficiency to enable the Council to continue to achieve effective use of resources and provide value for money.

In all efficiency cases, employees may be considered for a off lump sum payment upon termination, based on the merits of each individual case but up to a maximum of the same amount that would be permitted under the Council's voluntary redundancy scheme.

Factors to be taken into account in awarding compensation would include:

- Overall reasonableness, including benefits to the Council tax payer by the employee leaving the Council's service.
- Direct financial savings to be incurred by the employee leaving the Council's service.
- Employee relations considerations.

Subject to requirements set out in the Policy, employees' aged 55 or above and in the LGPS with at least three months membership (or with transferred service) will also be entitled to access to their accrued LGPS pension on an unreduced basis.

In relation to pension enhancement, the Council's policy as set out above will apply to all employees aged over 55 only. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits unless early release of pensions is agreed on compassionate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional service with the non statutory part of their redundancy payment (additional redundancy payment) if employees are in receipt of such a non statutory payment.

All payments under this efficiency policy are subject to Cabinet approval.

- **Compromise Agreements**

The Council uses compromise agreements as a matter of course for all voluntary redundancies/severances and this applies to all employees, including Chief Officers. The use of standard compromise agreements on this basis minimises any risk of future claims against the Council and can ensure that any threatened or pending legal proceedings and their associated legal costs can be avoided. .

A compromise agreement will take into account any outstanding contractual entitlement which the individual has to notice and will be in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 regulations. The compromise agreement will also take into account:

- The individual circumstances of the departure
- Value for Money for the authority
- The age and proximity to retirement of the individual,
- The risk and value of a potential claim against the authority
- The need for a speedy departure / 'opportunity lost' cost
- Any other material factors that may be considered

The final decision and approval for any termination payment and approval for the terms of a compromise agreement in relation all employees up to Deputy Chief Officer level (as defined in this Pay Policy Statement) rests with the Chief Executive. For all of the following posts (below), the final decision and approval will be with the Chief Executive in Consultation agreement with the Leader of the Council and the Chairman of Staffing Committee.

All Chief Officers (Statutory, non Statutory),

All officers earning above £100,000 and

All officers on JNC Chief Officer conditions and reporting directly to the Chief Executive,

Termination payments in addition to a payment in relation to contractual notice pay (and including any outstanding holiday pay) for the Chief Executive and the terms of any associated compromise agreement will be subject to approval by the Staffing Committee and reported to the next meeting of full Council, with an indicative sum/cost, for noting.

This will only apply where a termination payment is agreed with a Chief Executive on a consensual basis. The dismissal of a Chief Executive or a Statutory Officer is the subject of a designated statutory process and decision by the full Council.

## 9. PUBLICATION AND ACCESS TO INFORMATION

Upon approval by full Council, this statement will be published on the Council's Website. Additionally, individual data (including names and job titles) relating to employees with a full time equivalent salary of £56,000 and above, will also be published on the Council's website. The publishing of names will be subject to individual consent for senior employees earning below £150,000.

An organisation chart of the Council's management structure, including salary bands and details of vacant posts is also published. The current chart is attached at Annex 2 for information.

Further information about the Council's commitment to transparency can be found at the attached link.

[http://www.cheshireeast.gov.uk/council\\_and\\_democracy/council\\_information/transparency.aspx](http://www.cheshireeast.gov.uk/council_and_democracy/council_information/transparency.aspx)

## 10. PAY MULTIPLES

The figures below exclude schools based employees and teachers as the Localism Act does not apply to local authority schools. They also exclude casual employees.

### Updated figures to reflect national Minimum Wage and current workforce information

~~The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1<sup>st</sup> April 2012, this is £12,145 per annum, Grade 1 Spinal Column Point (SPC) 4. There are 78 employees (excluding casuals) on this grade and SCP currently.~~

~~Separate to the Council's pay and grading structure, we offer one year apprenticeship placements. The Council operates this scheme in line with the National Minimum Wage and the apprenticeship rate guidelines as follows.~~

~~There are different levels of National Minimum Wage, depending on your age and whether you are an apprentice. The current rates (from 1 October 2011) are:~~

- ~~• £6.08 – the main rate for placements aged 21 and over~~

- £4.98 - the 18-20 rate (equivalent to Spinal Column Point 3 –£ 9608)
- £3.68 - the 16-17 rate for placements above school leaving age but under 18

Apprentice Specific Pay: £2.60 - the apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship.

Additionally, there are a number of employees on other pay and conditions, as noted above, such as Craft, NHS and Soulbury employees on different pay structures, but none fall below the £12,145 FTE salary at SCP04.

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement (section 3, Pay Structure).

The current pay levels within the Council define the multiple between the average / mean full time equivalent earnings (£21,798) and the highest paid Chief Officer, the Chief Executive (£173,000) as 7.94.

Additionally, the multiple between the lowest paid employee (£12,145) and average Chief officer salary (£81,573) is 6.72.

The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1<sup>st</sup> April 2013, this is £12,145 per annum, Grade 1 Spinal Column Point (SPC) 4. There are 102 employees / 32.79 FTE (excluding casuals) on this grade and SCP currently.

Separate to the Council's pay and grading structure, we offer one year apprenticeship placements. The Council operates this scheme in line with the National Minimum Wage and the apprenticeship rate guidelines as follows.

There are different levels of National Minimum Wage, depending on your age and whether you are an apprentice. The current rates (from 1 October 2012) are:

- £6.19 - the main rate for placements aged 21 and over
- £4.98 - the 18-20 rate (equivalent to Spinal Column Point 3 –£ 9608)
- £3.68 - the 16-17 rate for placements above school leaving age but under 18

Apprentice Specific Pay: £2.65 - the apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship.

Additionally, there are a number of employees on other pay and conditions, as noted above, such as Craft, NHS and Soulbury employees on different pay structures, but none fall below the £12,145 FTE salary at SCP04.

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement (section 3, Pay Structure).

The current pay levels within the Council define the multiple between the average / mean full time equivalent earnings (£21,525.15) and the highest paid Chief Officer, the Chief Executive (£140,000) as 6.50.

Additionally, the multiple between the lowest paid employee (£12,145) and average Chief Officer salary (£77,314.86) is 6.37.

The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required.

The Council is satisfied with its current pay multiples but as part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and may benchmark against other comparable Local Authorities.

## 11. ACCOUNTABILITY AND DECISION MAKING

In accordance with the Constitution of the Council, the following arrangements are in place in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council, including Chief Officers.

<p><b>Posts:</b> Head of Paid Service</p> <p>Statutory Officers (including 151 and Monitoring Officer)</p> <p>Chief Officers with salaries over £100,000 which are currently:</p> <p>Strategic Director Places and Organisational Capacity</p> <p>Strategic Director (Children, Families and Adults)</p> <p><u>Plus any other officers on JNC Chief Officer conditions reporting directly to the Chief executive.</u></p>	<p><b>Staffing Committee</b> oversee the arrangements for filling the vacancy, including the final selection process. Once a candidate has been selected and agreed, this is then communicated to Cabinet.</p> <p><b>Cabinet</b> then have the opportunity to put forward any material or well founded objection to the proposed appointment of the successful candidate, prior to it being recommended to Council.</p> <p>Full Council then vote on the appointment of the successful candidate, following the recommendation made by Staffing Committee.</p>
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<u>Non Statutory Chief Officers and any Chief Officers / Deputy Chief Officers not included above.</u>	<p><b>Staffing Committee</b> oversee the arrangements for filling the vacancy, including the final selection process. Once a candidate has been selected and agreed, this is then communicated to Cabinet.</p> <p><b>Cabinet</b> then have the opportunity to put forward any material or well founded objection to the proposed appointment of the successful candidate, prior to it being recommended to Council.</p> <p>Subject to no material or well founded objection being put forward, the appointment is then confirmed.</p>
All other posts	The Chief Executive has the power to appoint all other staff but this authority is usually delegated to the relevant Director / Head of Service.

The Council's Constitution sets out the fuller roles and responsibilities of these groups.

## **12. RE-EMPLOYMENT/RE-ENGAGEMENT OF EMPLOYEES IN RECEIPT OF A LOCAL GOVERNMENT PENSION (INCLUDING CHIEF OFFICERS)**

Any decision to re-employ an individual (including Chief Officers) already in receipt of a Local Government Pension (with same or another local authority) will be made on merit, taking into account the use of public money and the exigencies of the council.

## **13. RE-EMPLOYMENT/RE-ENGAGEMENT OF FORMER EMPLOYEES (INCLUDING CHIEF OFFICERS)**

Former Cheshire East/ Legacy Authority employees who left their employment on grounds of voluntary retirement or severance will not be re-employed or re-engaged in any capacity, except in truly exceptional circumstances and subject to the agreement of the Head of Human Resources and Organisational Development in consultation with the Leader and the relevant portfolio holder. Re-engagement includes all types of contractual relationships whether they be a contract of employment, contract of service, etc and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

Prepared by:	HR Strategy and Policy Team
Date:	11 January 2013
Review Date:	January 2014

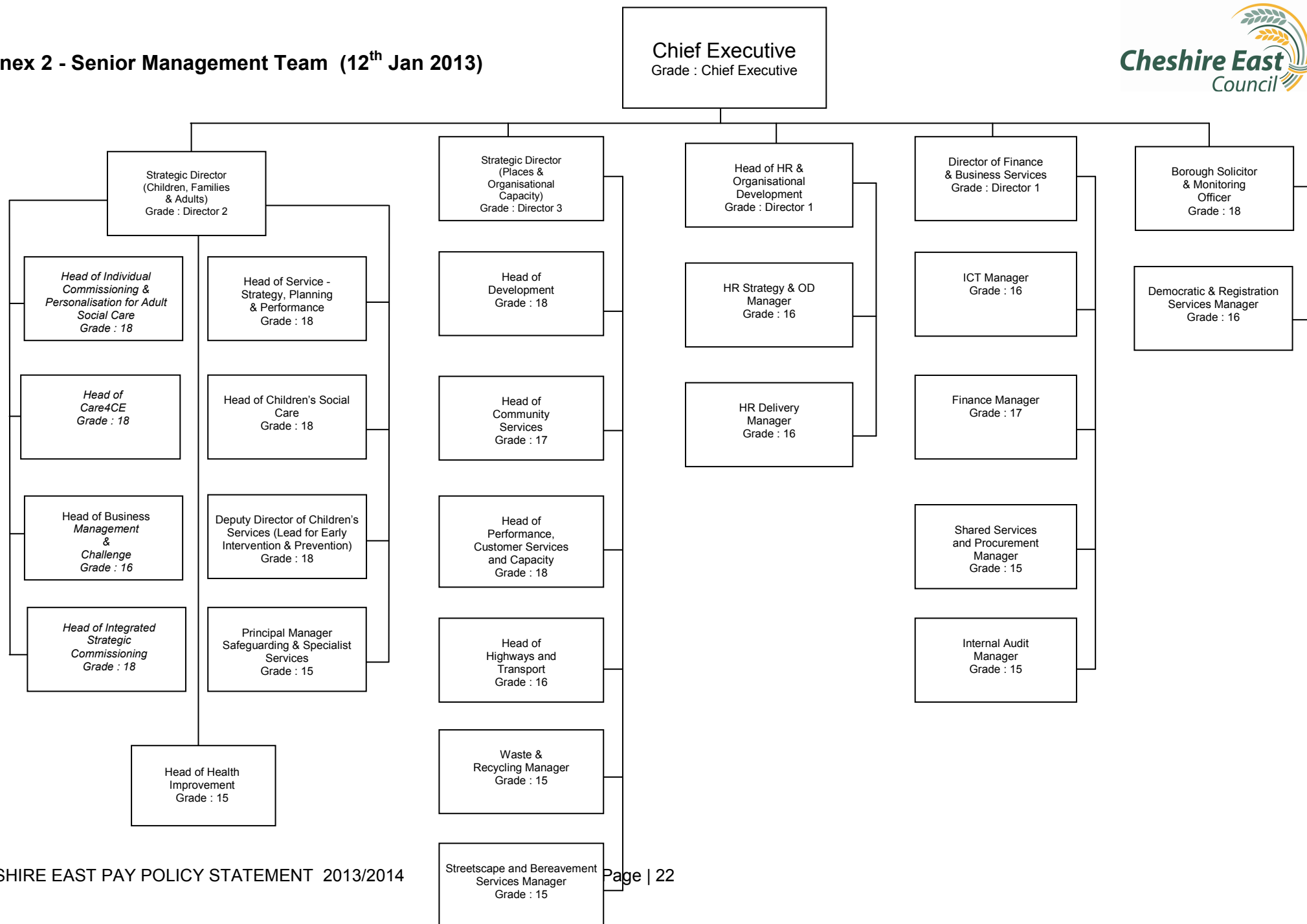
## Annex 1 – Cheshire East Pay and Grading Structure (NJC and JNC)

GRADE	SCP	SALARY			
1	4	12145	11	41	36182
	5	12312		42	37263
	6	12489		43	38342
				44	39544
2	6	12489	12	45	40741
	7	12787		46	42014
	8	13189		46	42014
	9	13589		47	43294
3	9	13589		48	44771
	10	13874		49	46251
	11	14733		50	47227
	12	15039		51	48200
	13	15444			
4	13	15444	JNC Chief Officers		
	14	15725	13	49	46251
	15	16054		50	47227
	16	16440		51	48200
	17	16830		52	48598
5	17	16830	14	53	49631
	18	17161		53	49631
	19	17802		54	50888
	20	18453		55	52144
	21	19126		56	53606
6	21	19126	15	57	55067
	22	19621		57	55067
	23	20198		58	56494
	24	20858		59	57924
	25	21519		60	59508
7	25	21519	16	61	61098
	26	22221		61	61098
	27	22958		62	62695
	28	23708		63	64299
	29	24646		64	66040
8	29	24646	17	65	67782
	30	25472		65	67782
	31	26276		66	69495
	32	27052		67	71212
	33	27849		68	73118
	34	28636		69	75023
9	33	27849	18	69	75023
	34	28636		70	76962
	35	29236		71	78906
	36	30011		72	81073
	37	30851		73	83240
10	37	30851			
	38	32012			
	39	33167			
	40	34501			

	41	36182
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Director 1	90320
Director 2	120000
Director 3	122000
Chief Executive	140000

## Annex 2 - Senior Management Team (12<sup>th</sup> Jan 2013)



### Annex 3

All of the relevant policies and procedures as referred to in the Pay Policy Statement can be found on the Staffing Committee Share Point site.

<http://mycheshireteams.ourcheshire.cccusers.com/sites/cecstaffcomm/default.aspx>

#### **Intranet links to the relevant policies and procedures:**

[Payment of Market Supplements](#)

[Pay and Allowances Policy](#)

[Pensions Discretions Policy](#)

[Redundancy Policy \*\*and\*\* Procedure](#)

[Retirement and Severance Policy](#)

[Recruitment Policy \*\*and\*\* Procedure](#)

[Disability at Work Commitment](#)

[Mindful Employer](#)

[Redeployment Policy \*\*and\*\* Procedure](#)

[Equality in Employment Policy](#)

[Relocation Expenses Policy](#)

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	4 February 2012
<b>Report of:</b>	Strategic Director – Children, Families and Adults Services
<b>Subject/Title:</b>	Health and Wellbeing Board - Terms of Reference
<b>Portfolio Holder:</b>	Councillor Janet Clowes Portfolio Holder Health & Wellbeing and Adult Social Care

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#### 1.0 Report Summary

- 1.1 Cabinet received a full report on the Cheshire East Shadow Health and Wellbeing Board's Terms of Reference in November 2011 and June 2012. These were then presented and debated at full Council on 15 December 2011.
- 1.2 Full Council raised a number of points in respect of the proposed Terms of Reference and these were addressed in the later version presented, which were agreed at full Council on 19<sup>th</sup> July 2012.
- 1.3 These Terms of Reference will stand for the commencement of the Statutory Board from 1 April 2013 until further regulatory guidance is received.
- 1.4 The Health and Wellbeing Board's focus is to develop a clear vision and sense of collective purpose that will ensure collaborative system transformation through strong, inspirational leadership. The board will:
  - Lead – through building relationships between health and local communities
  - Collaborate – through working together to better affect and increase life expectancy
  - Engage – through emphasising that one agency can not resolve the challenges we face in addressing and improving the health and wellbeing of our communities
- 1.5 The role of the Board is primarily one of influencing system change to achieve improvements in the health and wellbeing of the population of Cheshire East. The Board will not have power over the resources of the Council or of the respective Clinical Commissioning Groups [CCGs]. Organisations respective powers and duties take precedence, and this should assure the Council and CCG Governing Bodies that decisions about its resources remain with them.

## **Decision Required**

### **To recommend that Council:-**

- 2.1 Endorse the current Health and Wellbeing Board's Terms of Reference until such time as the regulatory guidance is published.
- 2.2 That following publication of the Regulatory Guidance, Cabinet be asked to review the Health and Wellbeing Board's Terms of Reference and make recommendations to Council on any modifications if required.

### **3.0 Reasons for Recommendations**

- 3.1 In the development of the terms of reference we have taken account of best practice through analysing the terms of references of other boards.
- 3.2 The further regulation is expected, and until such time that this is received the current approved terms of reference will remain in place.

### **4.0 Wards affected**

All

### **5.0 Local Ward Members**

All

### **6.0 Policy Implications**

- 6.1 The health and wellbeing of the residents of Cheshire East is everyone's business, and as such implications for future policy development, service redesign and budget setting should account for the impact on the health and wellbeing of the population and indeed the future priorities of the Health and Wellbeing Board from April 2013.
- 6.2 The NHS Operating Framework for 2012/13 described the Health and Wellbeing Board's primary responsibility as to '....provide local systems leadership across health and social care and public health...'. The collaborative decision making approach of this Board is essential to achieving whole system accountability for the improvement of the health and wellbeing of Cheshire East citizens. This requires the delivery of integrated care services and effective integrated commissioning approaches to achieve maximum benefits for people, families and communities within the collective resources of the health and social care economy.
- 6.3 Importantly local leaders and commissioners will need to establish new relationships with others such as – the Police and Crime Commissioner, and the regional representative of the NHS Commissioning Board, and Public Health England. The importance of system wide leadership with

others can also not be underestimated e.g. Housing Providers, Acute and Specialist Health providers, Voluntary Community Faith Sector, local businesses, and other patient and public voices.

## **7.0 Financial Implications**

- 7.1 None to note in respect of the terms of reference themselves.
- 7.2 HWB carries no formal delegated authority from any of the statutory bodies in respect of resource decision making. Therefore the process for making decisions around resource allocation remains within Board members' respective individual organisation's governance, powers and duties.
- 7.3 The Board will discharge its responsibilities by means of recommendations to the relevant partner organisations, who will act in accordance with their respective powers and duties.

## **8.0 Legal Implications**

- 8.1 The Health and Social Care Act 2012 requires the Local Authority to establish a Health and Wellbeing Board for its area. Core membership includes at least one local Councillor (nominated by the Council's Leader) the Directors of Adult Social Services, Children's Services and Public Health, a representative of the Local Healthwatch Organisation and a representative of each Clinical Commissioning Group and the NHS Commissioning Board. The Local Authority may also nominate such other individuals as they consider appropriate.
- 8.2 Once established in April 2013 the Board will be Committee of the Local Authority but regulations under the Act will modify some of the normal requirements of the Local Government Act 1972 [these have been outlined in section 3.2]. The Board has a number of duties under the Act but specifically is tasked with a duty to encourage integrated working in the provision of health and social care services.

## **9.0 Risk Management**

- 9.1 Corporate risks have been determined in respect of Health Partnerships, and this is reported to the Corporate Risk Management Group. Failure to establish a strong collaborative Board could impact negatively on the health and wellbeing of Cheshire East citizens and indeed on the Councils own objectives set out the Sustainable Communities Plan and Business Plan for 2013-2016.
- 9.2 The Health and Wellbeing Board has established an initial Risk Register. The Board will review these quarterly.

## 10.0 Background and Options

- 10.1 The Health and Social Care Act 2012 has initiated 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 Clinical Commissioning Groups and the transfer of Public Health responsibilities from the Primary Care Trust to the Local Authority. The Authority has a greater role to play now in setting policy, providing system leadership and in connecting commissioning activity that will contribute to improved health outcomes for the population of Cheshire East.

The Joint Health and Wellbeing Strategy provides the mechanism by which the needs identified in the Joint Strategic Needs Assessment can be addressed through collective system action.

The key legislative changes outlined in the act are summarised as:

- Clinically led commissioning – the Bill 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** which will directly commission services for their populations.
- Ensure provider 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 a charity or independent sector provider, 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 patient's interests.
- A greater voice for patients – the Bill establishes **Local Healthwatch**, a patient and public organisation, both locally and nationally, to drive involvement across the NHS and Local Government.
- New focus for Public Health – The Bill establishes a new body **Public Health England**, to drive improvements in the public's health.
- Greater accountability locally and nationally – the Bill sets out clear roles and responsibilities, whilst retaining the Minister's ultimate responsibility for the NHS. The Bill limits micro-management and gives Local Authorities a new leadership role to join up local services through the establishment of the **Health and Wellbeing Board** with key stakeholder representation.
- Streamlined arms-length bodies – the Bill removes unnecessary tiers of management, releasing resources to the frontline.

## **11.0 Access to Information**

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

Name: Lucia Scally

Designation: Head of Service –Strategic Commissioning

Tel No: 01260-375414

Email: [lucia.scally@cheshireeast.gov.uk](mailto:lucia.scally@cheshireeast.gov.uk)

## **Appendix 1 Statutory Terms of Reference**

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## Cheshire East Statutory Health and Wellbeing Board

### Terms of Reference:

#### 1. Context

- 1.1 The full name shall be the Cheshire East Health and Wellbeing Board.
- 1.2 The Board assumes statutory responsibility from April 2013.
- 1.3 The Health and Social Care Act 2012 and subsequent regulations provide the statutory framework for Health and Wellbeing Board (HWB).

#### 2. The Boards Vision

***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.

##### 2.1 Purpose

To provide advice assistance and support for the purpose of encouraging the making of arrangements under section 75 of the National Health Service Act 2006 in connection with the provision of such services.

The Board may encourage those involved in arranging the provision of Health-Related Services to work closely with the Board.

The Board may encourage those involved in arranging for the provision of any Health or Social Care services or Health Related services to work closely together.

##### 2.2 Key objectives (The efforts or actions we intend to attain or accomplish that contribute to achieving our vision)

1. Provide strategic leadership across commissioning organisations enabling the transition from separate, fragmented commissioning to aligned, joint and or integrated commissioning.
2. To work differently and effectively together in order to achieve appropriately:
  - a. Aligned, Pooled, or Integrate Services and or Resources.

- b. Understand need and demand more clearly and develop from this health and social care intelligence that informs commissioning.
  - c. Specify, agree and achieve shared outcomes.
  - d. Engage the public in a true spirit of partnership.
- 3. Develop, use and share the Joint Strategic Needs Assessment to enable evidenced-based commissioning decisions to be made on.
- 4. Produce a Joint Health and Wellbeing Strategy as the overarching framework from which commissioning intentions can be aligned by health services, social care, public health and other services [where the board agrees] contributing to the achievement of collective health improvement within the Borough.

### **3. Roles and Responsibilities**

- 3.1 To work together effectively to ensure the delivery of the Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy.
- 3.2 To work within the Board to build a collaborative partnership to key decision making that embeds health and wellbeing challenge, issue resolution and provides strategic system leadership.
- 3.3 To participate in board discussions to reflect the views of their partner organisations, being sufficiently briefed to be able to make recommendations about future policy developments and service delivery.
- 3.4 To champion the work of the Board in their wider work and networks and in all individual community engagement activities.
- 3.5 To ensure that there are communication mechanisms in place within partner organisation[s] to enable information about the Health and Wellbeing Boards priorities and recommendations to be effectively disseminated.
- 3.6 To share any, changes to strategy, policy, and the system consequences of such on budgets and service delivery within their own partner organisations with the board to consider the wider system implications.

### **4. Accountability**

- 4.1 The Board carries no formal delegated authority from any of the individual statutory bodies.
- 4.2 Core Members of the board have responsibility and accountability to their individual duties and to their role on the Board.
- 4.3 The Board will discharge its responsibilities by means of recommendations to the relevant partner organisations, who will act in accordance with their respective powers and duties.
- 4.4 The Council's Core Members will ensure that they keep Cabinet and wider Council advised of the work of the Board.

- 4.5 The Board will report to Full Council and to both NHS Clinical Commissioning Groups (CCG's) Governing Bodies by ensuring access to meeting minutes and presenting papers as required.
- 4.6 The Board will not exercise scrutiny duties around health or adult social care services directly. This will remain the role of the Cheshire East Health and Wellbeing Overview & Scrutiny Committee. Decisions taken and work progressed by the Board will be subject to scrutiny by this committee.
- 4.7 The Board will provide information to the public through publications, local media, and wider public activities by publishing the minutes of its meetings on the Council's website. The Board is supported by an Engagement and Communications Network across Board organisation to ensure this function can operate successfully.
- 4.8 The Board has produced an initial governance structure at **Appendix 1** which highlights statutory and advisory functions to the Board and its members.

## **5. Membership**

- 5.1 The core membership of the Board will comprise the following:
- Portfolio Holder – Health & Adult Social Care [Board Chairman],
  - Portfolio Holder – Children & Families,
  - Opposition Party Member
  - The Director of Public Health,
  - The Director of Children, Families and Adults (+1)<sup>1</sup>
  - The Chief Executive of the Council
  - Accountable Officer of the South Cheshire Clinical Commissioning Group
  - Chair. GP Lead of the South Cheshire Clinical Commissioning Group
  - Accountable Officer of the Eastern Cheshire Clinical Commissioning Group
  - Chair. GP Lead of the Eastern Cheshire Clinical Commissioning Group
  - A designated representative from Local HealthWatch
  - Member of the National Health Commissioning Board (NHCB)
- 5.2 The above Core Members through a majority vote have the authority to approve individuals as Associate Members of the Board. The length of their membership will be for up to one year and will be subject to re-selection at the next Annual General Meeting "AGM". Associate Members will assist the board in achieving the priorities agreed within the Joint Health and Wellbeing Strategy and may indeed be chairs of sub structure forums where they are not actual Core Members of the Board.

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<sup>1</sup> Due to the Statutory Director holding two statutory roles for both Children's and Adults Services, they will nominate an appropriate Head of Service to attend to support this dual function.

- 5.3 Each Core Member has the power to nominate a single named substitute. Should a Substitute Member be required, advance notice of not less than 2 working days should be given to the Council. The Substitute Members shall have the same powers and responsibilities as the Core Members.

## **6. Frequency of Meetings**

- 6.1 There will be no less than six meetings per year including an AGM. Usually once every two months as a formal Board. The Board will also hold development sessions throughout the year where all members are expected to attend and these will be private sessions.
- 6.2 Additional meetings of the Board may be convened with agreement of the Boards Chairman.

## **7. Agenda and Notice of Meetings**

- 7.1 Any agenda items or reports to be tabled at the meeting should be submitted to the Council's Democratic Services no later than seven working days in advance of the next meeting. No business will be conducted that is not on the agenda.
- 7.2 Democratic services will circulate and publish the agenda and reports at least five working days prior to the next meeting. Exempt or Confidential Information shall only be circulated to Core Members.
- 7.3 For development or informal meetings a formal agenda will not be necessary and will therefore not be sent out by democratic services.

## **8. Annual General Meeting**

- 8.1 The Board shall elect the Chairman and Vice Chairman at each AGM, the appointment will be by majority vote of all Core Members present at the meeting.
- 8.2 The Board will approve the representative nominations by the partner organisations as Core Members.

## **9. Quorum**

- 9.1 Any full meeting of the Board shall be quorate if the following are represented –Eastern CCG, South CCG, Local Health Watch, a Portfolio Holder, an Officer of Cheshire East Council.
- 9.2 Failure to achieve a quorum within thirty minutes of the scheduled start of the meeting, or should the meeting become inquorate after it has started, shall render the meeting adjourned until the next scheduled meeting of the Board. This will also be the case when attending development or informal Board meetings.

## **10. Procedure at Meetings**

- 10.1 General meetings of the Board are open to the public. Papers, agendas and minutes will be published on the Cheshire East Health and Wellbeing website.
- 10.2 The Board will also hold development/informal sessions throughout the year where all members are expected to attend and partake as the agenda suggests.
- 10.3 Core Members are entitled to speak through the Chairman. Associate Members are entitled to speak at the invitation of the Chairman.
- 10.4 With the agreement of the Board, subgroups can be set up to consider distinct areas of work. These will be identified through the governance structure at appendix 1 where possible. The subgroup will be responsible for arranging the frequency and venue of their meetings.
- 10.5 Any recommendations of the subgroup will be made to the Board who will consider them in accordance with these terms of reference and their relevance to the priorities within the Joint Health and Wellbeing Strategy and its delivery plan.

## **11. Expenses**

- 11.1 The partnership organisations are responsible for meeting the expenses of their own representatives.
- 11.2 A modest Board Budget will be agreed annually to support Engagement and Communication and the Business of the Board.

## **12. Conflict of Interest**

- 12.1 At the commencement of all meetings all Core Members shall declare any Conflicts of Interest.
- 12.2 Following the declaration of a Conflict of Interest the Member with the Board's Chair can decide to:-
  - Remain for all or part of the meeting,
  - Participate in the meeting,
  - Vote at the meeting,
  - Leave the meeting.

## **13. Conduct of Core Members at Meetings**

- 13.1 Board members will agree to adhere to the seven principles outlined in the Board Code of Conduct when carrying out their duties as a Board member [appendix 2].

## **15. Review**

15.1 The above terms of reference will be reviewed annually at the AGM.

15.2 Any amendments shall only be included by unanimous vote.

*March 2013*

### **Definition**

#### **Exempt Information**

*Which is information falling within any of the descriptions set out in Part I of Schedule 12A to the Local Government Act 1972 subject to the qualifications set out in Part II and the interpretation provisions set out in Part III of the said Schedule in each case read as if references therein to “the authority” were references to “Board” or any of the partner organisations.*

#### **Confidential Information**

*Information furnished to, partner organisations or the Board by a government department upon terms (however expressed) which forbid the disclosure of the information to the public; and information the disclosure of which to the public is prohibited by or under any enactment or by the order of a court are to be discussed.*

#### **Conflict of Interest**

*You have a Conflict of interest if the issue being discussed in the meeting affects you, your family or your close associates in the following ways;*

- *The issue affects their well being more than most other people who live in the area.*
- *The issue affect their finances or any regulatory functions and*
- *A reasonable member of the public with knowledge of the facts would believe it likely to harm or impair your ability to judge the public interest.*

#### **Associate Members**

*Associate Member status is appropriate for those who are requested to chair sub groups of the board.*

#### **Health Services**

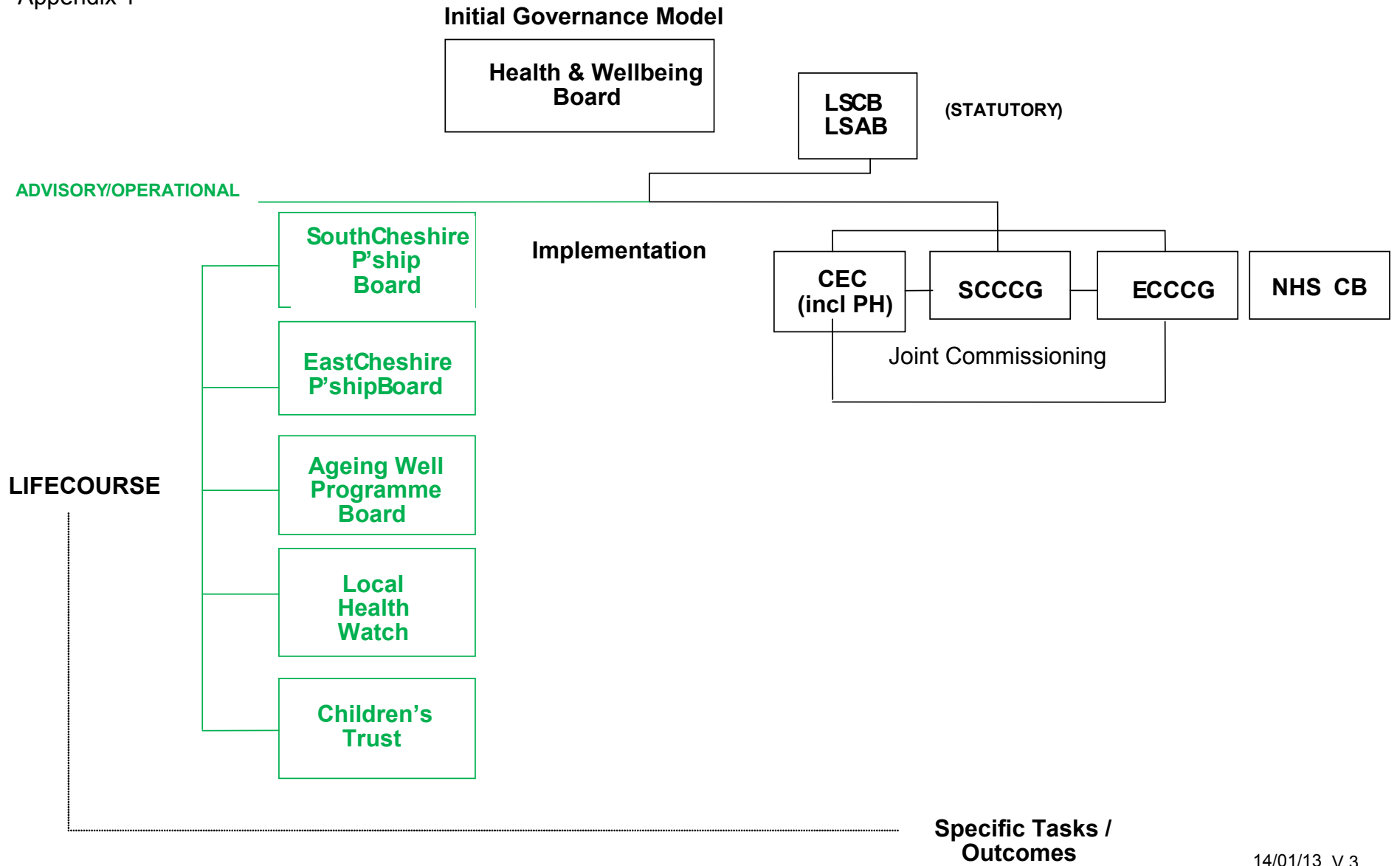
*Means services that are provided as part of the health service.*

**Health-Related Services** *means services that may have an effect on the health of individuals but are not health services or social care services.*

#### **Social Care Services**

*Means services that are provided in pursuance of the social services functions of local authorities (within the meaning of the Local Authority Social Services Act 1970*

Appendix 1



**Abbreviations**

LSCB – Local Safeguarding Children’s Board  
LSAB – Local Safeguarding Adults Board  
SCPb – South Cheshire Partnership Board  
ECPB -East Cheshire Partnership Board  
AWPB – Ageing Well Programme Board  
HW – Local Health Watch  
CT – Children’s Trust  
CEC – Cheshire East Council  
SCCCG – South Cheshire Clinical Commissioning Group  
ECCCG - Eastern Cheshire Clinical Commissioning Group  
NHS CB – National Health Service Commissioning Board  
JCB – Joint Commissioning Board  
LD – Learning disability  
MH – Mental Health  
PH – Public Health

Appendix 2

## **Cheshire East Shadow Health and Wellbeing Board Member Code of Conduct**

### **1. Selflessness**

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Members of the Cheshire East Health and Wellbeing Board should act solely in terms of the interest of and benefit to the public/patients of Cheshire East. They should not do so in order to gain financial or other benefits for themselves, their family or their friends

### **2. Integrity**

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Members of the Cheshire East Health and Wellbeing Board should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their duties and responsibilities as a Board member

### **3. Objectivity**

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In carrying out their duties and responsibilities members of the Cheshire East Health and Wellbeing Board should make choices based on merit and informed by a sound evidence base

### **4. Accountability**

---

Members of the Cheshire East Health and Wellbeing Board are accountable for their decisions and actions to the public/patients of Cheshire East and must submit themselves to whatever scrutiny is appropriate

### **5. Openness**

---

Members of the Cheshire East Health and Wellbeing Board should be as transparent as possible about all the decisions and actions that they take as part of or on behalf of the Board. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands

### **6. Honesty**

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Members of the Cheshire East Health and Wellbeing Board have a duty to declare any private interests relating to their responsibilities and duties as Board members and to take steps to resolve any conflicts arising in a way that protects the public interest and integrity of the Cheshire East Health and Wellbeing Board

### **7. Leadership**

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Members of the Cheshire East Health and Wellbeing Board should promote and support these principles by leadership and example

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	4 February 2013
<b>Report of:</b>	Strategic Director, Children, Families and Adults
<b>Subject/Title:</b>	Proposed Expansion of Pebble Brook Primary School, Crewe
<b>Portfolio Holder:</b>	Councillor Rachel Bailey Portfolio Holder for Children and Family Services

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#### 1.0 Report Summary

- 1.1 This decision paper reports on the outcome of the statutory public notice (**Annex 1**) and subsequent 4-weeks representation period, which commenced on 20 December 2012 and concluded on 17 January 2013.
- 1.2 As the Strategic Commissioner of School Places, Cheshire East Council has a statutory duty to commission sufficient school places for children resident in its area. (The Education and Inspections Act, 2006 and The School Organisation (Prescribed Alterations to Maintained Schools)(England) Regulations 2007 (as amended by The School Organisation and Governance (Amendment)(England) Regulations 2007 which came into force on 21 January 2008 and The School Organisation and Governance Amendment)(England) Regulations 2009 which came into force on 1 September 2009).
- 1.3 In response to pupil forecasts, which indicate that there will be a significant shortfall in the number of primary school places in the Crewe area due to population changes, a review of provision was undertaken resulting in this proposal to increase the capacity at Pebble Brook Primary School from 210 places to 315 places. Statutory consultation on this proposal was approved by Councillor Gaddum, Cabinet Member for Children and Families Services, on 15 October 2012.
- 1.4 A report detailing the outcome of the consultation undertaken between 22 October 2012 and 23 November 2012 was presented to the Cabinet Member on 3 December 2012 whereupon permission was given to issue a statutory notice detailing the proposed expansion of Pebble Brook Primary School from 210 to 315 school places.
- 1.5 In accordance with the guidance issued by the Department for Education, the statutory notice was published in the local paper and a copy of the notice and complete proposal were forwarded to the Secretary of State. The statutory four-week representation period that followed commenced on 20 December 2012 and concluded on 17 January 2013. Members are advised that this statutory process provides the opportunity for any person with an interest to submit representations, which can be objections as well as

expressions of support for the proposals. Cabinet must take any views received into account when deciding whether to approve the proposal.

- 1.6 The representation period was notified to key stakeholders including Ward Members, Edward Timpson MP, the Diocese and Parish Councils. Information was emailed to all schools in the Crewe Local Area Partnership (LAP) and neighbouring primary schools were issued with letters for distribution to all their parents and carers. Copies of the statutory notice were displayed by officers on the school gates at Pebble Brook Primary School and in other prominent places in the local area.
- 1.7 A copy of the full proposal and its appendices is attached as **Annex 2**.
- 1.8 The table below lists the documents included with this report.

<b>Annex</b>	<b>Document</b>
<b>1</b>	Statutory Public Notice
<b>2</b>	Full Proposal
	Appendix 1 - Consultee List
	Appendix 2 - Consultation Document
	Appendix 3 - Consultation Feedback Form
	Appendix 4 - Consultation Feedback
	Appendix 5 - Council Minutes , 23 February 2012
	Appendix 6 - Council Minutes , 19 July 2012
<b>3</b>	Equality Impact Assessment
<b>4</b>	Guidance for Members
<b>5</b>	Extract of Decision Makers' Guidance (Department for Education)
<b>6</b>	Map of Crewe School in the vicinity

## **2.0 Decision Requested**

- 2.1 That the Cabinet gives approval to the expansion of Pebble Brook Primary School, Crewe to increase the school from its current capacity of 210 school places to 315 places with a planned implementation date of 1 September 2013.

## **3.0 Reasons for Recommendation**

- 3.1 To ensure that the Local Authority can meet its statutory duty to provide sufficient school places for children resident in its area.
- 3.2 In making this recommendation, Cabinet is advised that full consideration has been given to the responses received from key stakeholders during the statutory school organisation process, which has included a 4 week representation period following formal consultation with key stakeholders.
- 3.3 It is important to note that at the time of writing this report no representations have been received to this proposal. However, as there are 2 more days for submissions to be made any representations received by the deadline will be presented orally at the Cabinet Meeting, together with an updated report and appendices, as necessary.

- 3.4 Cabinet is advised that the Headteacher and Governors of Pebble Brook Primary School have confirmed their support for the proposed expansion of the school.
- 3.5 An Equality Impact Assessment (**Annex 3**) has been completed for this proposal and this assessment has concluded that the proposal would have an overall positive impact by increasing provision and optimising parental choice benefitting parents and carers and their children and socio-economic disadvantaged groups by providing more pupil places at a good school within a reasonable distance.

#### **4.0 Wards Affected**

- 4.1 Pebble Brook Primary School is situated in Crewe South Ward. However, consultation was untaken with all the neighbouring wards:-

Crewe Central  
Crewe East  
Crewe West  
Crewe North  
Crewe South  
Crewe St Barnabas

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

Councillor Irene Fasey – Crewe Central  
Councillor Peggy Martin - Crewe East  
Councillor David Newton – Crewe East  
Councillor Chris Thorley – Crewe East  
Councillor Peter Nurse – Crewe West  
Councillor Michelle Sherratt– Crewe West  
Councillor Mo Grant – Crewe North  
Councillor Dorothy Flude – Crewe South  
Councillor Steven Hogben – Crewe South  
Councillor Roy Cartlidge – Crewe St Barnabas

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

- 6.1 The proposed expansions was part of an approved block budget (grant) set aside for Basic Need. The block budget was formally approved at Council on 23 February 2012. A virement and supplementary capital estimate (for the proposed permanent extension) was subsequently approved by Council on 19<sup>th</sup> July 2012.
- 6.2 The building work would be funded from the Council's 2012/2013 Capital Programme for Basic Need. The capital investments required is estimated at £1,012,000.

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

- 7.1 Section 21 of the Education and Inspections Act 2006 states that regulations will set out who determines any proposals for prescribed alterations, including expansions made under Section 19. Whilst the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007, as amended, describe the procedures that must be followed when considering of prescribed alteration proposals and states that local authorities should generally make decisions about such matters.
- 7.2 If a local authority fails to make a decision about a proposal within 2 months of the end of the Representation Period the local authority must forward the proposal, and any representations received, excluding those withdrawn in writing, to the Schools Adjudicator for a decision.
- 7.3 The Act adds, at sub-section 21 - 6 that when a decision maker is exercising their functions under these regulations, they should have regard to the statutory guidance given from time to time by the Secretary of State.
- 7.4 According to paragraph 4.7 of that statutory guidance, upon receipt of the proposal, there are 4 key issues that decision makers should consider before judging the respective factors and merits of the proposal.
- Is any information missing? If so, the decision maker should request this immediately specifying a date by which the information should be provided;
  - does the published notice comply with statutory requirements?
  - has the statutory consultation been carried out prior to the publication of the notice? and
  - are the proposals “related” to other published proposals?
- 7.5 The issues considered by officers to be of relevance to this proposal are set out in **Annex 4**, but this should not discourage members from considering any other issues that they consider relevant.
- 7.6 An extract from the Department for Education’s guidance entitled ‘*Extract of Decision Makers’ Guidance*’ is attached as **Annex 5** and makes it clear that the above list should not be treated as exhaustive, because the importance of each factor will vary depending on the proposal being considered: all proposals should therefore be considered on their individual merits.

## **8.0 Risk Management**

- 8.1 This proposal was identified to address a Basic Need in Crewe. This is in order to ensure that the Local Authority meets its statutory duty to provide sufficient school places in this area. In order to complete this scheme by September 2013 the construction phase would need to commence by late February 2013. There is therefore a key risk resulting from the very tight timetable leading up to this. Disruption to pupils, staff and the community

must be kept a minimum during any subsequent building programme, to ensure that standards continue to improve.

- 8.2 In order to assess the viability of this proposal, the Local Authority has undertaken a feasibility study and initial design work at a cost of £28,000 to determine how the additional accommodation can best be provided. This was necessary to ensure that the project, if approved, could be delivered quickly to meet the accommodation needs in the area and to give some cost certainty.
- 8.3 Members are advised that a key risk to the Local Authority in not approving this expansion will be that there will be an insufficient number of reception class places for children resident in this area based on current forecasts and demand for school places.
- 8.4 An Equality Impact Assessment (**Annex 3**) has been completed for this proposal and this assessment has concluded that the proposal would have an overall positive impact by increasing provision and optimising parental choice benefitting parents and carers, young people and socio-economic disadvantaged groups by providing more pupil places at a good school within a reasonable distance.
- 8.5 Implementation of this proposal will be subject to the necessary planning permission.

## **9.0 Access to Information**

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

Name: Barbara Dale  
Designation: School Admissions and Organisation Manager  
Tel No: 01270 686392  
Email: [barbara.dale@cheshireeast.gov.uk](mailto:barbara.dale@cheshireeast.gov.uk)

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## **STATUTORY NOTICE**

### **PROPOSED EXPANSION OF PEBBLE BROOK PRIMARY SCHOOL, CREWE**

Notice is given in accordance with section 19(1) of the Education and Inspections Act 2006 that Cheshire East Council intends to make a prescribed alteration to Pebble Brook Primary School, a foundation school, at Balmoral Avenue, Crewe, Cheshire, CW2 6PL from 02 September 2013.

Cheshire East Council is proposing to expand Pebble Brook Primary School, Crewe from 210 school places to 315 school places with effect from September 2013.

The current capacity of the school is 210 and the proposed capacity will be 315. The current number of pupils registered at the school is 217. The current admission number for the school is 30 and the proposed admission number will be 45.

This Notice is an extract from the complete proposal. Copies of the complete proposal can be obtained from the Council's website: [www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk) or can be obtained by writing to Barbara Dale, School Admissions and Organisation Manager, Children, Families and Adults Services, Organisation and Capital Strategy, Delamere House, Crewe, Cheshire, CW1 2LL

Within four weeks from the date of publication of these proposals, any person may object to or make comments on the proposal by sending them to Children, Families and Adults Services, Organisation and Capital Strategy, Delamere House, Delamere Street, Crewe, Cheshire CW1 2LL or by email to [SOCS@cheshireeast.gov.uk](mailto:SOCS@cheshireeast.gov.uk).

Signed: Lorraine Butcher

Director for Children, Families and Adults

Publication Date: 19 December 2012

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## Annex 2

### PROPOSALS FOR PRESCRIBED ALTERATIONS OTHER THAN FOUNDATION PROPOSALS: Information to be included in a complete proposal

#### **Extract of Part 1 of Schedule 3 and Part 1 of Schedule 5 to The School Organisation (Prescribed Alterations to Maintained Schools)(England) Regulations 2007 (as amended):**

##### **In respect of a Governing Body Proposal: School and governing body's details**

1. The name, address and category of the school for which the governing body are publishing the proposals.

Not Applicable

##### **In respect of an LEA Proposal: School and local education authority details**

1. The name, address and category of the school .

Pebble Brook Primary School  
Balmoral Avenue  
Crewe  
Cheshire  
CW2 6PL

Pebble Brook Primary School is a Foundation school maintained by  
Cheshire East Borough Council,  
Westfields,  
Middlewich Road,  
Sandbach,  
Cheshire, CW11 1HZ

##### **Implementation and any proposed stages for implementation**

2. The date on which the proposals are planned to be implemented, and if they are to be implemented in stages, a description of what is planned for each stage, and the number of stages intended and the dates of each stage.

September 2013

### Objections and comments

3. A statement explaining the procedure for making representations, including —
- (a) the date prescribed in accordance with paragraph 29 of Schedule 3 (GB proposals)/Schedule 5 (LA proposals) of The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 (as amended), by which objections or comments should be sent to the local education authority; and
  - (b) the address of the authority to which objections or comments should be sent.

Within 4 weeks from the date of publication of this proposal any person may object to or make comments on the proposal by sending them to:-

Children, Families and Adults Services  
Organisation and Capital Strategy,  
Delamere House,  
Delamere Street,  
Crewe,  
Cheshire, CW1 2LL

or via email to [SOCS@cheshireeast.gov.uk](mailto:SOCS@cheshireeast.gov.uk).

### Alteration description

4. A description of the proposed alteration and in the case of special school proposals, a description of the current special needs provision.

The proposal is to expand the school to provide 315 pupil places by increasing the existing capacity by 105 places for implementation in September 2013. If approved, the Governing Body, as the Admission Authority for the school, would determine an increase in the Published Admission Number from 30 to 45 by 15 April 2013 for September 2014 in accordance with statutory requirements and would admit children above the published admission number into the reception class with effect from September 2013.

### School capacity

- 5.—(1) Where the alteration is an alteration falling within any of paragraphs 1 to 4, 8, 9 and 12-14 of Schedule 2 (GB proposals)/paragraphs 1-4, 7, 8, 18, 19 and 21 of Schedule 4 (LA proposals) to The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 (as amended), the proposals must also include —

- (a) details of the current capacity of the school and, where the proposals will alter the capacity of the school, the proposed capacity of the school after the alteration;

Current capacity of the school is 210 school places. The proposed new capacity of the school is 315.

- (b) details of the current number of pupils admitted to the school in each relevant age group, and where this number is to change, the proposed number of pupils to be admitted in each relevant age group in the first school year in which the proposals will have been implemented;

Changes to published admission numbers; which determine the number of pupils to be admitted into the relevant age group, will be made in accordance with the requirements set out in paragraph 1.4 of the School Admissions Code. The relevant age group is defined in law as "an age group in which pupils are or will normally be admitted" to the school.

The Published Admission Number (PAN) for this school is 30. If the proposal is approved the Governing Body, as admission authority, would determine an increase in the PAN from 30 to 45 to apply with effect from September 2014.

In the event that approval is given to expand the school for completion in September 2013, the Local Authority will admit pupils above the admission number up to a maximum of 45 pupils into the relevant age group in accordance with the requirements set out in paragraph 1.4 of the School Admissions Code

- (c) where it is intended that proposals should be implemented in stages, the number of pupils to be admitted to the school in the first school year in which each stage will have been implemented;

Not Applicable

- (d) where the number of pupils in any relevant age group is lower than the indicated admission number for that relevant age group a statement to this effect and details of the indicated admission number in question.

Not Applicable

(2) Where the alteration is an alteration falling within any of paragraphs 1, 2, 9, 12 and 13 of Schedule 2 (GB proposals) /paragraphs 1, 2, 8, 18 and 19 of Schedule 4 (LA proposals) to The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 (as amended), a statement of the number of pupils at the school at the time of the publication of the proposals.

There are currently 217 pupils on roll.

### Implementation

6. Where the proposals relate to a foundation or voluntary controlled school a statement as to whether the proposals are to be implemented by the local education authority or by the governing body, and, if the proposals are to be implemented by both, a statement as to the extent to which they are to be implemented by each body.

Proposals to be implemented by the Local Authority.

### Additional Site

7.—(1) A statement as to whether any new or additional site will be required if proposals are implemented and if so the location of the site if the school is to occupy a split site.

No new site will be required but the proposal requires 3 extra classrooms to be provided within the existing school site. The site is sufficient to expand to accommodate 315 pupil places retaining adequate playground and playing field provision.

(2) Where proposals relate to a foundation or voluntary school a statement as to who will provide any additional site required, together with details of the tenure (freehold or leasehold) on which the site of the school will be held, and if the site is to be held on a lease, details of the proposed lease.

Not Applicable

### Changes in boarding arrangements

8.—(1) Where the proposals are for the introduction or removal of boarding provision, or the alteration of existing boarding provision such as is mentioned in paragraph 8 or 21 of Schedule 2 (GB proposals)/7 or 14 of Schedule 4 to The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 (as amended) —

- (a) the number of pupils for whom it is intended that boarding provision will be made if the proposals are approved;

Not Applicable

- (b) the arrangements for safeguarding the welfare of children at the school;

Not Applicable

- (c) the current number of pupils for whom boarding provision can be made and a description of the boarding provision; and

Not Applicable

- (d) except where the proposals are to introduce boarding provision, a description of the existing boarding provision.

Not Applicable

(2) Where the proposals are for the removal of boarding provisions or an alteration to reduce boarding provision such as is mentioned in paragraph 8 or 21 of Schedule 2 (GB proposals)/7 or 14 of Schedule 4 (LA proposals) to The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 (as amended) —

- (a) the number of pupils for whom boarding provision will be removed if the proposals are approved; and

Not Applicable

- (b) a statement as to the use to which the former boarding accommodation will be put if the proposals are approved.

Not Applicable

### Transfer to new site

9. Where the proposals are to transfer a school to a new site the following information—

- (a) the location of the proposed site (including details of whether the school is to occupy a single or split site), and including where appropriate the postal address;

Not Applicable

- (b) the distance between the proposed and current site;

Not Applicable

(c) the reason for the choice of proposed site;

Not Applicable

(d) the accessibility of the proposed site or sites;

Not Applicable

(e) the proposed arrangements for transport of pupils to the school on its new site;  
and

Not Applicable

(f) a statement about other sustainable transport alternatives where pupils are not using transport provided, and how car use in the school area will be discouraged.

Not Applicable

## Objectives

10. The objectives of the proposals.

The objective of the proposal is to address basic need by creating additional school places to accommodate the growing demand in the local area.

## Consultation

11. Evidence of the consultation before the proposals were published including—

- (a) a list of persons who were consulted;
- (b) minutes of all public consultation meetings;
- (c) the views of the persons consulted;
- (d) a statement to the effect that all applicable statutory requirements in relation to the proposals to consult were complied with; and
- (e) copies of all consultation documents and a statement on how these documents were made available.

In accordance with section 19 of the Education and Inspections Act 2006 Cheshire East Council has consulted interested parties on its proposal to expand pebble Brook Primary School. Consultation was implemented between 22 October 2012 and 23 November 2012 and in accordance with the guidance issued by the Secretary Of State.

The consultation documents were published on the Council's website at

[www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk) throughout the process and were made available in hard copy on request. The Council's website has been updated regularly to provide full details and information about the process has been communicated in writing, including email, to all interested parties. **Appendix 1** contains the list of persons and parties who were consulted together with information about how the consultation has been implemented.

In order to facilitate feedback on the proposal, a formal document was produced (**Appendix 2**) detailing the background to the proposal and the statutory consultation process, with information on how feedback could be provided. A feedback form was included with the document. (**Appendix 3**) An electronic form was made available online to facilitate feedback and interested parties could also provide feedback orally by telephoning the Council. The feedback received as part of this process is summarised in **Appendix 4**.

### Project costs

**12.** A statement of the estimated total capital cost of the proposals and the breakdown of the costs that are to be met by the governing body, the local education authority, and any other party.

The building work would be funded from the Council's 2012/2013 Capital Programme. The Capital investment required is estimated at £1,105,000.

**13.** A copy of confirmation from the Secretary of State, local education authority and the Learning and Skills Council for England (as the case may be) that funds will be made available (including costs to cover any necessary site purchase).

The Pebble Brook proposal is part of an approved block budget (grant) set aside for Basic Need. The block budget was formally approved at Council on 23 February 2012. (Minutes attached as **Appendix 5**).

A virement and supplementary capital estimate (for the proposed permanent extension) was subsequently approved by Council on 19<sup>th</sup> July 2012. (Minutes attached as **Appendix 6**)

Full details of these meetings are published on the Council's website at [www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk) or by following these links:

- [Council 23 February 2012](#)
- [Council 19 July 2012](#)

### Age range

**14.** Where the proposals relate to a change in age range, the current age range for the school.

Not Applicable

### Early years provision

**15.** Where the proposals are to alter the lower age limit of a mainstream school so that it provides for pupils aged between 2 and 5—

- (a) details of the early years provision, including the number of full-time and part-time pupils, the number and length of sessions in each week, and the services for disabled children that will be offered;

Not Applicable

- (b) how the school will integrate the early years provision with childcare services and how the proposals are consistent with the integration of early years provision for childcare;

Not Applicable

- (c) evidence of parental demand for additional provision of early years provision;

Not Applicable

- (d) assessment of capacity, quality and sustainability of provision in schools and in establishments other than schools who deliver the Early Years Foundation Stage within 3 miles of the school; and

Not Applicable

- (e) reasons why such schools and establishments who have spare capacity cannot make provision for any forecast increase in the number of such provision.

Not Applicable

### Changes to sixth form provision

**16.** (a) Where the proposals are to alter the upper age limit of the school so that the school provides sixth form education or additional sixth form education, a statement of how the proposals will—

- (i) improve the educational or training achievements;
- (ii) increase participation in education or training; and
- (iii) expand the range of educational or training opportunities for 16-19 year olds in the area;

Not Applicable

(b) A statement as to how the new places will fit within the 16-19 organisation in an area;

Not Applicable

(c) Evidence —

- (i) of the local collaboration in drawing up the proposals; and
- (ii) that the proposals are likely to lead to higher standards and better progression at the school;

Not Applicable

(d) The proposed number of sixth form places to be provided.

Not Applicable

**17.** Where the proposals are to alter the upper age limit of the school so that the school ceases to provide sixth form education, a statement of the effect on the supply of 16-19 places in the area.

Not Applicable

### **Special educational needs**

**18.** Where the proposals are to establish or change provision for special educational needs—

- (a) a description of the proposed types of learning difficulties in respect of which education will be provided and, where provision for special educational needs already exists, the current type of provision;

Not Applicable

(b) any additional specialist features will be provided;

Not Applicable

- (c) the proposed numbers of pupils for which the provision is to be made;

Not Applicable

- (d) details of how the provision will be funded;

Not Applicable

- (e) a statement as to whether the education will be provided for children with special educational needs who are not registered pupils at the school to which the proposals relate;

Not Applicable

- (f) a statement as to whether the expenses of the provision will be met from the school's delegated budget;

Not Applicable

- (g) the location of the provision if it is not to be established on the existing site of the school;

Not Applicable

- (h) where the provision will replace existing educational provision for children with special educational needs, a statement as to how the local education authority believes that the new provision is likely to lead to improvement in the standard, quality and range of the educational provision for such children; and

Not Applicable

- (i) the number of places reserved for children with special educational needs, and where this number is to change, the proposed number of such places.

Not Applicable

**19. Where the proposals are to discontinue provision for special educational needs—**

- (a) details of alternative provision for pupils for whom the provision is currently made;

Not Applicable

- (b) details of the number of pupils for whom provision is made that is recognised by the local education authority as reserved for children with special educational needs during each of the 4 school years preceding the current school year;

Not Applicable

- (c) details of provision made outside the area of the local education authority for pupils whose needs will not be able to be met in the area of the authority as a result of the discontinuance of the provision; and

Not Applicable

- (d) a statement as to how the proposer believes that the proposals are likely to lead to improvement in the standard, quality and range of the educational provision for such children.

Not Applicable

**20.** Where the proposals will lead to alternative provision for children with special educational needs, as a result of the establishment, alteration or discontinuance of existing provision, the specific educational benefits that will flow from the proposals in terms of—

- (a) improved access to education and associated services including the curriculum, wider school activities, facilities and equipment with reference to the local education authority's Accessibility Strategy;
- (b) improved access to specialist staff, both educational and other professionals, including any external support and outreach services;
- (c) improved access to suitable accommodation; and
- (d) improved supply of suitable places.

Not Applicable

### **Sex of pupils**

**21.** Where the proposals are to make an alteration to provide that a school which was an establishment which admitted pupils of one sex only becomes an establishment which admits pupils of both sexes—

- (a) details of the likely effect which the alteration will have on the balance of the provision of single sex-education in the area;

Not Applicable

(b) evidence of local demand for single-sex education; and

Not Applicable

(c) details of any transitional period which the body making the proposals wishes specified in a transitional exemption order (within the meaning of section 27 of the Sex Discrimination Act 1975).

Not Applicable

**22.** Where the proposals are to make an alteration to a school to provide that a school which was an establishment which admitted pupils of both sexes becomes an establishment which admits pupils of one sex only—

(a) details of the likely effect which the alteration will have on the balance of the provision of single-sex education in the area; and

Not Applicable

(b) evidence of local demand for single-sex education.

Not Applicable

### Extended services

**23.** If the proposed alterations affect the provision of the school's extended services, details of the current extended services the school is offering and details of any proposed change as a result of the alterations.

Not Applicable

### Need or demand for additional places

**24.** If the proposals involve adding places—

(a) a statement and supporting evidence of the need or demand for the particular places in the area;

The Crewe Local Area Partnership (LAP) has 21 primary schools and 5 secondary schools covering the areas of Crewe, Nantwich, Sandbach, and Shavington. Currently the total primary school capacity across this area is 6992 pupil places.

Forecasts using January 2012 school census data indicated that across the area as a whole there will be a shortfall of 416 pupil places by 2017.

Crewe LAP	Capacity	Number on Roll in Jan'12	Academic Years					
			12/13	13/14	14/15	15/16	16/17	17/18
Forecast Number on roll	6992	6619	6809	6957	7125	7240	7308	7408
Forecast unused places			183	35	-133	-248	-316	-416
<b>Forecast % unused places</b>			<b>3%</b>	<b>1%</b>	<b>-2%</b>	<b>-4%</b>	<b>-5%</b>	<b>-6%</b>

During the academic year 2011-2012, the Local Authority agreed the expansion of Oakefield Primary and Nursery School from 315 to 420 pupil places with effect from September 2013 increasing the school from a 1.5 to a 2 form of entry primary school and an additional 105 pupil places for the Crewe area to address forecast shortfall. Other changes introduced for Crewe included increased intakes to Beechwood Primary from 280 places to 315 (additional 35 pupil places); Monks Coppenhall from 360 places to 420 (additional 60 pupil places) and Brierley Primary from 161 places to 210 (additional 49 pupil places) with a total additional capacity agreed for this area of 249 pupil places. Without these changes 13 of the 21 primary schools were forecast to be over capacity or to have a very low level of unused places by 2017.

Based on January 2012 forecasts, the remaining shortfall in the number of places needed for the Crewe area indicates that further changes are needed to ensure sufficient school places for children resident in the area with projections indicating only 1 spare place across all year groups and all schools in the Crewe Local Area Partnership (LAP) by 2015 and insufficient places to meet the current pattern of intake for subsequent years.

21 Primary Schools in the Crewe LAP	Revised Capacity (6992 + 249)	Number on Roll in Jan'12	Academic Years					
			12/13	13/14	14/15	15/16	16/17	17/18
Forecast Number on roll	7241	6619	6809	6957	7125	7240	7308	7408
Forecast unused places			432	284	116	1	-67	-167
<b>Forecast % unused places</b>			<b>6%</b>	<b>4%</b>	<b>2%</b>	<b>0%</b>	<b>-1%</b>	<b>-2%</b>

#### Crewe (Town)

School	Status
Beechwood School	Community
Brierley Primary	Community

Edleston Primary	Community
Gainsborough Primary	Community
Hungerford Primary	Community
Leighton Primary	Community
Mablins Lane Community Primary	Community
Monks Coppenhall Primary	Community
Oakefield Primary & Nursery	Community
Pebblebrook Primary	Foundation
St Mary's Catholic Primary	Voluntary Aided
Underwood West Primary	Community
Vine Tree Primary	Community
Wistaston Green Primary	Community

The 14 primary schools located in the Crewe town area of this Local Area Partnership currently provide 4936 pupil places increasing to 5185 from September 2013.

It is in this area where demand for places has increased significantly and changes have been made to increase the number of pupil places in the four schools stated above. For many schools, these changes will address this growth in the number of primary aged pupils, however, high demand for places requires further measures; not only to ensure that there are sufficient places for local children to attend local schools within a reasonable distance, but also to ensure the Local Authority can build in operational surplus, which is a level of spare capacity intended to accommodate reasonable journey times to school, some degree of parental choice, and flexibility to allow for mid-year entrants. The remaining shortfall across these 14 primary schools based on current intake patterns has informed the decision to propose the expansion of Pebble Brook Primary to provide further accommodation in this area of the Crewe Local Area Partnership to meet this increasing demand due to population changes.

14 Crewe Town Schools	Number on Roll Jan 12	Revised Capacity- Number of Pupil Places	Academic Year					
			12/13	13/14	14/15	15/16	16/17	17/18
Forecast Number on roll	4667	5185	N/A	4954	5108	5191	5252	5341
Forecast unused places			N/A	231	77	-6	-67	-156
<b>Forecast % unused places</b>				<b>4%</b>	<b>1%</b>	<b>0%</b>	<b>-1%</b>	<b>-3%</b>

Pebble Brook Primary is a popular and successful school and forecasts informed by January 2012 school census data indicate that based on current intake patterns this school will have insufficient capacity to meet demand.

Pebble Brook	Number on Roll	Capacity - Number	Academic Year					
			12/13	13/14	14/15	15/16	16/17	17/18

<b>Primary</b>	<b>Jan 12</b>	<b>of Pupil Places</b>	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>
Forecast Number on Roll	205	210	221	233	243	258	268	280
Forecast Unused Places			-11	-23	-33	-48	-58	-70
<b>Forecast % Unused Places</b>			<b>-5%</b>	<b>-11%</b>	<b>-16%</b>	<b>-23%</b>	<b>-28%</b>	<b>-33%</b>

- (b) where the school has a religious character, a statement and supporting evidence of the demand in the area for education in accordance with the tenets of the religion or religious denomination;

Not Applicable

- (c) where the school adheres to a particular philosophy, evidence of the demand for education in accordance with the philosophy in question and any associated change to the admission arrangements for the school.

Not Applicable

**25. If the proposals involve removing places—**

- (a) a statement and supporting evidence of the reasons for the removal, including an assessment of the impact on parental choice; and

Not Applicable

- (b) a statement on the local capacity to accommodate displaced pupils.

Not Applicable

**Expansion of successful and popular schools**

**25A.** (1) Proposals must include a statement of whether the proposer considers that the presumption for the expansion of successful and popular schools should apply, and where the governing body consider the presumption applies, evidence to support this.

(2) Sub-paragraph (1) applies to expansion proposals in respect of primary and secondary schools, (except for grammar schools), i.e. falling within:

(a) (for proposals published by the governing body) paragraph 1 of Part 1 to Schedule 2 or paragraph 12 of Part 2 to Schedule 2;

(b) (for proposals published by the LA) paragraph 1 of Part 1 to Schedule 4 or 18 of Part 4 to Schedule 4

of the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007 (as amended).

Pebble Brook Primary School is a popular and successful school with a published admission number (PAN) of 30 pupil places and overall accommodation for 210 pupils across the 7 year groups. The last Ofsted inspection for this school was in May 2010 and the school was categorised as 'good'.

For the past two years, the Local Authority and the school have agreed the admission of additional pupils above the published admission number to ensure that local children can access school places within a reasonable distance from their home address. If the Local Authority had not been able to admit additional pupils to Pebble Brook as their local school, the general shortage of places in the Crewe area would have resulted in parents of some children being offered places in schools at an unreasonable distance. Temporary accommodation has been agreed for the school as an interim measure pending the decision on the proposed expansion. Although the Local Authority has recently implemented these interim measures to alleviate the shortfall in school places for the Crewe area, this proposed long term measure is necessary to accommodate the anticipated increase in demand due to population growth within the Crewe area.

The school is popular and successful and the number of first preferences for the school has been steadily increasing. For the last 4 years applications have exceeded the 30 place available in the reception class. For 2011 the Local Authority in agreement with the school admitted 40 pupils to meet the demand from families resident in the school's catchment area; for 2012 45 pupils were admitted on the same basis.

The number of children resident within the schools catchment area has been steadily increasing in recent years and for September 2012 the number of applications received was nearly four times the school's current intake of 30 places. In order to accommodate children resident in the school's catchment area for whom there was no other schools with vacancies within a reasonable distance, the Local Authority agreed additional places over the school's published admission number for September 2011 and 2012 and has arranged for temporary accommodation on the school's site as an interim measure.

The number of children resident within the schools catchment area is expected to continue to rise in future years. It is therefore recommended that the local demand for places at this school justifies an extension of classrooms to take the school from 210 school places (1FE) to 315 places (1.5FE) with a PAN of 45 per year group.



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		CONSULTATION PERIOD	
Consultee	Organisation / School	Method of Communication	Date
Council's Web Pages		Live Web Pages	22.10.2012
Parents/ Carers of Pupils	Pebble Brook Primary	E mail to school with letter attached for parents	23.10.2012
Pupils of Pebble Brook Primary	Pebble Brook Primary		
Governing body - school which is the subject of proposal	Pebble Brook Primary	E mail to school with letter attached	23.10.2012
Headteacher & Staff - school which is the subject of proposal	Pebble Brook Primary	E mail	23.10.2012
Governing bodies, Head teachers , staff and parents at neighbouring schools within Crewe LAP.	The Berkeley	e mail with letter	23.10.2012
	Vine Tree Primary		
	Edleston Primary		
	Gainsborough Primary		
	Brierley Primary		
	Wistaston Church Lane		
	Shavington Primary		
Governing bodies, Head teachers and staff at remaining primary schools within Crewe LAP.	Oakefield Primary	E Mail with letter	23.10.2012
	St Mary's Catholic Primary		
	Beechwood		
	Haslington		
	Shavington Primary		
	Hungerford		
	Leighton		
	Mablins Lane		
	Monks Coppenhall		
	Underwood West		
	Wistaston Green		
	The Dingle		
	Willaston Primary		
Governing Bodies, Headteacher and staff at Crewe High Schools	Kings Grove	e mail with letter	23.10.2012
	Ruskin ( Feeder School)		
	Sir William Stanier		
	St Thomas More		
	Shavington High		
Diocesan Authorities	Catholic Diocese of Shrewsbury	e mail	22.10.2012
	Anglican Diocese of Chester	e mail	22.10.2012
MP(s) of the constituencies affected	Mr Edward Timpson	e mail	22.10.2012
Councillors - Ward Members	Irene Fasey – Crewe Central	e mail	22.10.2012
	Margaret Martin - Crewe East		
	David Newton – Crewe East		
	Chris Thorley – Crewe East		
	Peter Nurse – Crewe West		
	Michelle Sherratt– Crewe West		
	Mo Grant – Crewe North		
	Dorothy Flude – Crewe South		
	Steven Hogben – Crewe South		
Local District / Parish where the subject school is located	Roy Cartlidge – Crewe St Barnabas		
	Crewe Green Council	e mail	22.10.2012
	Rope Parish Council	e mail	22.10.2012
	Weston & Basford	e mail	22.10.2012
UNIONS	Haslington Parish Council	e mail	22.10.2012
	NAHT Branch Secretary	e mail	30.10.2012
	GMB	e mail	30.10.2012
	UNISON	email	2.11.2012
	NUT	e mail	5.11.2012

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**PROPOSAL FOR THE ENLARGEMENT  
OF  
PEBBLE BROOK PRIMARY SCHOOL,  
CREWE**

**PUBLIC CONSULTATION DOCUMENT**

**Lorraine Butcher  
Strategic Director  
Children, Families & Adults  
Cheshire East Council  
Westfields, Sandbach  
Cheshire  
CW11 1HZ**

**September 2012**

## **OBJECTIVE OF THIS CONSULTATION DOCUMENT**

To undertake formal consultations with parents and carers of pupils at Pebble Brook Primary School and other interested parties before a final decision is taken regarding a proposal to make a significant enlargement to Pebble Brook Primary School.

**The Local Authority is proposing the expansion of Pebble Brook Primary School to provide an additional 105 places increasing the school from 210 places (1 form of entry) to 315 places (1.5 form of entry) with a proposed completion date of September 2013.**

## **INTRODUCTION**

Pebble Brook Primary School is a popular and successful school with a published admission number (PAN) of 30 pupil places and overall accommodation for 210 pupils across the 7 year groups.

The Local Authority is proposing an increase in the school's net capacity, which indicates the number of pupils that can be accommodated in the school. The proposal, if agreed, will increase the school from 210 pupil places (1 form of entry) to 315 (1.5 forms of entry) with an intake each year of 45 pupils into the reception class.

For the past two years, the Local Authority and the school have agreed the admission of additional pupils above the published admission number to ensure that local children can access school places within a reasonable distance from their home address. If the Local Authority had not been able to admit additional pupils to Pebble Brook as their local school, the general shortage of places in the Crewe area would have resulted in parents of some children being offered places in schools at an unreasonable distance. Temporary accommodation has been agreed for the school as an interim measure pending the decision on the proposed expansion. Although the Local Authority has recently implemented these interim measures to alleviate the shortfall in school places for the Crewe area, this proposed long term measure is necessary to accommodate the anticipated increase in demand due to population growth within the Crewe area.

The school is popular and successful and the number of first preferences for the school has been steadily increasing. For the last 4 years applications have exceeded the 30 place available in the reception class. For 2011 the Local Authority in agreement with the school admitted 40 pupils to meet the demand from families resident in the school's catchment area; for 2012 45 pupils were admitted on the same basis.

The school's site is large enough to accommodate a 1.5 form of entry school.

The Headteacher and Governors have confirmed their support for the proposal to expand the school to 1.5 form of entry to accommodate local children at a school within a reasonable distance, as far as possible.

## BACKGROUND

The Crewe Local Area Partnership (LAP) has 21 primary schools and 5 secondary schools covering the areas of Crewe, Nantwich, Sandbach, and Shavington. Currently the total primary school capacity across this area is 6992 pupil places.

Forecasts using January 2012 school census data indicated that across the area as a whole there will be a shortfall of 416 pupil places by 2017.

Crewe LAP	Capacity	Number on Roll in Jan'12	Academic Years					
			12/13	13/14	14/15	15/16	16/17	17/18
Forecast Number on roll	6992	6619	6809	6957	7125	7240	7308	7408
Forecast unused places			183	35	-133	-248	-316	-416
Forecast % unused places			3%	1%	-2%	-4%	-5%	-6%

During the academic year 2011-2012, the Local Authority agreed the expansion of Oakefield Primary and Nursery School from 315 to 420 pupil places with effect from September 2013 increasing the school from a 1.5 to a 2 form of entry primary school and an additional 105 pupil places for the Crewe area to address forecast shortfall. Other changes introduced for Crewe included increased intakes to Beechwood Primary from 280 places to 315 (additional 35 pupil places); Monks Coppenhall from 360 places to 420 (additional 60 pupil places) and Brierley Primary from 161 places to 210 (additional 49 pupil places) with a total additional capacity agreed for this area of 249 pupil places. Without these changes 13 of the 21 primary schools were forecast to be over capacity or to have a very low level of unused places by 2017.

Based on January 2012 forecasts, the remaining shortfall in the number of places needed for the Crewe area indicates that further changes are needed to ensure sufficient school places for children resident in the area with projections indicating only 1 spare place across all year groups and all schools in the Crewe Local Area Partnership (LAP) by 2015 and insufficient places to meet the current pattern of intake for subsequent years.

21 Primary Schools in the Crewe LAP	Revised Capacity (6992 + 249)	Number on Roll in Jan'12	Academic Years					
			12/13	13/14	14/15	15/16	16/17	17/18
Forecast Number on roll	7241	6619	6809	6957	7125	7240	7308	7408
Forecast unused places			432	284	116	1	-67	-167
Forecast % unused places			6%	4%	2%	0%	-1%	-2%

### Crewe (Town)

School	Status
Beechwood School	Community
Brierley Primary	Community
Edleston Primary	Community
Gainsborough Primary	Community
Hungerford Primary	Community
Leighton Primary	Community
Mablins Lane Community Primary	Community
Monks Coppenhall Primary	Community
Oakefield Primary & Nursery	Community
Pebblebrook Primary	Foundation
St Mary's Catholic Primary	Voluntary Aided
Underwood West Primary	Community
Vine Tree Primary	Community
Wistaston Green Primary	Community

The 14 primary schools located in the Crewe town area of this Local Area Partnership currently provide 4936 pupil places increasing to 5185 from September 2013.

It is in this area where demand for places has increased significantly and changes have been made to increase the number of pupil places in the four schools stated above. For many schools, these changes will address this growth in the number of primary aged pupils, however, high demand for places requires further measures; not only to ensure that there are sufficient places for local children to attend local schools within a reasonable distance, but also to ensure the Local Authority can build in operational surplus, which is a level of spare capacity intended to accommodate reasonable journey times to school, some degree of parental choice, and flexibility to allow for mid-year entrants. The remaining shortfall across these 14 primary schools based on current intake

patterns has informed the decision to propose the expansion of Pebble Brook Primary to provide further accommodation in this area of the Crewe Local Area Partnership to meet this increasing demand due to population changes.

14 Crewe Town Schools	Number on Roll Jan 12	Revised Capacity- Number of Pupil Places	Academic Year					
			12/13	13/14	14/15	15/16	16/17	17/18
Forecast Number on roll	4667	5185	N/A	4954	5108	5191	5252	5341
Forecast unused places			N/A	231	77	-6	-67	-156
<b>Forecast % unused places</b>				<b>4%</b>	<b>1%</b>	<b>0%</b>	<b>-1%</b>	<b>-3%</b>

Pebble Brook Primary is a popular and successful school and forecasts informed by January 2012 school census data indicate that based on current intake patterns this school will have insufficient capacity to meet demand.

Pebble Brook Primary	Number on Roll Jan 12	Capacity - Number of Pupil Places	Academic Year					
			12/13	13/14	14/15	15/16	16/17	17/18
Forecast Number on Roll	205	210	221	233	243	258	268	280
Forecast Unused Places			-11	-23	-33	-48	-58	-70
<b>Forecast % Unused Places</b>			<b>-5%</b>	<b>-11%</b>	<b>-16%</b>	<b>-23%</b>	<b>-28%</b>	<b>-33%</b>

## ADMISSIONS

Due to changes in demographics for this area the Local Authority received applications for admission in September 2012 in excess of the 708 reception class places available with a total (to date) of 773 admissions.

The number of children resident within the schools catchment area has been steadily increasing in recent years and for September 2012 the number of applications received was nearly four times the school's current intake of 30 places. In order to accommodate children resident in the school's catchment area for whom there was no other schools with vacancies within a reasonable

distance, the Local Authority agreed additional places over the school's published admission number for September 2011 and 2012 and has arranged for temporary accommodation on the school's site as an interim measure.

The number of children resident within the schools catchment area is expected to continue to rise in future years. It is therefore recommended that the local demand for places at this school justifies an extension of classrooms to take the school from 210 school places (1FE) to 315 places (1.5FE) with a PAN of 45 per year group.

## **SITE AND BUILDINGS**

The school was established in 1988 following the amalgamation of Bedford Street Infants and Pebble Brook Junior School. Originally developed to accommodate a one and a half form of entry primary school with 315 pupil places, following a decline in the need for places in the area the school was reduced to a one form entry school with 210 school places and a Children's Centre was established on site. However, the site remains sufficient to expand to accommodate 315 pupil places retaining adequate playground and playing field provision.

Expansion of the school will be subject to planning permission.

## **FINANCIAL ISSUES**

The Pebble Brook proposal is part of an approved block budget (grant) set aside for Basic Need. The block budget was formally approved at Council on 23 February 2012.

The building work would be funded from the Council's 2012/2013 Capital Programme for Basic Needs. The capital investment required is estimated at £1,105,000 which includes the provision of the temporary mobile already agreed.

## **TIMESCALES**

It is proposed that the programme for the implementation of any change would be:

<b>22 October 2012 to 23 November 2012</b>	Formal Public Consultations
<b>3 December 2013</b>	Meeting of the Council's Portfolio Holders for permission to publish notices
<b>10 December 2012 to 7 January 2013</b>	Representation period
<b>4 February 2013</b>	Cabinet decision
<b>11 February 2013</b>	Implementation
<b>September 2013</b>	Date that the expansion would be

	completed
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## **HOW DO I COMMENT ON THE PROPOSALS**

You can complete our electronic feedback form which can be accessed on the Council's website at [www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk). All views expressed during consultation will be presented to the Council's Portfolio Holder before a decision will be made on whether to progress to the next stage.

## **WHAT IS THE NEXT STAGE?**

All responses to this consultation will be collated and presented to the Council's Portfolio Holder at the end of the consultation period requesting permission to proceed to public notices. If permission is given, this will mean that a further representation period will commence for a fixed period of 4 weeks, in line with statutory requirements.

At the end of the representation period, a further report will be prepared and presented to the Council's Cabinet, or, if objections are received, to the Council's School Organisation Sub Committee, for a final decision on the proposal.

## **PLEASE NOTE:**

Where individual queries are received, we will not answer you directly, but we will compile a detailed response to the consultation that will be published on our website with hard copies available on request..

For further information, contact School Organisation and Capital Strategy Team, Cheshire East Council, Delamere House, Delamere Street, Crewe CW1 2LL, e-mail: [SOCS@cheshireeast.gov.uk](mailto:SOCS@cheshireeast.gov.uk) Tel: 0300 123 5012.

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## Consultation Feedback Form

## Appendix 3

### Proposed Expansion of Pebble Brook Primary School, Crewe.

You are invited to comment on Cheshire East Council's proposal to expand Pebble Brook Primary School from a 210 place, 1 form of entry primary school to a 315 place, 1.5 form of entry primary school for completion in 2013.

Before completing this form, please refer to the consultation document, which provides the rationale for this proposal.

Please tick the relevant boxes to indicate your views and any comments you may wish to make.

Do you agree with the proposal to expand Pebble Brook Primary School?	Please tick ( ✓ )		
	Yes	No	No View

**Comments (if any)**

*(Please continue overleaf, if required.)*

Please tick the following box(s) to indicate any of the following that apply to you:

	Please Tick ( ✓ )
Parent/Carer of Present Pupil(s)	
Governor	
Member of School Staff	
Pupil	
Other (please specify)	

<b>Name:</b>	<b>Date:</b>
<b>Address:</b>	<b>Signed:</b>

**Please return this form to:**

Cheshire East Council, School Organisation and Capital Strategy, Delamere House (EC), Delamere Street, Crewe CW1 2LL **by the closing date of 23 November 2012.**

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Connection	Agree with Proposal?	Comments
Governor St Mary's.	Yes	As a parent and governor at the neighbouring school of St Mary's in Dane Bank Avenue, which already has 90 in its current reception and can demonstrate the growth in our school figures from KS1 upwards. I question as to what support St Mary's will be provided to sustain three classes per year as it does not currently have the teaching space. I request that the needs of our catholic families are taken into account and that the only faith school in the town is also invested in and considered equitably in line with the others. We are the only school in 14 others across the town with a faith identity. Please note that parents of St Mary's have already lost the transport subsidy to support their choice of school and continue to be committed to a faith education despite the cost and logistical difficulties. I ask for fairness and action, in return for the investment in two classrooms, help the LA to ease the burden of admissions. We are a good school and one which parents continue to want their children to attend. I welcome your response
Headteacher Local School	No objections	I am confused? You refer to 5 high schools in Crewe, presumably, Ruskin, Kings Grove, Sir William Stanier, St Thomas More and Shavington. If Shavington is included in this number, I wonder why none of its crewe primary schools are included in the list of crewe primary schools. namely the Berkeley and Wistaston Church Lane. I am not clear about the reasons why The Berkeley and Wistaston Church Lane have not been considered in the proposal especially when I am aware that one of the schools wanted to increase the PAN, and they quite clearly are in Crewe. Whilst I have no objections to Pebble Brook increasing their PAN, I feel that the information presented is incomplete.
Governor St Mary's	Yes	I would urge that in addition the needs of Catholic/Christian families are considered. St Mary's is the only faith school in Crewe. Demand for places is set to rise. St Mary's should be treated fairly and also be invested in. We are a good school, and in demand. An extra 2 classrooms at St Mary's would help us to help the admissions burden for the LA.
local resident with pupil in a Crewe school	Yes	When considering the expansion of school places and investing in the infrastructure of the town, I feel it is important that the needs of all pupils and families are considered. There are 14 schools in this area - only one of which provides a good education for families wishing to have their child educated as a Christian or in an environment with a clear denominational faith. I have no issue with the expansion of Pebble Brook as long as the needs at the faith school are addressed too. There is an assumption that faith is of no relevance when it comes to school places, but a large number of families across the town make sometimes long and expensive journeys to ensure that their child receives a faith education. They no longer expect to be supported in doing so, but they do continue to want that provision for their child/ren and are prepared to make whatever sacrifice is necessary to attend that school. Please also consider some investment in the faith school. It is popular, it is an important part of the town and OFSTED judged it to be good with outstanding features in June 2011.
Parent	Yes	Due to the increasing population of Crewe and the proposals to build new houses to accommodate this, I believe it is crucial that the local schools can cater for the extra children. I am in favour of expanding Pebble Brook Primary School but am concerned that St Mary's Primary School will not be able to accommodate additional Catholic children coming to the area. Investment to help expand St Mary's is desperately needed and has my full support
unknown	Yes	I have no objections to the expansion of Pebble Brook to meet the increasing demand for school places in the locality. However, I do feel that there is also a need to ensure that in terms of equity and balance of parental choice/preference, that faith schools are also invested in and are also considered for investment. The growth in numbers and the potential house builds will in all probability also include people with Christian faith. As parents no longer have their right to attend a faith school supported by transport subsidy, I feel it is only fair to ensure that there are sufficient places and teaching spaces in the faith schools to accommodate parents who, despite distance and the cost of transport to themselves, are still committed to a school with a strong faith identity. We are still tax payers and council tax payers who contribute to the local community. This must be considered in tandem and not assumed that just because additional places will be created in one school to ease the overall crisis, that parents would wish their child to attend.
Parent	No	I do not agree with the expansion of Pebble Brook. Shavington and Coppenhall have recently received permission for large housing developments. In particular the caveats for Shavington required a school, thus serving the Pebble Brook area. It should also consider that closing Lodgefields has left few choices in the Wistaston/Woolstanwood area, the site has not been developed and facilities removed from those communities which could be served by a faith school such as St Mary's. Providing more facilities at St Mary's could provide more integration for communities for Wistaston / Woolstanwood as well as the area covered by Pebble Brook. Also improving St Mary's could benefit the environment/ traffic as parents "school runs" for siblings in Primary/ Secondary/ Tertiary schooling on Dane Bank Avenue would have a reduced carbon footprint
Parent	Yes	No comment

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Extract of the Minutes of a meeting of the **Council** held on Thursday, 23rd February, 2012 at Main Hall Congleton Hall, Congleton Town Hall, High Street, Congleton CW12 1BN

## **PRESENT**

Councillor R West (Chairman)

Councillor G M Walton (Vice-Chairman)

Councillors Rachel Bailey, Rhoda Bailey, A Barratt, G Baxendale, D Bebbington, D Brickhill, D Brown, L Brown, B Burkhill, P Butterill, R Cartledge, J Clowes, S Corcoran, H Davenport, W S Davies, R Domleo, D Druce, K Edwards, P Edwards, I Faseyi, J P Findlow, W Fitzgerald, R Fletcher, D Flude, H Gaddum, M Grant, P Groves, J Hammond, M Hardy, P Hayes, S Hogben, D Hough, P Hoyland, O Hunter, J Jackson, L Jeuda, M Jones, S Jones, F Keegan, A Kolker, W Livesley, J Macrae, D Mahon, A Martin, M A Martin, P Mason, S McGrory, R Menlove, G Merry, A Moran, B Moran, B Murphy, H Murray, D Neilson, D Newton, P Nurse, M Parsons, P Raynes, L Roberts, J Saunders, M Sherratt, B Silvester, M J Simon, L Smetham, D Stockton, C G Thorley, A Thwaite, D Topping, G Wait, M J Weatherill, P Whiteley and J Wray

## **Apologies**

Councillors C Andrew, G Boston, S Gardiner, L Gilbert, A Harewood, D Marren and S Wilkinson

Note: Councillor D Druce had offered apologies for the morning session and was also absent during consideration of Items 6, 7 and 8.

Note: Councillor P Edwards had offered apologies for the morning session.

## **86 REFERRAL TO COUNCIL OF RECOMMENDATIONS FROM CABINET - BUSINESS PLANNING PROCESS 2012-2015 BUSINESS PLAN**

It was moved and seconded that

“1. the updated results of the Budget Engagement exercise undertaken by the Council be noted

2. the comments of the Director of Finance & Business Services (Chief Finance Officer), regarding the robustness of estimates and level of reserves held by the Council based on this budget be noted

3. the Business Plan 2012/2015 be approved

**4. the three year Capital Programme for 2012/2013 to 2014/2015 be approved**

5. the Band D Council Tax of £1,216.34 be approved

6. the Reserves Strategy be approved

7. the 2012/2013 non ringfenced Specific Grants (excluding DSG) be noted

8. the 2012/2013 Dedicated School Grant (DSG) of £193.8m and the associated policy proposals be agreed

9. the Children and Families Services Portfolio Holder be authorised to agreed any necessary amendment to the DSG position in the light of further information received from DfE, pupil number changes,

further academy transfers and the actual balance brought forward from 2011/12

10. the Prudential Indicators for Capital Funding be approved
11. the risk assessment detailed in the report be noted.”

## **RESOLVED**

1. That the updated results of the Budget Engagement exercise undertaken by the Council, as set out in appendix A of the report, be noted.
2. That the comments of the Director of Finance & Business Services (Chief Finance Officer), regarding the robustness of estimates and level of reserves held by the Council based on this budget, as set out in Appendix B of the report, be noted.
3. That, subject to the removal of the intended saving of £13,207 in respect of Children’s Books, which was to be found from the Council’s reserves, the 2012/2015 Business Plan, as set out in Appendix B of the report, be approved.
- 4. That the three-year Capital Programme for 2012/2013 to 2014/2015, as set out in Appendix B, Annex 3, paragraphs 88 to 94 and Annex 7 pages 108-116 of the report be approved.**
5. That the Band D Council Tax of £1,216.34, as set out in Appendix B, Annex 3, paragraphs 57 to 58 of the report (no change from 2011/2012), be approved.
6. That the Reserves Strategy, as set out in Appendix B, Annex 8 of report be approved.
7. That the 2012/2013 non-ring-fenced Specific Grants (excluding DSG), asset out in Appendix B, Annex 4 of the report be noted.
8. That the 2012/2013 Dedicated Schools Grant (DSG) of £193.8m and the associated policy proposals be agreed. (Appendix B, Annex 7, page 89 of the report).
9. That the Children and Family Services Portfolio Holder be authorised to agree any necessary amendment to the DSG position in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2011/2012.
10. That the Prudential Indicators for Capital Financing be approved. (Appendix B, Annex 6 of the report).
11. That the risk assessment detailed in Appendix B, Chapter 4 of the report be noted.

Extract of the Minutes of a meeting of the **Council** held on Thursday, 19th July, 2012  
at Grand Hall, Congleton Town Hall, High Street, Congleton CW12 1BN

**PRESENT**

Councillor G M Walton (Chairman)

Councillor D Flude (Vice-Chairman)

Councillors C Andrew, Rachel Bailey, Rhoda Bailey, A Barratt, G Barton, G Baxendale, G Boston, D Brickhill, D Brown, L Brown, B Burkhill, P Butterill, R Cartlidge, J Clowes, S Corcoran, H Davenport, R Domleo, D Druce, K Edwards, P Edwards, I Faseyi, J P Findlow, W Fitzgerald, S Gardiner, L Gilbert, M Grant, P Groves, J Hammond, A Harewood, P Hayes, S Hogben, D Hough, P Hoyland, O Hunter, J Jackson, L Jeuda, M Jones, S Jones, A Kolker, W Livesley, D Mahon, D Marren, M A Martin, P Mason, S McGrory, R Menlove, G Merry, A Moran, B Moran, B Murphy, H Murray, D Newton, P Nurse, M Parsons, P Raynes, M Sherratt, B Silvester, M J Simon, L Smetham, D Stockton, C G Thorley, A Thwaite, D Topping, M J Weatherill, R West, P Whiteley, S Wilkinson and J Wray

**Apologies**

Councillors D Bebbington, W S Davies, R Fletcher, H Gaddum, M Hardy, F Keegan, J Macrae, A Martin, D Neilson, L Roberts, J Saunders and G Wait

**37 CAPITAL PROGRAMME APPROVALS - SCHEMES OVER £1M**

Consideration was given to the report of the Strategic Director of Children, Families and Adults, which sought approval for the virement of Block Grant Funding contained within the approved 2012/13 Capital Programme to specific named schemes to address demographic basic need for pupil places.

**RESOLVED**

That virements and Supplementary Capital Estimates totalling £4.3m for the following schemes be approved :-

- £1.7m to Wilmslow High School Learning Resource Centre
- £1.0m to Pebble Brook Primary School Extension
- £1.6m to Wheelock Primary School Extension

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Equality impact assessment is a legal requirement for all strategies, plans, functions, policies, procedures and services under the Equalities Act 2010. We are also legally required to publish assessments.

### Section 1: Description

Department	Children, Families & Adults		Lead officer responsible for assessment		Rob Hyde	
Service	School Organisation		Other members of team undertaking assessment		Barbara Dale	
Date	11 January 2013		Version		3	
Type of document (mark as appropriate)	Strategy	Plan √	Function	Policy √	Procedure	Service
Is this a new/existing/revision of an existing document (mark as appropriate)	New		Existing		Revision √	
<p><b>Title and subject of the impact assessment (include a brief description of the aims, outcomes, operational issues as appropriate and how it fits in with the wider aims of the organisation)</b></p> <p><b>Please attach a copy of the strategy/plan/function/policy/procedure/service</b></p>	<p>Following the Portfolio Holder's decision of 3 December to issue a statutory notice on the proposed expansion of Pebble Brook Primary from 1FE to 1.5FE a 4 week representation period commenced on 20 December 2012 and concluded on 17 January 2013.</p> <p>During that 4 week representation period no representations were received and consequently the proposed expansion of Pebble Brook is progressing to Cabinet on the 4 February 2013. Cabinet will be asked to approve to the expansion of Pebble Brook Primary School, Crewe from 210 school places to 315 with a planned implementation date of 1 September 2013.</p> <p>There are any other associated policies and procedures as set out below:-</p> <ul style="list-style-type: none"> <li>• Children and Families Department Capital Strategy 2012/2013</li> <li>• Statutory consultation has been undertaken for this proposal as the changes, if approved, will fall within the category of a significant enlargement. The additional accommodation proposed for Pebble Brook</li> </ul>					

Primary would increase the capacity by more than 30 pupils and by more than 25%.

- The Local Authority must comply with statutory requirements as set out in The Education and Inspections Act 2006 (EIA 2006) and The School Organisation (Prescribed Alterations to Maintained Schools)(England) Regulations 2007 (as amended by The School Organisation and Governance (Amendment)(England) Regulations 2007 which came into force on 21 January 2008 and The School Organisation and Governance (Amendment)(England) Regulations 2009 which came into force on 1 September 2009).
- The outcomes of consultation were summarised in a report to the Portfolio Holder for a decision on 3 December 2012. In deciding whether or not to give permission to publish proposals it is a requirement both under DfE guidance and case law that the decision maker should consider the views expressed during consultation and take into account the Equality Impact Assessment. It was therefore imperative that full details of all views submitted were made available at this decision making meeting.

The aims, objectives and outcomes of this proposed change are as follows:-

The proposal, if determined, will provide additional school places in a local primary school. In addition, this will deliver a level of operational surplus for the Local Authority, which is a level of spare capacity intended to accommodate reasonable journey times to school, some degree of parental choice, and flexibility to allow for mid-year entrants. The proposal will have a significant positive impact on the current projected shortfall in school places in Crewe and will have, at worst, a neutral impact on vulnerable and minority groups in the Community.

The Crewe Local Area Partnership (LAP) has 21 primary schools and 5 secondary schools covering the areas of Crewe, Nantwich, Sandbach, and Shavington. Currently the total primary school capacity across this area is 6992 pupil places. Forecasts using January 2012 school census data indicated that across the area

	<p>as a whole there will be a shortfall of 416 pupil places by 2017.</p> <p>The 14 primary schools located in the Crewe town area of this Local Area Partnership, which includes Pebble Brook Primary currently provide 4936 pupil places increasing to 5185 from September 2013. It is in this area where demand for places has increased significantly producing a forecast shortfall of 156 pupil places by 2017.</p> <p>Pebble Brook Primary is a popular and successful school and forecasts informed by January 2012 school census data indicate that based on current intake patterns this school will have insufficient capacity to meet demand and is therefore proposed for expansion.</p> <p>In making this recommendation the Local Authority has given consideration to a number of issues including the number of pupils in each school's catchment area, the number of first preferences received for each school, the current size of the school together with the school sites and those suitable for expansion and the likely costs of extension. Suitable schools also needed to be central to the area of Crewe where the extra places are required.</p>
<b>Who are the main stakeholders?</b> (eg general public, employees, Councillors, partners, specific audiences)	<ul style="list-style-type: none"> <li>• Children and their parents and carers</li> <li>• Headteachers in schools in Crewe</li> </ul>

## Section 2: Initial screening

<b>Who is affected?</b> (This may or may not include the stakeholders listed above)	Children and Young People Parents / Carers Schools
<b>Who is intended to benefit and how?</b>	Young Children and their parents in the Crewe Town area

# EQUALITY IMPACT ASSESSMENT FORM

## Annex 3



<b>Could there be a different impact or outcome for some groups?</b>			This proposal will have a marginal positive impact for members of the local community.								
<b>Does it include making decisions based on individual characteristics, needs or circumstances?</b>			Any decision on the proposal will not be based on any individual characteristics, needs or circumstances								
<b>Are relations between different groups or communities likely to be affected? (eg will it favour one particular group or deny opportunities for others?)</b>			None								
<b>Is there any specific targeted action to promote equality? Is there a history of unequal outcomes (do you have enough evidence to prove otherwise)?</b>			None								
<b>Is there an actual or potential negative impact on these specific characteristics? (Please tick)</b>											
<b>Age</b>	<b>Y</b>	<b>N</b>	<b>Marriage &amp; civil partnership</b>	<b>Y</b>	<b>N</b>	<b>Religion &amp; belief</b>	<b>Y</b>	<b>N</b>	<b>Carers</b>	<b>Y</b>	<b>N</b>
		✓			✓			✓			✓
<b>Disability</b>	<b>Y</b>	<b>N</b>	<b>Pregnancy &amp; maternity</b>	<b>Y</b>	<b>N</b>	<b>Sex</b>	<b>Y</b>	<b>N</b>	<b>Socio-economic status</b>	<b>Y</b>	<b>N</b>
		✓			✓			✓			✓
<b>Gender reassignment</b>	<b>Y</b>	<b>N</b>	<b>Race</b>	<b>Y</b>	<b>N</b>	<b>Sexual orientation</b>	<b>Y</b>	<b>N</b>			
		✓			✓			✓			
<b>What evidence do you have to support your findings? (quantitative and qualitative) Please provide additional information that you wish to include as appendices to this document, i.e., graphs, tables, charts</b>										<b>Consultation/involvement carried out</b>	

		Yes	No
<b>Age</b>	This will positively impact on the number of school places for young people at Primary school age in the Crewe area.		
<b>Disability</b>	The proposal will have a marginally positive impact on young people and parents with a disability because the provision of additional places will overall provide sufficient places closer to peoples place of residence. The proposal will also offer greater parental choice for those families with wider caring responsibilities for household members with a disability.		
<b>Gender reassignment</b>	As the Admission Authority are bound by the Admissions Code and Regulations and this does not allow for any discrimination in this respect.  However, given the very young age of the pupils it is unlikely that any issues will arise in relation to these protected characteristics.		
<b>Marriage &amp; civil partnership</b>	The Admission Authority is bound by the Admissions Code and Regulations and this does not allow for any discrimination in this respect.  As a foundation School the Governing Body are the Admission Authority Admissions to the school are made following the Governing Bodies admission arrangements and over subscription criteria. All applications are considered against by the Governing Body against their over subscription criteria on a equal basis without reference to the marital status of the parent/carer.		
<b>Pregnancy &amp; maternity</b>	As a foundation School the Governing Body are the Admission Authority Admissions to the school are made following the Governing Bodies admission arrangements and over subscription criteria. All applications are considered against by the Governing Body against their over subscription criteria on a equal basis without reference to the status of the parent/carer.		

<b>Race</b>	<p>The Admission Authority are bound by the Admissions Code and Regulations and this does not allow for any discrimination in this respect.</p> <p>Race is recorded as the following from Pebble Brook school:</p> <ul style="list-style-type: none"> <li>• 87% White</li> <li>• 3% Mixed/Dual Background</li> <li>• 3% Asian or Asian British</li> <li>• 3% Black or Black British</li> <li>• 4% Other Groups or Not recorded</li> </ul> <p>Across all schools in Crewe the following data is recorded:</p> <ul style="list-style-type: none"> <li>• 92% White</li> <li>• 3% Mixed/Dual Background</li> <li>• 2% Asian or Asian British</li> <li>• 1% Black or Black British</li> <li>• 2% Other Groups or Not recorded</li> </ul>		
<b>Religion &amp; belief</b>	<p>Pebble Brook Primary School is a Foundation school and the Governing Body is the Admission Authority. All applications are considered against the admission arrangements and over subscription criteria as determined by the Governing Body. The over subscription criteria make no reference to religion or belief and all applications are considered on an equal basis irrespective of religious belief.</p>		
<b>Sex</b>	<p>The Admission Authority is bound by the Admissions Code and Regulations and this does not allow for any discrimination in this respect. There is an equal gender balance. Girls represent 53% of the Pebble Brook pupils with boys 47%. This represents a similar school population demographic across all Crewe schools with 51% male and 49% female.</p>		
<b>Sexual orientation</b>	<p>The Admission Authority is bound by the Admissions Code and Regulations</p>		

EQUALITY IMPACT ASSESSMENT FORM

Annex 3



	and this does not allow for any discrimination in this respect. However, given the very young age of the pupils it is unlikely that any issues will arise in relation to these protected characteristics		
<b>Carers</b>	The proposal will have a marginally positive impact on persons with dependents and will offer greater parental choice for those families with wider caring responsibilities		
<b>Socio-economic status</b>	It is considered that the proposal will have a positive impact on those children/young people included in this group because 33% of pupils within Pebble Brook (Reception to Year 6) are eligible for free school meals. Across all of the Crewe primary schools 17% are eligible.		
<b>Proceed to full impact assessment? (Please tick)</b>	<b>Yes</b>	<b>No</b> <input checked="" type="checkbox"/>	<b>Date</b> 30.11.2012

If yes, please proceed to Section 3. If no, please publish the initial screening as part of the suite of documents relating to this issue

## Section 3: Identifying impacts and evidence

This section identifies if there are impacts on equality, diversity and cohesion, what evidence there is to support the conclusion and what further action is needed

Protected characteristics	Is the policy (function etc....) likely to have an adverse impact on any of the groups?  Please include evidence (qualitative & quantitative) and consultations	Are there any positive impacts of the policy (function etc....) on any of the groups?  Please include evidence (qualitative & quantitative) and consultations	Please rate the impact taking into account any measures already in place to reduce the impacts identified <b>High:</b> Significant potential impact; history of complaints; no mitigating measures in place; need for consultation <b>Medium:</b> Some potential impact; some mitigating measures in place, lack of evidence to show effectiveness of measures <b>Low:</b> Little/no identified impacts; heavily legislation-led; limited public facing aspect	Further action (only an outline needs to be included here. A full action plan can be included at Section 4)
Age				
Disability				
Gender reassignment				
Marriage & civil partnership				

# **EQUALITY IMPACT ASSESSMENT FORM**

## **Annex 3**



<b>Pregnancy and maternity</b>				
<b>Race</b>				
<b>Religion &amp; belief</b>				
<b>Sex</b>				
<b>Sexual orientation</b>				
<b>Carers</b>				
<b>Socio-economics</b>				
<b>Is this project due to be carried out wholly or partly by contractors? If yes, please indicate how you have ensured that the partner organisation complies with equality legislation (e.g. tendering, awards process, contract, monitoring and performance measures)</b>				

## Section 4: Review and conclusion

Summary: provide a brief overview including impact, changes, improvement, any gaps in evidence and additional data that is needed			
Specific actions to be taken to reduce, justify or remove any adverse impacts	How will this be monitored?	Officer responsible	Target date
Religion & Belief	<p>Feedback from consultees during the formal consultation period was low with the Local Authority only receiving 8 responses, of these, 6 indicated support for the expansion and 1 indicated “no objection” and 1 did not support the expansion.</p> <p>The main comments received during consultation were in relation to the need to review the current capacity at the Catholic primary school serving this area in response to changing demographics in the town and increasing demand for faith education. In response officers met with the local catholic school and representatives of the Diocese and further analysis is already underway to address the significant increase in demand for primary school places in the Crewe area and included in this analysis is the need to ensure that there are sufficient places for families seeking a faith education to ensure diversity of provision in response to local demand.</p>	Barbara Dale	Sep 2013

Please provide details and link to full action plan for actions			
When will this assessment be reviewed?			
Are there any additional assessments that need to be undertaken in relation to this assessment?			
Lead officer signoff		Date	
Head of service signoff		Date	

Please publish this completed EIA form on your website

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### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

The information presented below is intended to assist Members in their decision-making on the proposal to expand Pebble Brook Primary School from 210 to 315 school places. Please refer to the DfE 'Extract of Decision Makers' Guidance' (**Annex 5**)

#### 1 EFFECT ON STANDARDS AND SCHOOL IMPROVEMENT

DfE Guidance	Extracted Paragraph/s	Current Position	Impact of Expansion
<b>A System Shaped by Parents</b> The Government's aim as set out in the Five Year Strategy for Education and Learners and the schools White Paper Higher Standards, Better Schools for All, is to create a school system shaped by parents which delivers excellence and equity. In particular the Government wishes to see a dynamic system in which weak schools that need to be closed are closed quickly and replaced by new ones where necessary; and the best schools are able to expand and spread their ethos and success.	4.17	Last Ofsted Inspection was May 2010 when the school was categorised as Good	
The EIA 2006 amends the Education Act 1996 to place duties on LAs to secure diversity in the provision of schools and to increase opportunities for parental choice when planning the provision of schools in their areas.  In addition, LAs are under a specific duty to respond to representations from parents about the provision of schools, including	4.18	The Crewe Local Area Partnership (LAP) has 21 primary schools and 5 secondary schools covering the areas of Crewe, Nantwich, Sandbach, and Shavington. Currently the total primary school capacity across this area is 6992 pupil places.  The 14 primary schools located in the Crewe town area of this Local Area	This proposal was identified to address a Basic Need in Crewe. This is in order to ensure that the Authority meets its statutory duty to provide sufficient school places for its residents in this area of the Borough.  Crewe is under pressure in the lower aged year groups and therefore primary

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

<p>requests to establish new schools or make changes to existing schools. The Government's aim is to secure a more diverse and dynamic schools system which is shaped by parents.</p> <p>The Decision Maker should take into account the extent to which the proposals are consistent with the new duties on LAs.</p>		<p>Partnership, which includes Pebble Brook Primary, currently provide 4936 pupil places increasing to 5185 from September 2013.</p> <p>It is in this area where demand for places has increased significantly. Forecasts using January 2012 school census data indicated that across the area as a whole there will be a shortfall of 416 pupil places by 2017.</p> <p>Additionally the pupil census taken in October 2012, indicates that there are currently 4809 pupils attending the 14 town schools providing an overall surplus of just over 2.6%. However, much of this surplus is in the upper year groups and concentrated in a small number of schools, whilst the overall surplus in the Key Stage 1 year groups is at -3.9%.</p> <p>Live Birth data for the period 2004 to 2010 indicates that the overall birth rate for Cheshire East is just over 6% which is below the national average of 13% . However the number of live births vary from one area of the authority to another with Crewe and Nantwich seeing an increase of 14% between the</p>	<p>schools with the potential to expand have been identified to provide the much needed additional capacity.</p> <p>The proposal, if determined, will provide additional school places in a local primary school. In addition, this will deliver a level of operational surplus for the Local Authority, which is a level of spare capacity intended to accommodate reasonable journey times to school, some degree of parental choice, and flexibility to allow for mid-year entrants. The proposal will have a significant positive impact on the current projected shortfall in school places in Crewe</p>
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**Additional Information for Members – Factors to be Considered by Decision Makers**

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

		same period.	
Decision Makers should be satisfied that proposals for a school expansion will contribute to raising local standards of provision, and will lead to improved attainment for children and young people. Decision-makers should pay particular attention to the effects on groups that tend to under-perform including children from certain ethnic groups, children from deprived backgrounds and children in care, with the aim of narrowing attainment gaps.	4.20	See paragraph 4.17 – 4.18 above	See paragraph 4.17 – 4.18 above
<b>Diversity –</b> The Government's aim is to transform our school system so that every child receives an excellent education – whatever their background and wherever they live. A vital part of the Government's vision is to create a more diverse school system offering excellence and choice, where each school has a strong ethos and sense of mission and acts as a centre of excellence or specialist provision.	4.22	See paragraph 4.17 – 4.18 above	See paragraph 4.17 – 4.18 above
Decision Makers should consider how proposals will impact on local diversity. They should consider the range of schools in the relevant area of the LA and whether	4.23	Of the 14 primary schools in the Crewe Town consisting 12 are Community Schools offering a total of school places 4166, 1 Voluntary Aided offering 560	The proposal would increase the total number of available school places in a Foundation school by 105 and therefore increasing the opportunity for parental

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

the expansion of the school will meet the aspirations of parents, help raise local standards and narrow attainment gaps.		school places and Pebble Brook is Foundation currently offering 210 places.	preference to be met.
<p><b>Every Child Matters –</b> The Decision Maker should consider how proposals will help every child and young person achieve their potential in accordance with "Every Child Matters" principles which are: to be healthy; stay safe; enjoy and achieve; make a positive contribution to the community and society; and achieve economic well-being. This should include considering how the school will provide a wide range of extended services, opportunities for personal development, access to academic and applied learning training, measures to address barriers to participation and support for children and young people with particular needs, e.g. looked after children or children with special educational needs (SEN) and disabilities.</p>	4.24	<p>The school does not Nursery but there is a Children's centre on site which offers facilities from babies to Pre school aged children.</p> <p>The school operates a before and after child care facilities between the hours of 8.00 – 8.55 am and 3.15-6.00 pm. In addition they provide a number of after school clubs. The number and type of extra curriculum activities on offer include Knitting, Crafts Dance, and Sports which are operated by an external provider.</p> <p><b>SEN –</b> Pebble Brook Primary School is a fully inclusive mainstream primary school with 217 children on roll, no school places are specifically reserved for pupils with special educational needs or disabilities. Currently the school has 3 statemented children and 44 children at school action plus on roll which is equivalent to an overall of 21.6% which</p>	<p>The before and after school child care facilities and the after school clubs will continue should the proposed expansion go ahead.</p> <p>If the proposal to expand the school is approved, the increased capacity will deliver additional places for all children, including those with special educational needs and thereby the impact of the proposal will have a positive impact on parents and carers seeking places for their children.</p>

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

		is above the Cheshire East average of 15% and the national average of 20%	
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### SCHOOL CHARACTERISTICS

Guidance	Paragraph/s	Current Position	Impact of Expansion
<b>Equal Opportunity Issues –</b> The Decision Maker should consider whether there are any sex, race or disability discrimination issues that arise from the changes being proposed, for example that where there is a proposed change to single sex provision in an area, there is equal access to single sex provision for the other sex to meet parental demand. Similarly there needs to be a commitment to provide access to a range of opportunities which reflect the ethnic and cultural mix of the area, while ensuring that such opportunities are open to all.	4.27	<p>The local authority is bound by the Admissions Code and regulations and this does not allow for any discrimination in respect of sex, race or disability.</p> <p>Pebble Brook currently has a typical racial make -up which compares to the racial make-up across all Crewe wards.</p> <p><b>Pebble Brook Primary</b></p> <ul style="list-style-type: none"> <li>• 87% White</li> <li>• 3% Mixed/Dual Background</li> <li>• 3% Asian or Asian British</li> <li>• 3% Black or Black British</li> <li>• 4% Other Groups or Not recorded</li> </ul> <p><b>All Crewe Wards</b></p> <ul style="list-style-type: none"> <li>• 92% White</li> <li>• 3% Mixed/Dual Background</li> <li>• 2% Asian or Asian British</li> <li>• 1% Black or Black British</li> </ul>	<p>The racial make-up of the school is not expected to be impacted upon by the proposed expansion and it is expected that the overall impact will be neutral.</p> <p>The proposed expansion will have a marginally positive impact on young people and parents with a disability because the provision of additional places will overall provide sufficient places closer to peoples places of residence. The proposal will also offer greater parental choice for those families with wider caring responsibilities for household members with a disability.</p>

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

		<ul style="list-style-type: none"> <li>2% Other Groups or Not recorded</li> </ul>	
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### 3 NEED FOR PLACES

Guidance	Paragraphs	Current Position	Impact of Expansion
<b>Creating Additional Places –</b> The Decision Maker should consider whether there is a need for the expansion and should consider the evidence presented for the expansion such as planned housing development or demand for provision. The Decision Maker should take into account not only the existence of spare capacity in neighbouring schools, but also the quality and popularity with parents of the schools in which spare capacity exists and evidence of parents' aspirations for places in the school proposed for expansion. The existence of surplus places in the neighbouring less popular or successful schools should not in itself prevent the addition of new places.	4.28	<p>The Crewe Local Area Partnership (LAP) has 21 primary schools and 5 secondary schools covering the areas of Crewe, Nantwich, Sandbach, and Shavington. Currently the total primary school capacity across this area is 6992 pupil places.</p> <p>The 14 primary schools located in the Crewe town area of this Local Area Partnership, which includes Pebble Brook Primary, currently provide 4936 pupil places increasing to 5185 from September 2013 due to the expansion measures already implemented by the Local Authority.</p> <p>The 14 Crewe town primary schools currently provide a total of 708 reception places. However, for Reception 2012 pupils the Authority faced a shortfall. The Pupil Census undertaken in October 2012 has shown</p>	<p>This scheme was identified to address a Basic Need for school places in the Crewe area.</p> <p>The proposed expansion is intended to contribute to much needed additional capacity in an area of the Borough and ensure that the Authority meets its statutory duty to provide sufficient school places in this area.</p> <p>High demand for places requires further measures; not only to ensure that there are sufficient places for local children to attend local schools within a reasonable distance, but also to ensure the Local Authority can build in operational surplus, which is a level of spare capacity intended to accommodate reasonable journey times to school, some degree of parental choice, and flexibility to allow for mid-year entrants.</p>

**Additional Information for Members – Factors to be Considered by Decision Makers**

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

		<p>that across the 14 primary schools there are currently 773 pupils in Reception and 10 of the 14 schools have admitted above their published admission number (PAN) to accommodate these additional pupils.</p> <p>During the academic year 2011-2012, the Local Authority agreed the expansion of Oakefield Primary and Nursery School from 315 to 420 pupil places with effect from September 2013 thus providing an additional 105 pupil places for the Crewe area. Other changes introduced for Crewe included increased intakes to Beechwood Primary from 280 places to 315 (additional 35 pupil places); Monks Coppenhall from 360 places to 420 (additional 60 pupil places) and Brierley Primary from 161 places to 210 (additional 49 pupil places) with a total additional capacity agreed for this area of 249 pupil places.</p> <p>However, forecasts using January 2012 school census data indicated that across the area as a whole there would be a continuing shortfall of places resulting in a shortfall of 416 school places by 2017. The additional numbers</p>	<p>The remaining shortfall across these 14 primary schools based on current intake patterns has informed the decision to propose the expansion of Pebble Brook Primary to provide further accommodation in this area of the Crewe Local Area Partnership to meet this increasing demand due to population changes.</p> <p>It is important to note that any additional housing in this area will add further pressure on school places. Where additional capacity is required due to increased pupil populations arising out of new housing developments, capital contributions will be sought from developers during the planning application process.</p>
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**Additional Information for Members – Factors to be Considered by Decision Makers**

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

		<p>on roll and in particular the increased numbers on roll in the lower year groups will have negative impact on current forecasts and the increase the expected shortfall</p> <p>The Pebble Brook proposal is a further expansion proposed for this area increase the number of reception class places by 15, and delivering an overall capacity (all year groups) of 105 places to address basic need for this area.</p> <p>Work is ongoing to identify further expansion opportunity.</p>	
<p><b>Expansion of Successful and Popular Schools-</b></p> <p>The Government is committed to ensuring that every parent can choose an excellent school for their child. They have made clear that the wishes of parents should be taken into account in planning and managing school places. Places should be allocated where parents want them, and as such, it should be easier for successful and popular schools to grow to meet parental demand</p> <p>For the purposes of the guidance the Secretary of State does not propose any</p>	4.31	<p>The school is popular and successful and categorised as Good by Ofsted.</p> <p>For the last 4 years applications have exceeded the 30 place available in the reception class. For 2011 the Local Authority in agreement with the school admitted 40 pupils to meet the demand from families resident in the school's catchment area; for 2012 45 pupils were admitted on the same basis. Given the increasing live births in the Crewe area this is expected to continue to rise in future years.</p>	

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

single definition of a successful and popular school. It is for the Decision Maker to decide whether a school is successful and popular, however, the following indicators should be taken into account. 1. The schools performance 2. The number of applications for places.			
Before approving proposals the Decision Maker <b>should</b> confirm that the admission arrangements of schools proposed for expansion fully meet the provisions of the School Admissions Code. Although the Decision Maker may not modify proposed admission arrangements, the proposer <b>should</b> be informed that proposals with unsatisfactory admission arrangements are unlikely to be approved, and given the opportunity to revise them in line with the Code of Practice. Where the LA, rather than the governing body, is the admissions authority, we will expect the authority to take action to bring the admission arrangements in to line with the School Admissions Code.	4.34	<p>Pebble Brook Primary School is a Foundation School and the Governing Body is the Admission Authority.</p> <p>For September 2013 admissions the school are following the same Admission Arrangements and over subscription criteria as Cheshire East Council community and voluntary controlled schools. is the admissions authority.</p>	N/A

## 4 IMPACT ON THE COMMUNITY AND TRAVEL

Guidance	Paragraph/s	Current Position	Impact of Expansion
<b>Travel and Accessibility for All -</b>	4.35	In making this recommendation the	Parents and carers wishing to access

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

<p>In considering proposals for the reorganisation of schools, Decision makers should satisfy themselves that accessibility planning has been properly taken into account. Facilities are to be accessible by those concerned, by being located close to those who will use them and the proposed changes should not adversely impact on disadvantaged groups.</p>		<p>authority has given consideration to a number of issues including the number of pupils in each school's catchment area.</p> <p>The additional capacity is required in the central area of Crewe to accommodate the increased demand for school places</p>	<p>local provision will have greater opportunity to secure places at a nearby school and therefore within a reasonable distance if the proposed increase in capacity is agreed. As an example, the number of pupils due to be admitted into the reception class for 2013 who are resident in the area normally served by Pebble Brook is currently 94 compared with an admission number of 30 places. Additional capacity would therefore provide for more places in future years.</p> <p>A map of the local area, which shows the primary schools in this vicinity. Attached as <b>Annex 6</b></p>
<p>In deciding statutory proposals, the Decision Maker should bear in mind that proposals should not have the effect of unreasonably extending journey times or increasing transport costs, or result in too many children being prevented from travelling sustainably due to unsuitable routes e.g. for walking, cycling etc. The EIA 2006 provides extended free transport rights for low income groups – see Home to School Travel and Transport Guidance ref 00373 2007BKT-EN at <a href="http://www.teachernet.gov.uk/publications">www.teachernet.gov.uk/publications</a>.</p>	4.36	See paragraph 4.35 above	<p>If additional capacity is not created in the central area of Crewe this could mean that children are travelling across town to access the limited number of places available.</p>

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

Proposals should also be considered on the basis of how they will support and contribute to the LA's duty to promote the use of sustainable travel and transport to school			
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## 5 FUNDING AND LAND

Guidance	Paragraph/s	Current Position	Impact of Expansion
<b>Capital –</b> The Decision maker should be satisfied that any land, premises or capital required to implement the proposals will be available. Normally, this will be some form of written confirmation from the source of funding on which the promoters rely (e.g. the LA, DCSF, or LSC). In the case of an LA, this should be from an authorised person within the LA, and provide detailed information on the funding, provision of land and premises.	4.57	The building work would be funded from the Council's 2012/2013 Capital Programme for Basic Need. The Capital investment required is estimated at £1,105,000.  Funding for the proposed scheme was approved as part of a block budget formally approved at Council on 23 February 2012.  A virement and supplementary capital estimate (for the proposed permanent extension) was subsequently approved by Council on 19 <sup>th</sup> July 2012.	N/A
<b>School Playing Fields-</b> The Education (School Premises) Regulations 1999 set out the standards for school premises, including minimum areas of team game playing fields to which schools should have access. The Decision Maker will need to be satisfied	4.65	The school was established in 1988 following the amalgamation of Bedford Street Infants and Pebble Brook Junior School. Originally developed to accommodate a one and a half form of entry primary school with 315 pupil places, following a decline in the need	The site remains sufficient to expand to accommodate 315 pupil places retaining adequate playground and playing field provision.

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

that either the premises will meet minimum requirements of The Education (School Premises) Regulations 1999; or if the premises do not meet those requirements, the proposers have secured the Secretary of State's agreement in principle to grant a relaxation		for places in the area the school was reduced to a one form entry school with 210 school places and a Children's Centre was established on site.	
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## 6 OTHER ISSUES

Guidance	Paragraph/s	Current Position	Impact of Expansion
<b>Views of interested parties –</b> The Decision Maker <b>should</b> consider the views of all those affected by the proposals or who have an interest in them including: pupils; families of pupils; staff; other schools and colleges; local residents; diocesan bodies and other providers; LAs; the LSC (where proposals affect 14-19 provision) and the Early Years Development and Childcare Partnership if one exists, or any local partnership or group that exists in place of an EYDCP (where proposals affect early years and/or childcare provision). This includes statutory objections and comments submitted during the representation period. The Decision Maker <b>should not</b> simply take account of the numbers of people expressing a particular view when considering representations	4.73	<p>A formal consultation process was implemented by the authority between 22 October 2012 and 23 November 2012. Full details of the feedback received during the consultation are attached as <b>Appendix 4</b></p> <p>The outcome of the consultation was presented to the Cabinet Member for responsibility for Children and Families Service on 3 December 2012 whereupon a decision was taken to issue a statutory public notice attached as <b>Annex 1</b></p> <p>The 4 week representation period commenced on 20 December 2012 and concluded on 17 January 2013. At the time of writing this report no</p>	<p>The main comments received during consultation were in relation to the need to review the current capacity at the Catholic primary school serving this area in response to changing demographics in the town and increasing demand for faith education. Cabinet Members are advised that further analysis is already underway to address the significant increase in demand for primary school places in the Crewe area and included in this analysis is the need to ensure that there are sufficient places for families seeking a faith education to ensure diversity of provision in response to local demand.</p>

### Additional Information for Members – Factors to be Considered by Decision Makers

Using relevant extracts from Department for Education (DfE) Statutory Guidance - 'Expanding a Maintained Mainstream School'

made on proposals. Instead the Decision Maker <b>should</b> give the greatest weight to representations from those stakeholders likely to be most directly affected by the proposals.		representations had been received but it should be noted that the closing date had not yet passed. If any representations are received they will be reported orally at the meeting and a further annex will be added if necessary.	
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department for  
**children, schools and families**

Extract of

Decision Makers' Guidance for:

Expanding a Maintained  
Mainstream School by Enlargement  
or Adding a Sixth Form

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Last updated 25 January 2010

## EXPANDING A MAINTAINED MAINSTREAM SCHOOL BY ENLARGING OR ADDING A SIXTH FORM - A GUIDE FOR LOCAL AUTHORITIES AND GOVERNING BODIES

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This guidance is extracted, for ease of reference by decision makers, from the full version of the “Expanding a Maintained Mainstream School by Enlarging or Adding a Sixth Form” guide - [www.dcsf.gov.uk/schoolorg/guidance.cfm?id=5](http://www.dcsf.gov.uk/schoolorg/guidance.cfm?id=5). The statutory guidance sections are indicated by shading, the word **must** in bold refers to a requirement in legislation, whilst the word **should** in bold is a recommendation.

**Stage 4****Decision Makers’ Guidance on Expanding a Maintained Mainstream School by Enlarging or Adding a Sixth Form (Paragraphs 4.1-4.80)****Who Will Decide the Proposals? (Paragraphs 4.1-4.4)**

4.1 Decisions on school organisation proposals are taken by the LA or by the schools adjudicator. In this chapter both are covered by the form of words “Decision Maker” which applies equally to both.

4.2 Section 21 of the EIA 2006 provides for regulations to set out who **must** decide proposals for any prescribed alterations (i.e. including expansions). The School Organisation (Prescribed Alterations to Maintained Schools)(England) Regulations 2007 (SI:2007 No. 1289) (as amended) make detailed provision for the consideration of prescribed alteration proposals (see in particular Schedules 3 and 5). Decisions on expansions will be taken by the LA with some rights of appeal to the schools adjudicator. Only if the prescribed alteration proposals are “related” to other proposals that fall to be decided by the schools adjudicator, will the LA not be the decision maker in the first instance.

4.3 If the LA fail to decide proposals within 2 months of the end of the representation period the LA **must** forward proposals, and any received representations (i.e. not withdrawn in writing), to the schools adjudicator for decision. They **must** forward the proposals within one week from the end of the 2 month period.

4.4 The Department does not prescribe the process by which an LA carries out their decision-making function (e.g. full Cabinet or delegation to Cabinet member or officials). This is a matter for the LA to determine but the requirement to have regard to statutory guidance (see paragraph 4.15 below) applies equally to the body or individual that takes the decision.

**Who Can Appeal Against an LA Decision? (Paragraphs 4.5-4.6)**

4.5 The following bodies may appeal against an LA decision on school expansion proposals:

- the local Church of England diocese;

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- the bishop of the local Roman Catholic diocese;
- the LSC where the school provides education for pupils aged 14 and over;
- the governing body of a community school that is proposed for expansion; and
- the governors and trustees of a foundation (including Trust) or voluntary school that is proposed for expansion.

4.6 Any appeals **must** be submitted to the LA within 4 weeks of the notification of the LA's decision. On receipt of an appeal the LA **must** then send the proposals, and the representations received (together with any comments made on these representations by the proposers), to the schools adjudicator within 1 week of the receipt of the appeal. The LA **should** also send a copy of the minutes of the LA's meeting or other record of the decision and any relevant papers. Where the proposals are "related" to other proposals, all the "related" proposals **must** also be sent to the schools adjudicator.

### Checks on Receipt of Statutory Proposals (Paragraph 4.7)

4.7 There are 4 key issues which the Decision Maker **should** consider before judging the respective factors and merits of the statutory proposals:

- Is any information missing? If so, the Decision Maker **should** write immediately to the proposer specifying a date by which the information **should** be provided;
- Does the published notice comply with statutory requirements? (see paragraph 4.8 below);
- Has the statutory consultation been carried out prior to the publication of the notice? (see paragraph 4.9 below);
- Are the proposals "related" to other published proposals? (see paragraphs 4.10 to 4.14 below).

### Does the Published Notice Comply with Statutory Requirements? (Paragraph 4.8)

4.8 The Decision Maker **should** consider whether the notice is valid as soon as a copy is received. Where a published notice does not comply with statutory requirements - as set out in The School Organisation (Prescribed Alterations)(England) Regulations 2007 (SI:2007 - 1289) (as amended) - it may be judged invalid and the Decision Maker **should** consider whether they can decide the proposals.

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**Has the Statutory Consultation Been Carried Out Prior to the Publication of the Notice?** (Paragraph 4.9)

4.9 Details of the consultation **must** be included in the proposals. The Decision Maker **should** be satisfied that the consultation meets statutory requirements (see Stage 1 paragraphs [1.2](#)–1.5). If some parties submit objections on the basis that consultation was not adequate, the Decision Maker may wish to take legal advice on the points raised. If the requirements have not been met, the Decision Maker may judge the proposals to be invalid and needs to consider whether they can decide the proposals. Alternatively the Decision Maker may take into account the sufficiency and quality of the consultation as part of their overall judgement of the proposals as a whole.

**Are the Proposals Related to Other Published Proposals?** (Paragraphs 4.10-4.14)

4.10 Paragraph 35 of Schedule 3, and Paragraph 35 of Schedule 5, to The School Organisation (Prescribed Alterations to Maintained Schools)(England) Regulations 2007 (as amended) provides that any proposals that are “related” to particular proposals (e.g. for a new school; school closure; prescribed alterations to existing schools i.e. change of age range, acquisition of a Trust, addition of boarding, etc; or proposals by the LSC to deal with inadequate 16-19 provision) **must** be considered together. This does not include proposals that fall outside of School Organisation Prescribed Alteration or Establishment and Discontinuance regulations e.g. removal of a Trust, opening of an Academy, federation proposals. Paragraphs 4.11-4.14 provide statutory guidance on whether proposals **should** be regarded as “related”.

4.11 Generally, proposals **should** be regarded as “related” if they are included on the same notice (unless the notice makes it clear that the proposals are not “related”). Proposals **should** be regarded as “related” if the notice makes a reference to a link to other proposals (published under School Organisation and Trust regulations). If the statutory notices do not confirm a link, but it is clear that a decision on one of the proposals would be likely to directly affect the outcome or consideration of the other, the proposals **should** be regarded as “related”.

4.12 Where proposals are “related”, the decisions **should** be compatible e.g. if one set of proposals is for the removal of provision, and another is for the establishment or enlargement of provision for displaced pupils, both **should** be approved or rejected.

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4.13 Where proposals for an expansion of a school are “related” to proposals published by the local LSC<sup>1</sup> which are to be decided by the Secretary of State, the Decision Maker **must** defer taking a decision until the Secretary of State has taken a decision on the LSC proposals. This applies where the proposals before the Decision Maker concern:

- the school that is the subject of the LSC proposals;
- any other secondary school, maintained by the same LA that maintains a school that is the subject of the LSC proposals; or
- any other secondary school in the same LA area as any FE college which is the subject of the LSC proposals.

4.14 The proposals will be regarded as “related” if their implementation would prevent or undermine effective implementation of the LSC proposals.

**Statutory Guidance – Factors to be Considered by Decision Makers**  
(Paragraphs 4.15-4.16)

4.15 Regulation 8 of The Regulations provides that both the LA and schools adjudicator **must** have regard to guidance issued by the Secretary of State when they take a decision on proposals. Paragraphs 4.17 to 4.73 below contain the statutory guidance.

4.16 The following factors **should not** be taken to be exhaustive. Their importance will vary, depending on the type and circumstances of the proposals. All proposals **should** be considered on their individual merits.

**EFFECT ON STANDARDS AND SCHOOL IMPROVEMENT**

**A System Shaped by Parents** (Paragraphs 4.17-4.18)

4.17 The Government's aim, as set out in the Five Year Strategy for Education and Learners and the Schools White Paper Higher Standards, Better Schools For All, is to create a schools system shaped by parents which delivers excellence and equity. In particular, the Government wishes to see a dynamic system in which:

- weak schools that need to be closed are closed quickly and replaced by new ones where necessary; and

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<sup>1</sup> References throughout this document to the LSC only apply up to April 2010. The Apprenticeships, Skills, Children and Learning Act (ASCL) Act 2009 will transfer the responsibilities of the LSC in respect of 16-19 education and training to LAs, supported by the Young People's Learning Agency. This guidance will be revised by April 2010 to take account of these changes.

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- the best schools are able to expand and spread their ethos and success.

4.18 The EIA 2006 amends the Education Act 1996 to place duties on LAs to secure diversity in the provision of schools and to increase opportunities for parental choice when planning the provision of schools in their areas. In addition, LAs are under a specific duty to respond to representations from parents about the provision of schools, including requests to establish new schools or make changes to existing schools. The Government's aim is to secure a more diverse and dynamic schools system which is shaped by parents. The Decision Maker **should** take into account the extent to which the proposals are consistent with the new duties on LAs.

#### **Standards** (Paragraphs 4.19-4.20)

4.19 The Government wishes to encourage changes to local school provision which will boost standards and opportunities for young people, whilst matching school place supply as closely as possible to pupils' and parents' needs and wishes.

4.20 Decision Makers **should** be satisfied that proposals for a school expansion will contribute to raising local standards of provision, and will lead to improved attainment for children and young people. They **should** pay particular attention to the effects on groups that tend to under-perform including children from certain ethnic groups, children from deprived backgrounds and children in care, with the aim of narrowing attainment gaps.

#### **Diversity** (Paragraphs 4.21-4.23)

4.21 Decision Makers **should** be satisfied that when proposals lead to children (who attend provision recognised by the LA as being reserved for pupils with special educational needs) being displaced, any alternative provision will meet the statutory SEN improvement test (see paragraphs 4.69-4.72).

4.22 The Government's aim is to transform our school system so that every child receives an excellent education – whatever their background and wherever they live. A vital part of the Government's vision is to create a more diverse school system offering excellence and choice, where each school has a strong ethos and sense of mission and acts as a centre of excellence or specialist provision.

4.23 Decision Makers **should** consider how proposals will contribute to local diversity. They **should** consider the range of schools in the relevant area of the LA and whether the expansion of the school will meet the aspirations of parents, help raise local standards and narrow attainment gaps.

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**Every Child Matters** (Paragraph 4.24)

4.24 The Decision Maker **should** consider how proposals will help every child and young person achieve their potential in accordance with “Every Child Matters” principles which are: to be healthy; stay safe; enjoy and achieve; make a positive contribution to the community and society; and achieve economic well-being. This **should** include considering how the school will provide a wide range of extended services, opportunities for personal development, access to academic and applied learning training, measures to address barriers to participation and support for children and young people with particular needs, e.g. looked after children or children with special educational needs (SEN) and disabilities.

**SCHOOL CHARACTERISTICS****Boarding Provision** (Paragraphs 4.25-4.26)

4.25 In making a decision on proposals that include the expansion of boarding provision, the Decision Maker **should** consider whether or not there would be a detrimental effect on the sustainability of boarding at another state maintained boarding school within one hour’s travelling distance of the proposed school.

4.26 In making a decision on proposals for expansion of boarding places the Decision Maker **should** consider:-

- a. the extent to which boarding places are over subscribed at the school and any state maintained boarding school within an hour’s travelling distance of the school at which the expansion is proposed;
- b. the extent to which the accommodation at the school can provide additional boarding places;
- c. any recommendations made in the previous CSCI/Ofsted reports which would suggest that existing boarding provision in the school failed significantly to meet the National Minimum Standards for Boarding Schools;
- d. the extent to which the school has made appropriate provision to admit other categories of pupils other than those for which it currently caters (e.g. taking pupils of the opposite sex or sixth formers) if they form part of the expansion;
- e. any impact of the expansion on the continuity of education of boarders currently in the school;
- f. the extent to which the expansion of boarding places will help placements of pupils with an identified boarding need; and

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g. the impact of the expansion on a state maintained boarding school within one hour's travelling distance from the school which may be undersubscribed.

### **Equal Opportunity Issues** (Paragraphs 4.27)

4.27 The Decision Maker **should** consider whether there are any sex, race or disability discrimination issues that arise from the changes being proposed, for example, that where there is a proposed change to single sex provision in an area, there is equal access to single sex provision for the other sex to meet parental demand. Similarly there needs to be a commitment to provide access to a range of opportunities which reflect the ethnic and cultural mix of the area, while ensuring that such opportunities are open to all.

### **NEED FOR PLACES**

#### **Creating Additional Places** (Paragraphs 4.28-4.30)

4.28 The Decision Maker **should** consider whether there is a need for the expansion and **should** consider the evidence presented for the expansion such as planned housing development or demand for provision. The Decision Maker **should** take into account not only the existence of spare capacity in neighbouring schools, but also the quality and popularity with parents of the schools in which spare capacity exists and evidence of parents' aspirations for places in the school proposed for expansion. The existence of surplus capacity in neighbouring less popular or successful schools **should not** in itself prevent the addition of new places.

4.29 Where the school has a religious character, or follows a particular philosophy, the Decision Maker **should** be satisfied that there is satisfactory evidence of sufficient demand for places for the expanded school to be sustainable.

4.30 Where proposals will add to surplus capacity but there is a strong case for approval on parental preference and standards grounds, the presumption **should** be for approval. The LA in these cases will need to consider parallel action to remove the surplus capacity thereby created.

#### **Expansion of Successful and Popular Schools** (Paragraph 4.31-4.34)

4.31 The Government is committed to ensuring that every parent can choose an excellent school for their child. We have made clear that the wishes of parents **should** be taken into account in planning and managing school estates. Places **should** be allocated where parents want them, and as such, it **should** be easier for successful and popular primary and secondary schools to grow to meet parental demand. For the purposes of this guidance, the Secretary of State is not proposing any single definition of a successful and popular school. It is for the

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Decision Maker to decide whether a school is successful and popular, however, the following indicators **should** all be taken into account:

- a. the school's performance;
  - i. in terms of absolute results in key stage assessments and public examinations;
  - ii. by comparison with other schools in similar circumstances (both in the same LA and other LAs);
  - iii. in terms of value added;
  - iv. in terms of improvement over time in key stage results and public examinations.
- b. the numbers of applications for places;
  - i. the Decision Maker should also take account of any other relevant evidence put forward by schools.

4.32 The strong presumption is that proposals to expand successful and popular schools **should** be approved. In line with the Government's long standing policy that there **should** be no increase in selection by academic ability, this presumption does not apply to grammar schools or to proposals for the expansion of selective places at partially selective schools.

4.33 The existence of surplus capacity in neighbouring less popular schools **should not** in itself be sufficient to prevent this expansion, but if appropriate, in the light of local concerns, the Decision Maker **should** ask the LA how they plan to tackle any consequences for other schools. The Decision Maker **should** only turn down proposals for successful and popular schools to expand if there is compelling objective evidence that expansion would have a damaging effect on standards overall in an area, which cannot be avoided by LA action.

4.34 Before approving proposals the Decision Maker **should** confirm that the admission arrangements of schools proposed for expansion fully meet the provisions of the School Admissions Code. Although the Decision Maker may not modify proposed admission arrangements, the proposer **should** be informed that proposals with unsatisfactory admission arrangements are unlikely to be approved, and given the opportunity to revise them in line with the Code of Practice. Where the LA, rather than the governing body, is the admissions authority, we will expect the authority to take action to bring the admission arrangements in to line with the School Admissions Code.

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**Travel and Accessibility for All** (Paragraphs 4.35-4.36)

4.35 In considering proposals for the reorganisation of schools, Decision Makers **should** satisfy themselves that accessibility planning has been properly taken into account. Facilities are to be accessible by those concerned, by being located close to those who will use them, and the proposed changes **should not** adversely impact on disadvantaged groups.

4.36 In deciding statutory proposals, the Decision Maker **should** bear in mind that proposals **should not** have the effect of unreasonably extending journey times or increasing transport costs, or result in too many children being prevented from travelling sustainably due to unsuitable routes e.g. for walking, cycling etc. The EIA 2006 provides extended free transport rights for low income groups – see Home to School Travel and Transport Guidance ref 00373 – 2007BKT-EN at [www.teachernet.gov.uk/publications](http://www.teachernet.gov.uk/publications). Proposals **should** also be considered on the basis of how they will support and contribute to the LA's duty to promote the use of sustainable travel and transport to school.

**16-19 Provision** (Paragraphs 4.37-4.39)

4.37 The pattern of 16-19 provision differs across the country. Many different configurations of school and college provision deliver effective 14-19 education and training. An effective 14-19 organisation has a number of key features:

- standards and quality: the provision available **should** be of a high standard – as demonstrated by high levels of achievement and good completion rates;
- progression: there **should** be good progression routes for all learners in the area, so that every young person has a choice of the full range of options within the 14-19 entitlement, with institutions collaborating as necessary to make this offer. All routes **should** make provision for the pastoral, management and learning needs of the 14-19 age group;
- participation: there are high levels of participation in the local area; and,
- learner satisfaction: young people consider that there is provision for their varied needs, aspirations and aptitudes in a range of settings across the area.

4.38 Where standards and participation rates are variable, or where there is little choice, meaning that opportunity at 16 relies on where a young person went to school, the case for reorganisation, or allowing high quality providers to expand, is strong.

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4.39 Where standards and participation rates are consistently high, collaboration is strong and learners express satisfaction that they have sufficient choice, the case for a different pattern of provision is less strong. The Decision Maker therefore will need to take account of the pattern of 16-19 provision in the area and the implications of approving new provision.

**Addition of post-16 provision by “high performing” schools**  
(Paragraphs 4.40-4.51)

4.40 The Government remains committed to the principle that high performing 11-16 schools **should** be allowed to add post-16 provision where there is parental and student demand, in order to extend quality and choice. But the context in which this principle will operate is changing. From April 2010, the Apprenticeships, Skills, Children and Learning Act 2009 will transfer the responsibility for 16-19 planning and funding from the LSC to LAs. LAs will be responsible for maintaining an effective and coherent system of 14-19 organisation which delivers the new entitlement – to a new curriculum and new qualifications, including all 17 Diploma lines from 2013 and an Apprenticeship place for those who meet the entry criteria - to all young people in their area. Collaboration will be a key feature of 14-19 provision.

4.41 So, while there is still a strong presumption of approval for proposals from high performing schools, that decision **should** now be informed by additional factors: the need for local collaboration; the viability of existing post-16 providers in the local area; and the improvement of standards at the school that is proposing to add post-16 provision. Only in exceptional circumstances\* would these factors lead Decision Makers not to approve a proposal. If the Decision Maker were minded not to approve a proposal, he **should** first consider whether modification of the proposal would enable the proposer to comply with these conditions (see paragraph 4.49).

\* Exceptional circumstances in which the Decision Maker might reject the proposal to add a sixth form to a presumption school would include if there is specific evidence that a new sixth form was of a scale that it would directly affect the viability of another neighbouring, high quality institution that itself was not large in comparison to other institutions of that type. Exceptional circumstances might also include a situation where there are a number of presumption schools in the same area at the same time and/or where there is clear evidence that the scale of the aggregate number of additional 16-18 places far exceeds local need and affordability and is therefore clearly poor value for money.

4.42 There **should** be a strong presumption in favour of the approval of proposals for a new post-16 provision where:

- a. the school is a high performing specialist school that has opted for an applied learning specialism; or
- b. the school, whether specialist or not, meets the DCSF criteria for ‘high

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performing' and does not require capital support.

4.43 The school **should** ensure that, in forwarding its proposals to the Decision Maker, it provides evidence that it meets one of the criteria at paragraph 4.42 above.

4.44 Where a new sixth form is proposed by a specialist school that has met the 'high performing' criteria and which has opted for an applied learning specialism, capital funding may be available from the 16-19 Capital Fund.

4.45 This presumption will apply to proposals submitted to the Decision Maker within:

- a. two years from the date a school commences operation with applied learning specialist school status; or
- b. two years from the date a school is informed of its Ofsted Section 5 inspection results which would satisfy DCSF criteria for 'high performing' status as set out at <http://www.standards.dcsf.gov.uk/specialistschools/guidance2007/?version=1>

NOTE: 'submitted to the Decision Maker' above refers to when proposals and representations are with the Decision Maker, following the end of the representation period.

4.46 The increase in the period in which a school is eligible to expand its post-16 provision recognises the time required to embed the new presumption places within a local 14-19 delivery plan and for effective collaboration to take place.

4.47 New post-16 provision in schools **should**, as appropriate, operate in partnership with other local providers to ensure that young people have access to a wide range of learning opportunities. In assessing proposals from 'high performing' schools to add post-16 provision, Decision Makers **should** look for:

- a. evidence of local collaboration in drawing up the presumption proposal; and
- b. a statement of how the new places will fit within the 14-19 organisation in an area; and
- c. evidence that the exercise of the presumption is intended to lead to higher standards and better progression routes at the 'presumption' school.

4.48 If a school has acted in a collaborative way and has actively attempted to engage other partners in the local area, but it is clear that other institutions have declined to participate, that fact **should not** be a reason for declining to approve a proposal. The onus is on other providers to work with a school which qualifies for the presumption of approval for new post-16 provision.

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4.49 The Decision Maker **should** only turn down proposals to add post-16 provision from schools eligible for the sixth form presumption if there is compelling and objective evidence that the expansion would undermine the viability of an existing high quality post-16 provider or providers. The fact that an existing school or college with large numbers of post-16 students might recruit a smaller number of students aged 16-19 is not, of itself, sufficient to meet this condition, where the “presumption” school can show that there is reasonable demand from students to attend the school after age 16.

4.50 The existence of surplus capacity in neighbouring schools or colleges that are not high performing **should not** be a reason to reject a post-16 presumption proposal. It is the responsibility of the LA to consider decommissioning poor quality provision as well as commissioning high quality provision. The LA should therefore plan to tackle any consequences of expansion proposals for other schools.

4.51 Before approving proposals the Decision Maker **should** confirm that the admission arrangements of schools proposed for expansion fully meet the provisions of the mandatory Schools Admissions Code. Although the Decision Maker may not modify proposed admission arrangements, the proposer **should** be informed that proposals with unsatisfactory admission arrangements are unlikely to be approved, and given the opportunity to revise them in line with the Code. Where the LA, rather than the governing body, is the admissions authority, we will expect the authority to take action to bring the admission arrangements into line with the School Admissions Code.

#### **Conflicting Sixth Form Reorganisation Proposals (Paragraph 4.52)**

4.52 Where the implementation of reorganisation proposals by the LSC<sup>2</sup> conflict with other published proposals put to the Decision Maker for decision, the Decision Maker is prevented (by the School Organisation Proposals by the LSC for England Regulations 2003) from making a decision on the “related” proposals until the Secretary of State has decided the LSC proposals (see paragraphs 4.13 to 4.14 above).

#### **16-19 Provision ‘Competitions’ (Paragraphs 4.53-4.56)**

4.53 Non-statutory competitions for new 16-19 provision were introduced from January 2006. They are administered by the regional arm of the LSC, in line with the LSC’s current role as commissioner of 16-19 provision. The Government intends to transfer the responsibility for 16-19 provision from the LSC to LAs from

<sup>2</sup> References throughout this document to the LSC only apply up to April 2010. The ASCL Act 2009 will transfer the responsibilities of the LSC in respect of 16-19 education and training to LAs, supported by the Young People’s Learning Agency. This guidance will be revised by April 2010 to take account of these changes.

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2010.<sup>3</sup>

4.54 The current arrangements for the establishment of new institutions by competition involves a two-stage approval process:

- a. the competition selection process;
- b. approval of the outcome by existing processes (e.g. Decision Maker approval of school/LA proposals and Secretary of State approval of college/LSC proposals, as required by law).

4.55 Competitors will be eligible to apply to the 16-19 Capital Fund. Where a competition is 'won' by a school, they **must** then publish statutory proposals and these **must** be considered by the Decision Maker on their merits.

4.56 Where proposals to establish sixth forms are received, and the local LSC is running a 16-19 competition, the Decision Maker **must** take account of the competition when considering the proposals.

## FUNDING AND LAND

### Capital (Paragraphs 4.57-4.59)

4.57 The Decision Maker **should** be satisfied that any land, premises or capital required to implement the proposals will be available. Normally, this will be some form of written confirmation from the source of funding on which the promoters rely (e.g. the LA, DCSF, or LSC). In the case of an LA, this **should** be from an authorised person within the LA, and provide detailed information on the funding, provision of land and premises etc.

4.58 Where proposers are relying on DCSF as a source of capital funding, there can be no assumption that the approval of proposals will trigger the release of capital funds from the Department, unless the Department has previously confirmed in writing that such resources will be available; nor can any allocation 'in principle' be increased. In such circumstances the proposals **should** be rejected, or consideration of them deferred until it is clear that the capital necessary to implement the proposals will be provided.

4.59 Proposals **should not** be approved conditionally upon funding being made available, subject to the following specific exceptions: For proposals being funded under the Private Finance Initiative (PFI) or through the BSF programme, the Decision Maker **should** be satisfied that funding has been agreed 'in principle', but the proposals **should** be approved conditionally on the entering into of the necessary agreements and the release of funding. A conditional approval will

<sup>3</sup> The ASCL Act will remove the LSC and also the power of LAs to establish sixth form schools, whether by a competition or otherwise. Section 126 of the Act amends section 16 of the Education Act 1996 and sections 7,10 and 11 of EIA 2006.

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protect proposers so that they are not under a statutory duty to implement the proposals until the relevant contracts have been signed and/or funding is finally released.

### Capital Receipts (Paragraphs 4.60-4.62)

4.60 Where the implementation of proposals may depend on capital receipts from the disposal of land used for the purposes of a school (i.e. including one proposed for closure in “related” proposals) the Decision Maker **should** confirm whether consent to the disposal of land is required, or an agreement is needed, for disposal of the land. Current requirements are:

a. Community Schools – the Secretary of State’s consent is required under paragraph 2 of Schedule 35A to the Education Act 1996 and, in the case of playing field land, under section 77 of the Schools Standards and Framework Act 1998 (SSFA 1998). (Details are given in DCSF Guidance 1017-2004 “The Protection of School Playing Fields and Land for Academies” published in November 2004) -

<http://publications.teachernet.gov.uk/default.aspx?PageFunction=productdetails&PageMode=spectrum&ProductId=DfE-1017-2004&>).

b. Foundation (including Trust) and Voluntary Schools:

i. playing field land – the governing body, foundation body or trustees will require the Secretary of State’s consent, under section 77 of the SSFA 1998, to dispose, or change the use of any playing field land that has been acquired and/or enhanced at public expense.

ii. non-playing field land or school buildings – the governing body, foundation body or trustees no longer require the Secretary of State’s consent to dispose of surplus non-playing field land or school buildings which have been acquired or enhanced in value by public funding. They will be required to notify the LA and seek local agreement of their proposals. Where there is no local agreement, the matter **should** be referred to the Schools Adjudicator to determine. (Details of the new arrangements can be found in the Department’s guidance “The Transfer and Disposal of School Land in England: A General Guide for Schools, Local Authorities and the Adjudicator” -

<http://publications.teachernet.gov.uk/default.aspx?PageFunction=productdetails&PageMode=spectrum&ProductId=DfE-1017-2004&> ).

4.61 Where expansion proposals are dependent upon capital receipts of a discontinuing foundation or voluntary school the governing body is required to apply to the Secretary of State to exercise his various powers in respect of land held by them for the purposes of the school. Normally he would direct that the land be returned to the LA but he could direct that the land be transferred to the

## STAGE 4

governing body of another maintained school (or the temporary governing body of a new school). Where the governing body fails to make such an application to the Secretary of State, and the school subsequently closes, all land held by them for the purposes of the discontinued school will, on dissolution of the governing body, transfer to the LA unless the Secretary of State has directed otherwise before the date of dissolution.

4.62 Where consent to the disposal of land is required, but has not been obtained, the Decision Maker **should** consider issuing a conditional approval for the statutory proposals so that the proposals gain full approval automatically when consent to the disposal is obtained (see paragraph 4.75).

#### **New Site or Playing Fields** (Paragraph 4.63)

4.63 Proposals dependent on the acquisition of an additional site or playing field may not receive full approval but **should** be approved conditionally upon the acquisition of a site or playing field.

#### **Land Tenure Arrangements** (Paragraph 4.64)

4.64 For the expansion of voluntary or foundation schools it is desirable that a trust, or the governing body if there is no foundation, holds the freehold interest in any additional site that is required for the expansion. Where the trustees of the voluntary or foundation school hold, or will hold, a leasehold interest in the additional site, the Decision Maker will need to be assured that the arrangements provide sufficient security for the school. In particular the leasehold interest **should** be for a substantial period – normally at least 50 years – and avoid clauses which would allow the leaseholder to evict the school before the termination of the lease. The Decision Maker **should** also be satisfied that a lease does not contain provisions which would obstruct the governing body or the headteacher in the exercise of their functions under the Education Acts, or place indirect pressures upon the funding bodies.

#### **School Playing Fields** (Paragraph 4.65)

4.65 The Education (School Premises) Regulations 1999 set out the standards for school premises, including minimum areas of team game playing fields to which schools **should** have access. The Decision Maker will need to be satisfied that either:

- a. the premises will meet minimum requirements of The Education (School Premises) Regulations 1999; or
- b. if the premises do not meet those requirements, the proposers have secured the Secretary of State's agreement in principle to grant a relaxation.

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Where the Secretary of State has given 'in principle' agreement as at paragraph 4.60(b) above, the Decision Maker **should** consider issuing conditional approval so that when the Secretary of State gives his agreement, the proposals will automatically gain full approval.

### **SPECIAL EDUCATIONAL NEEDS (SEN) PROVISION**

#### **Initial Considerations** (Paragraphs 4.66-4.67)

4.66 SEN provision, in the context of School Organisation legislation and this guidance, is provision recognised by the LA as specifically reserved for pupils with special educational needs. When reviewing SEN provision, planning or commissioning alternative types of SEN provision or considering proposals for change LAs **should** aim for a flexible range of provision and support that can respond to the special educational needs of individual pupils and parental preferences, rather than necessarily establishing broad categories of provision according to special educational need or disability. There are a number of initial considerations for LAs to take account of in relation to proposals for change. They **should** ensure that local proposals:

- a. take account of parental preferences for particular styles of provision or education settings;
- b. offer a range of provision to respond to the needs of individual children and young people, taking account of collaborative arrangements (including between special and mainstream), extended school and Children's Centre provision; regional centres (of expertise ) and regional and sub-regional provision; out of LA day and residential special provision;
- c. are consistent with the LA's Children and Young People's Plan;
- d. take full account of educational considerations, in particular the need to ensure a broad and balanced curriculum, including the National Curriculum, within a learning environment in which children can be healthy and stay safe;
- e. support the LA's strategy for making schools and settings more accessible to disabled children and young people and their scheme for promoting equality of opportunity for disabled people;
- f. provide access to appropriately trained staff and access to specialist support and advice, so that individual pupils can have the fullest possible opportunities to make progress in their learning and participate in their school and community;
- g. ensure appropriate provision for 14-19 year-olds, taking account of the role of local LSC funded institutions and their admissions policies; and

## STAGE 4

h. ensure that appropriate full-time education will be available to all displaced pupils. Their statements of special educational needs will require amendment and all parental rights must be ensured. Other interested partners, such as the Health Authority should be involved.

4.67 Taking account of the considerations, as set out above, will provide assurance to local communities, children and parents that any reorganisation of SEN provision in their area is designed to improve on existing arrangements and enable all children to achieve the five Every Child Matters outcomes.

#### **The Special Educational Needs Improvement Test (Paragraph 4.68)**

4.68 When considering any reorganisation of provision that would be recognised by the LA as reserved for pupils with special educational needs, including that which might lead to some children being displaced through closures or alterations, LAs, and all other proposers for new schools or new provision, will need to demonstrate to parents, the local community and Decision Makers how the proposed alternative arrangements are likely to lead to improvements in the standard, quality and/or range of educational provision for children with special educational needs. All consultation documents and reorganisation plans that LAs publish and all relevant documentation LAs and other proposers submit to Decision Makers **should** show how the key factors set out in paragraphs 4.69 to 4.72 below have been taken into account by applying the SEN improvement test. Proposals which do not credibly meet these requirements **should not** be approved and Decision Makers **should** take proper account of parental or independent representations which question the LA's own assessment in this regard.

#### **Key Factors (Paragraphs 4.69-4.72)**

4.69 When LAs are planning changes to their existing SEN provision, and in order to meet the requirement to demonstrate likely improvements in provision, they **should**:

- a. identify the details of the specific educational benefits that will flow from the proposals in terms of:
  - i. improved access to education and associated services including the curriculum, wider school activities, facilities and equipment, with reference to the LA's Accessibility Strategy;
  - ii. improved access to specialist staff, both education and other professionals, including any external support and/or outreach services;
  - iii. improved access to suitable accommodation; and

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- iv. improved supply of suitable places.
- b. LAs **should** also:
- i. obtain a written statement that offers the opportunity for all providers of existing and proposed provision to set out their views on the changing pattern of provision seeking agreement where possible;
  - ii. clearly state arrangements for alternative provision. A 'hope' or 'intention' to find places elsewhere is not acceptable. Wherever possible, the host or alternative schools should confirm in writing that they are willing to receive pupils, and have or will have all the facilities necessary to provide an appropriate curriculum;
  - iii. specify the transport arrangements that will support appropriate access to the premises by reference to the LA's transport policy for SEN and disabled children; and
  - iv. specify how the proposals will be funded and the planned staffing arrangements that will be put in place.

4.70 It is to be noted that any pupils displaced as a result of the closure of a BESD school (difficulties with behavioural, emotional and social development) **should not** be placed long-term or permanently in a Pupil Referral Unit (PRU) if a special school place is what they need. PRUs are intended primarily for pupils who have been excluded, although LAs can and do use PRU provision for pupils out of school for other reasons such as illness and teenage pregnancies. There may of course be pupils who have statements identifying that they have BESD who have been placed appropriately in a PRU because they have been excluded; in such cases the statement **must** be amended to name the PRU, but PRUs **should not** be seen as an alternative long-term provision to special schools.

4.71 The requirement to demonstrate improvements and identify the specific educational benefits that flow from proposals for new or altered provision as set out in the key factors are for all those who bring forward proposals for new special schools or for special provision in mainstream schools including governors of foundation schools and foundation special schools. The proposer needs to consider all the factors listed above.

4.72 Decision Makers will need to be satisfied that the evidence with which they are provided shows that LAs and/or other proposers have taken account of the initial considerations and all the key factors in their planning and commissioning in order to meet the requirement to demonstrate that the reorganisation or new provision is likely to result in improvements to SEN provision.

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**OTHER ISSUES****Views of Interested Parties** (Paragraphs 4.73)

4.73 The Decision Maker **should** consider the views of all those affected by the proposals or who have an interest in them including: pupils; families of pupils; staff; other schools and colleges; local residents; diocesan bodies and other providers; LAs; the LSC (where proposals affect 14-19 provision) and the Early Years Development and Childcare Partnership if one exists, or any local partnership or group that exists in place of an EYDCP (where proposals affect early years and/or childcare provision). This includes statutory objections and comments submitted during the representation period. The Decision Maker **should not** simply take account of the numbers of people expressing a particular view when considering representations made on proposals. Instead the Decision Maker **should** give the greatest weight to representations from those stakeholders likely to be most directly affected by the proposals.

**Types of Decision** (Paragraph 4.74)

4.74 In considering proposals for the expansion of a school, the Decision Maker can decide to:

- reject the proposals;
- approve the proposals;
- approve the proposals with a modification (e.g. the implementation date); or
- approve the proposals subject to them meeting a specific condition (see paragraph 4.75 below).

**Conditional Approval** (Paragraphs 4.75-4.76)

4.75 The regulations provide for a conditional approval to be given where the Decision Maker is otherwise satisfied that the proposals can be approved, and approval can automatically follow an outstanding event. Conditional approval can only be granted in the limited circumstances specified in the regulations i.e. as follows:

- a. the grant of planning permission under Part 3 of the Town and Country Planning Act 1990;
- b. the acquisition of any site required for the implementation of the proposals;
- c. the acquisition of playing fields required for the implementation of the proposals;

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- d. the securing of any necessary access to a site referred to in sub-paragraph (b) or playing fields referred to in sub-paragraph (c);
- e. the private finance credit approval given by the DCSF following the entering into a private finance contract by an LA;
- f. the entering into an agreement for any necessary building project supported by the DCSF in connection with BSF programme;
- g. the agreement to any change to admission arrangements specified in the approval, relating to the school or any other school or schools (this allows the approval of proposals to enlarge the premises of a school to be conditional on the decision of adjudicators to approve any related change in admission numbers);
- h. the making of any scheme relating to any charity connected with the school;
- i. the formation of any federation (within the meaning of section 24(2) of the 2002 Act) of which it is intended that the proposed school should form part, or the fulfilling of any other condition relating to the school forming part of a federation;
- j. the Secretary of State giving approval under regulation 5(4) of the Education (Foundation Body) (England) Regulations 2000 to a proposal that a foundation body must be established and that the school must form part of a group for which a foundation must act;
- k. the Secretary of State making a declaration under regulation 22(3) of the Education (Foundation Body) (England) Regulations 2000 that the school should form part of a group for which a foundation body acts;
- ka. where the proposals are to alter the upper age limit of the school, the decision of the Secretary of State to establish a new FE college under s16 of the Further and Higher Education Act 1992;
- l. where the proposals in question depend upon any of the events specified in paragraphs (a) to (ka) occurring by a specified date in relation to proposals relating to any other school or proposed school, the occurrence of such an event; and
- m. where proposals are related to proposals for the establishment of new schools or discontinuance of schools, and those proposals depend on the occurrence of events specified in regulation 20 of the School Organisation (Establishment and Discontinuance of Schools) (England) Regulations 2007(4) the occurrence of such an event.

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(4) S.I. 2007/1288.

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4.76 The Decision Maker **must** set a date by which the condition **must** be met, but will be able to modify the date if the proposers confirm (preferably before the date expires), that the condition will be met later than originally thought. The condition-to-be-met-by date **must** be before the proposed implementation date of the proposal (which can also be modified if necessary). Therefore care **should** be taken when setting condition-to-be-met-by dates, particularly if proposals are “related” e.g. if a school is proposed to add a sixth form on 1<sup>st</sup> September one year, and enlarge on 1<sup>st</sup> September the following year, and the enlargement requires planning permission, the condition set **must** be met before the addition of a sixth form can be implemented (the earlier proposal). This is because as “related” proposals, they **should** both have the same decision, which in this case, would have been approval conditional upon planning permission being met. The proposer **should** inform the Decision Maker and the Department (SOCU, DCSF, Mowden Hall, Staindrop Road, Darlington DL3 9BG or by email to [school.organisation@education.gsi.gov.uk](mailto:school.organisation@education.gsi.gov.uk)) of the date when a condition is modified or met in order for the Department’s records, and those of Edubase to be kept up to date. If a condition is not met by the date specified, the proposals **must** be referred back to the Decision Maker for fresh consideration.

#### **Decisions** (Paragraphs 4.77-4.79)

4.77 All decisions **must** give reasons for the decision, irrespective of whether the proposals were rejected or approved, indicating the main factors/criteria for the decision.

4.78 A copy of all decisions **must** be forwarded to:

- the LA or governing body who published the proposals;
- the trustees of the school (if any);
- the Secretary of State (via the School Organisation & Competitions Unit, DCSF, Mowden Hall, Darlington DL3 9BG or by email to [school.organisation@education.gsi.gov.uk](mailto:school.organisation@education.gsi.gov.uk));
- where the school includes provision for 14-16 education or sixth form education, the LSC;
- the local CofE diocese;
- the bishop of the RC diocese;
- each objector except where a petition has been received. Where a petition is received a decision letter **must** be sent to the person who submitted the petition, or where this is unknown, the signatory whose name appears first on the petition; and

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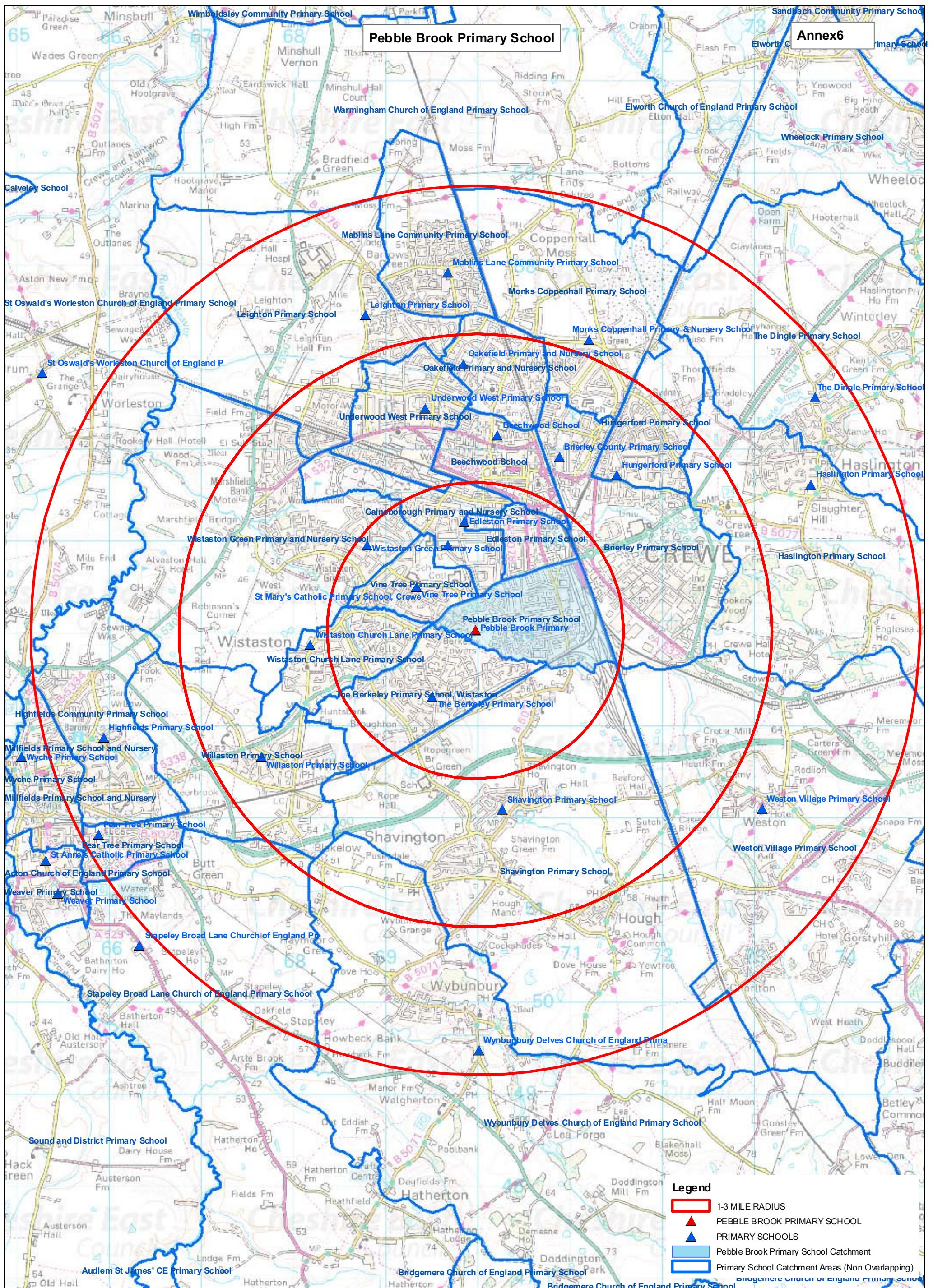
- where the school is a special school, the relevant primary care trust, an NHS trust or NHS foundation trust.

4.79 In addition, where proposals are decided by the LA, a copy of the decision **must** be sent to the Office of the Schools Adjudicator, Mowden Hall, Darlington DL3 9BG. Where proposals are decided by the schools adjudicator, a copy of the decision **must** be sent to the LA that it is proposed should maintain the school.

**Can proposals be withdrawn?** (Paragraph 4.80)

4.80 Proposals can be withdrawn at any point before a decision is taken. Written notice **must** be given to the LA, or governing body, if the proposals were published by the LA. Written notice **must** also be sent to the schools adjudicator (if proposals have been sent to him) and the Secretary of State – i.e. via the School Organisation & Competitions Unit, DCSF, Mowden Hall, Darlington DL3 9BG or by email to [school.organisation@education.gsi.gov.uk](mailto:school.organisation@education.gsi.gov.uk). Written notice **must** also be placed at the main entrance to the school, or all the entrances if there are more than one.

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	4 February 2013
<b>Report of:</b>	Head of Development
<b>Subject/Title:</b>	East Cheshire Engine of the North – New Development Company Model
<b>Portfolio Holder:</b>	Cllr Jamie Macrae

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#### 1.0 Report Summary

- 1.1 Cheshire East is a local authority committed to growth, with ambitious plans to deliver major new infrastructure, at least 20,000 jobs and 27,000 new homes by 2030.
- 1.2 The Council is responding to the growth agenda through a range of interventions:
- Accelerated development of Council owned assets.
  - Boosting delivery of developer led strategic sites.
- 1.3 The Council is exploring a range of models to accelerate delivery. This paper sets out the strategic case for the establishment of a dedicated delivery vehicle for physical development and regeneration utilising strategic land assets of the Council to deliver growth.

#### 2.0 Decision Requested

To authorise the Interim Chief Executive or his identified nominee, in consultation with the Cabinet Member for Prosperity & Economic Regeneration, and subject to consideration by the Monitoring Officer and the Chief Financial Officer that:

- Up to £100,000 is invested, from existing Economic Development & Regeneration Earmarked Reserves, in independent legal and financial advice to review detailed options and ascertain the most appropriate and beneficial formal structure for the new Delivery Vehicle.
- A Shadow Board is established immediately to oversee the delivery of the Development Programme in the short-term, and drive forward the new vehicle arrangements.

#### 3.0 Reasons for Recommendations

- 3.1 This proposal is a priority for the council. It will support the sustainable growth of the Borough and create an attractive proposition for securing

greater private sector investment and development expertise into the area to ensure an even stronger focus on generating more jobs, more homes and more prosperity.

- 3.2 It is important for Cheshire East to be at the forefront of the government's growth agenda and that the delivery model selected will deliver best value for money to the tax payer.

**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 Not directly applicable.

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

- 7.1 With regard to options for company model and determination of a recommended approach, external advice will be necessary on financial issues such as tax, stamp duty land tax and VAT, with the aim of clarifying implications and minimising costs, where permissible. The legal obligations of the company, acting on behalf of the Council, will also need to be specified in relation to land transactions and ensuring "best consideration" requirements are satisfied.
- 7.2 The strategic, operational and financial relationships between the Council and the delivery vehicle will need to be clearly determined. This will include matters relating to whether or not assets for development are actually transferred from the Council to the company; how cash and profits flow from receipts (income from sales, or rental streams) are utilised; and in what form(s) the company can be supported by the Council (e.g. capital or revenue resources).
- 7.3 With external advice, a medium term financial and business plan will be prepared to articulate the budgetary requirements and resourcing of a company model, including:
- Company set-up and day-to-day operation
  - Indicative development activity (project investments, asset disposals, etc.)
  - Outputs to be achieved

7.4 Insurance arrangements will need to be reviewed, with appropriate officers and members indemnity cover put in place in respect of the company.

7.5 It is anticipated the company will require a project accountant resource, with expertise in appraisal of development opportunities and ability to provide advice and support in a commercial, project and delivery-focussed environment.

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

8.1 Independent advice is required on the options for formal structure of the delivery vehicle and recommendations in that regard will inform considerations on the nature and scope of the company model and associated financial considerations. The independent advice should inform a wider discussion in relation to other company structures under consideration and explore the potential for a 'holding company' model under which a range of trading and company structure can sit within.

8.2 Such advice will include matters relating to governance and how the desired freedoms and flexibilities required of company operations can be enabled and fit within the Council's Constitution. In addition to delivering on behalf of Cheshire East, as noted in the report there could be potential for the company to act as advisor and delivery vehicle for the Cheshire & Warrington LEP but this requires further advice to explore further.

8.3 In addition, specialist legal advice is required to establish further how Local Authority Powers to establish and invest in a trading company can be utilised to deliver the objectives of the Council. Specific issues to be addressed are:

- Tax Efficiency
- Administrative, accounting and other regulatory matters
- Potential partnering
- Potential Funding sources
- State Aid
- Procurement
- Directors duties and conflicts of interest
- Competition
- Public accountability & audit requirements
- Protection of the Council's reputation

8.4 The constitutional committee will need to consider this advice. A suitably qualified company auditor will need to be appointed as appropriate.

## **9.0 Risk Management**

- 9.1 Advice about how the new vehicle operates and the governance is required in order to ensure that Council continues to function lawfully, transparently and in accordance with the Council's Constitutional Framework. Notwithstanding that, for the foreseen benefits of establishing a new Delivery Vehicle also needs to benefit from maximum freedoms and flexibilities as part of formal governance arrangements.
- 9.2 There is currently insufficient clarity that the new Delivery Vehicle will be able to create resource, freedoms, flexibility and agility over and above what an in-house operation can achieve via perhaps Constitutional changes along with an increase in capacity and a more appropriate skill set. There are a number of other Councils with experience in this field (e.g. Milton Keynes, Northumberland & Cornwall) that we will share expertise with.
- 9.3 There is some uncertainty that the expected levels of freedom from 'bureaucracy' (e.g. EU procurement rules) and the Council's constitution and Finance & Contract Regulations can be achieved through a wholly owned company.
- 9.4 The Council's need to explore new delivery models and find new ways of working is not unique to this work area and vehicles of the type being proposed here are likely to be established by a number of services. Consideration needs to be given to maximising efficiencies and sharing best practice approaches, potentially using a holding company model.
- 9.5 It is important that the savings from the new vehicle are substantial and the new ways of working so transformational that the cost of planning, due diligence advice and setting up the vehicle are outweighed.
- 9.6 Further consideration and advice will be required regarding the arrangements for asset transfer into any Delivery Vehicle and for the recycling of capital receipts.

## **10.0 Background and Options**

- 10.1 Cheshire East has ambitious growth plans. We have just approved the next stage of our Local Plan, and will deliver major new infrastructure, at least 20,000 jobs and 27,000 new homes by 2030. We are aiming for at least 7,000 new homes in the next five years.
- 10.2 It is vital that the Council responds to the growth agenda through a range of interventions:
- Accelerated development of Council-owned assets, both strategic sites identified in the Development Strategy and smaller sites which can deliver regeneration benefits and contribute to housing supply.

- Boosting delivery of developer-led strategic sites identified in the Development Strategy to fast track planning decisions to be cleared within the statutory planning period.

10.3 The purpose of this new Delivery Vehicle is to speed up the development of our own assets to bring about new housing, economic growth and capital receipts.

10.4 The overall objectives of the new Delivery Vehicle are:

- To accelerate growth in terms of housing completions and jobs investment on Cheshire East owned assets.
- To maximise development value and minimise risks to the Council by providing dedicated delivery arrangements and additional property and commercial expertise.
- To secure additional private and Government investment into the Borough through creating the focus on delivery and providing the mechanism to deliver capital schemes and potentially act as a delivery vehicle to the Cheshire & Warrington LEP as well as Cheshire East Council.
- To create profitable and transparent relationships with developers and investors which deliver financial benefits to the Council, and regeneration benefits to local communities – potentially utilising the Developer Panel Framework currently being scoped in a more detail with a view to procuring during 2013/14.
- To maximise any financial benefits and tax efficiencies of a dedicated delivery vehicle which is controlled by the Council but can benefit from agile operating arrangements to be reviewed and agreed at a later stage.

10.5 The responsibilities of the Delivery Vehicle could include the following:

- To lead on strategic land acquisitions and land deals which enable delivery of the Development Programme.
- To promote Cheshire East – owned land for development through the Local Plan and planning process.
- To undertake all aspects of masterplanning and pre-development work associated with the Development Programme to bring sites forward for development.
- To identify property-related strategic opportunities for the Council and generating new projects for inclusion in the Development Programme.

- To provide commercial property expertise to advise as required on all aspects of property work for the Council, and potentially to act in an advisory capacity for the LEP.
- To undertake development appraisals in line with RICS/Government Treasury Guidelines to ensure the Council can make informed decisions about future investment opportunities in relation to property and development.
- To develop relationships with developers and private sector investors and bring forward partnering and contract opportunities which benefit the Council and/or local communities – working within agreed parameters as set by the Annual Business Plan and the Council Constitution.

- 10.6 The governance and constitution of the new Delivery Vehicle will require significant further work as there are a number of technical, legal and procedural issues however the initial proposal is that it is governed via a Board comprising senior members and officers.
- 10.7 The functional responsibility within the Council would sit initially within the Development Service but form part of the wider review of management responsibilities in due course.
- 10.8 This paper sets out the strategic case for the establishment of a dedicated Delivery Vehicle for physical development and regeneration utilising strategic assets of the Council to deliver growth. Following this report, there needs to be a thorough exploration of the range of models available which may include:

- In-house

Resource an in-house Development Team with appropriate skills mix and budget. Skills in development finance, appraisal, property law, planning, programme and project management and development surveying will be required.

- Development Company

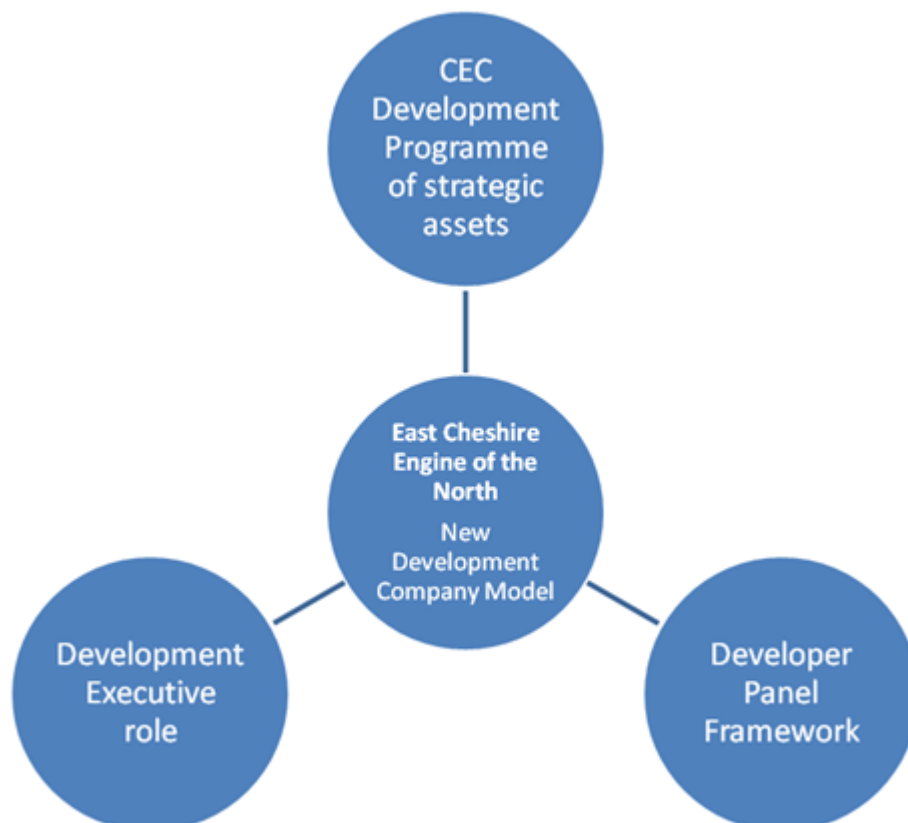
Establish a wholly owned Council company to deliver the development programme. There would be various options as to whether the company owns or draws down assets. The company may have increased flexibility and responsiveness not achievable as an in-house function.

- Joint Venture

Establish a joint venture with a private sector investor or substantial developer(s) to deliver the programme. This would require a substantial initial investment in procurement and legal advice and a major exercise to select a JV partner. Benefit realisation with this option may be challenging

given the wide range of sites in the development programme (in terms of objectives, scale, value and complexity) and with the costs and timescale of establishing a JV.

- 10.9 It is vital to get the structure of the new organisation right, but the skills mix and capacity is vital too. A new Development Executive role is being created to lead the delivery of our Development Programme and the establishment of the new delivery vehicle. The appointment of the new Development Executive role will provide initial additional capacity to fulfil the functions of the Delivery Vehicle and over the next few months will be supplemented by a small dedicated support team which includes the range of skills and expertise to deliver the functions below.
- 10.10 There will be short-term resource implications relating to the Interim Development Executive and new team however it is anticipated that the majority if not all the costs associated within this position can be funded directly through the capital programme – attached to a new financial model which will be worked up over the next few weeks.
- 10.11 The diagram below indicates the interaction between the various strands of work:



- 10.11 The new Delivery Vehicle will complement a range of other interventions that the Council is proposing in order to deliver its growth agenda. It will work with the new Major Applications Team within the Planning

Department in the same way that any private developer will be to promote land and bring forward through the planning process.

10.12 The proposed timeline is as follows:

Jan/Feb 2013	Appointment of Development Executive / Appointment of external advice on legal and finance issues
Feb 2013	Shadow Board in place and early review of Development Programme. Council approval in principle.
March 2013	Cabinet decision to establish the company following legal + finance advice and preparation of a strategic business case

#### **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

### Cabinet

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<b>Date of Meeting:</b>	4 February 2013
<b>Report of:</b>	Chief Executive
<b>Subject/Title:</b>	Cheshire and Merseyside Public Services Network (PSN) Connectivity Procurement
<b>Portfolio Holder:</b>	Councillor David Brown Portfolio Holder for Strategic Communities

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#### 1.0 Report Summary

- 1.1 This report sets out details of the Council's proposal and seeks members' agreement to proceed with Public Services Network (PSN) Connectivity joint procurement and subsequent award with Cheshire West and Chester as lead Authority involving Cheshire East Council and potentially other public bodies.
- 1.2 The national Public Service Network (PSN) Programme is a joint Government and industry programme to revolutionise the efficiency with which National Government, Local Authorities, Police, Fire, Health and the Third Sector procure and utilise voice and data networks and the ICT services that run over them.

**In essence, the PSN will provide a 'network of networks' - a secure version of the internet for the UK public sector by defining a set of standards with which industry suppliers will need to comply.**

Local Government is currently experiencing rising demands for its services in a time of unprecedented austerity that curtails its finances. A solution for the future of local government lies in a true partnership of public, private and voluntary bodies to deliver effective and appropriate services to our citizens. True collaboration widens our horizon and opens up opportunities for innovations in service provision.

The broad direction of travel for Cheshire East Council and Cheshire West & Chester Council is a move to increased flexibility and agility in the business and the workforce, new delivery models for Council services driven by the localism agenda and mitigating the ongoing financial pressures.

***"There is an overriding need for ICT (Information and Communications Technology) to become an enabler to transformation and not a constraint on activity."***

Cheshire East ICT Strategy

## **2.0 Decision Requested**

That the Interim Chief Executive and the Portfolio Holder for Strategic Communities be authorised to make the decision to award the contract for the provision of Public Service Network to the winning bidder.

Thereafter that all necessary actions be taken to implement the proposal including informing Full Council on the progress and outcome of Public Service Network Connectivity Procurement.

## **3.0 Reasons for Recommendations**

To progress the decisions of the following:

### **3.1 Cheshire East Council Cabinet:**

Status – Approved on 15/10/2012 (Item 88 KEY DECISION 12/13-24)

1. That approval be given to Cheshire East Council procuring PSN Connectivity with Cheshire West and Chester Council and other potential public sector partners through Framework Agreement RM860 at a cost of £120,000, as fully funded and identified in the ICT Capital Programme for the years 2012/13.
2. That a report be made to full Council on the outcome of the progress of the procurement exercise.

### **3.2 Cheshire West and Chester Council Cabinet:**

Status- APPROVED on 01/11/2012

<http://cwcmттsv.cheshirewest.gov.uk:8070/ieDecisionDetails.aspx?ID=844>

That Cheshire West and Chester Council undertake a procurement exercise as lead Authority jointly with Cheshire East Council and other potential public sector partners through Framework Agreement RM860, for a contract to deliver a unified Wide Area Network and the ability to transition to network connectivity capable of meeting PSN standards.

### **3.3 JOB (Joint Officer Board):**

status – *scheduled 31/01/2013.*

### **3.4 EMB (Executive Monitoring Board Cheshire East):**

status – *scheduled on 26 February 2013.*

## **4.0 Wards Affected**

### **4.1 All**

## **5.0 Local Ward Members**

### **5.1 All**

## **6.0 Policy Implications**

- 6.1 The case for investment in PSN Connectivity for Cheshire East has been established in the following key documents:

Cheshire East Council ICT Strategy

Cheshire Public Services Network Connectivity Project Brief v1.0 July 2012

Cheshire Public Services Network Connectivity Business Case v0.3 July 2012

Cabinet Office

- Public Sector Network Outline Business case v2.8 Nov 2009
- Gov ICT Strategy – Strategic Implementation Plan. Oct 2011
- PSN Connectivity and Services Frameworks
- Customer Guidance Document v1.5 Aug 2012

E-Cheshire

- Connecting Cheshire Business Case v1.0 July 2011

Hudson & Yorke Ltd (Consultants)

- CH001\_Report-WAN Analysis\_V2.0
- CH001\_Report-WAN Business\_V2.0
- CH001\_Report-WAN DueDiligence\_V2.0

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

- 7.1 The Council approved the investment of up to £2.7m profiled over two years (£1.3M year 2013/14 and £1.4M year 2014/15) to provide a Public Services Network Connectivity as part of the ICT Strategy Capital Programme for Core System Stability. This Capital provision is subject to tender responses and options for roll out and will be reviewed accordingly.
- 7.2 Cheshire West and Chester Council will be match funding with the equivalent sum.
- 7.3 The Cheshire East costs associated with the tender procurement phase are £120,000; this is fully funded and identified in the ICT Strategy Capital Programme for year 2012/13. A proposal has been included in the draft revenue budget for 2013/14, for £650,000 to cover increased costs during transition from the old to the new network; the budget is subject to approval in February Council.
- 7.4 As noted elsewhere in the report, savings in network infrastructure costs are anticipated following implementation of the new arrangement.
- 7.5 The Invitation To Tender (ITT) required bidding suppliers to complete a robust 'connectivity scenario pricing model' to firmly establish a pricing catalogue for PSN with business focussed outcomes i.e. Delivered as-a-service, bandwidth,

security layer, support level etc. This was to ensure that the services offered are market competitive, affordable, sustainable and flexible.

- 7.6 Cheshire West and Chester is the leading authority for the processes - Cheshire West and Chester Council will have a contract with the successful supplier. This contract will allow other (named) public sector organisations, such as Cheshire East Council, to order and pay for services/goods related to their own usage from the supplier directly.

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

- 8.1 This tender exercise is being conducted under the Government Procurement Service ("GPS") framework agreement RM860. Guidance has been sought from the GPS and the central government cabinet office. The instructions for the contracting authority provided within the framework agreement narrative have been followed. The process chosen is compliant and it is also being monitored by the Head of ICT Business Development (Public Sector) and Legal, Finance and Procurement officers from both CWAC and CEC.
- 8.2 The scoring criteria which will underpin the Most Economically Advantageous Tender award has been devised and approved by officers with appropriate expertise across the following organisations: CEC, CWAC, and ICT Shared Services.

## **9.0 Risk Management**

- 9.1 The risk of challenge from one or more unsuccessful bidders submitting a positioning response of a challenge to the award process is being addressed by the appointment of an ITT scoring panel composed of officers from CEC, CWAC, Cheshire Shared Services, Wirral MBC and St Helen's MBC who are experienced in scoring tenders.
- 9.2 Procurement and legal officers from CWAC are reviewing all inward communications relating to the tender and are authorising all outward communications to ensure transparency, consistency and equality of treatment to create a robust and compliant audit trail.
- 9.3 Periodic liaison is taking place between the Head of ICT Business Development (Public Sector) at CEC with Cabinet Office and the GPS for collegiate support and guidance on any issues of complexity, as they arise.
- 9.4 In addition to the specific risk management measures which seek to address challenges relating to pricing and scoring, the following risk management measures which were recorded in the Cabinet Report dated 15 October 2012 are still in place:
- 9.4.1 The Project will be managed under PRINCE2 methodology and risk and issue logs will be maintained to mitigate the risks.
- 9.4.2 Appropriate and robust financial accounting and reporting systems will be put in place and these will assist with early identification of any financial variances from the planned expenditure and funding.

9.4.3 Milestone reports will be presented to the Director of Finance, Executive Monitoring Board and Cabinet.

9.4.4 Regular reports on progress and outcomes will be provided to the project board, Head of ICT, Joint Officer Board, Executive Monitoring Board (EMB) and Cabinet Portfolio Member.

## **10.0 Background and Options**

### **10.1 Background – The Need For Change**

The Councils Wide Area Network (WAN) supports data communications for over 1000 sites (inclusive of main Council offices, depots, libraries, schools, members etc). Usage includes internet connectivity and voice traffic associated with the corporate telephony system; the network also provides secure connection to the Government Secure Extranet and the NHS national spine.

10.2 The WAN has grown organically over a number of years resulting in a range of issues:

- Many of the underpinning contracts have been extended within Contract terms cannot extended further;
- Increases in operating expenditure;
- Assets being 'sweated' to end-of-life;
- Service level agreements with multiple suppliers.

This is coupled with a change in demand coupled with an exponential growth in utilisation that is exposing limitations in the network's performance capacity to flex to demand and furthermore accommodation changes due to property rationalisation that reflect in its diminishing resilience capability.

This is a trend that is expected to continue as the Council looks to deliver services jointly with other partners

It is therefore timely that the WAN is now provided under a consolidated procurement.

### **10.3 Key deliverables and benefits.**

- Service improvement - delivered at reduced operating costs and fully managed to a more commercial model; supported by commercial service level agreement.
- Target at least 10-20% savings when considering existing operating expenditure. Early indication from evaluating the ITT responses shows this could be considerably more.
- Directly supports collaboration across public sector – Fire, Police, Health and the 3<sup>rd</sup> sector.
- Service delivery that supports property rationalisation and enables multi agency occupation.
- Allow flexibility and rapid changes in provision of service; increasingly embrace mobile working.
- Improve network security and resilience.

#### 10.4 The Options Considered:

1. Do Nothing.
2. Procurement for a re-contract of what we already have with single supplier.
3. Procurement using neighbouring authority OJEU compliant framework.
4. PSN compliant network procurement.

#### 10.5 Critical Success Factors:

- Reduced network infrastructure running costs (target of 10-20%+ on network charges and associated services). Early indication from evaluating the ITT responses shows this could be considerably more.
- Fully integrated, affordable, resilient and secure network between all public sector partners.
- A strategic plan and vision for developing collaboration further leading to an efficient and future proof network to underpin all public services across Cheshire.

#### 10.6 The Partners collaborating on the Cheshire and Merseyside PSN project are:

- 1) Cheshire West and Chester Borough Council (direct customer)
- 2) Cheshire East Borough Council (indirect customer)
- 3) Warrington Borough Council (indirect customer)
- 4) St. Helens Metropolitan Borough Council (indirect customer)
- 5) Knowsley Metropolitan Borough Council (indirect customer)
- 6) Wirral Metropolitan Borough Council (indirect customer)
- 7) Cheshire Police Authority (indirect customer)
- 8) Merseyside Police Authority (indirect customer)
- 9) Cheshire Fire and Rescue Service (indirect customer)
- 10) Merseyside Fire and Rescue Service (indirect customer)
- 11) Cheshire & Wirral NHS Partnership Trust (indirect customer)
- 12) Central and Eastern Cheshire PCT (indirect customer)
- 13) Merseytravel (indirect customer)
- 14) Other public bodies in Cheshire and Merseyside region (indirect customers) including Town & Parish Councils, education establishments, NHS organisations, housing associations and third sector organisations.

10.7 Recommended option:

Authorise Chief Executive (Kim Ryley) and the Portfolio Holder (Cllr David Brown) to make the decision to award the contract for the provision of Public Service Network to the winning bidder.

Thereafter that all necessary actions be taken to implement the proposal including informing Full Council on the progress and outcome of PSN Connectivity Procurement.

**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

### Cabinet

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<b>Date of Meeting:</b>	4 February 2013
<b>Report of:</b>	Strategic Housing Manager
<b>Subject/Title:</b>	Strategic Housing Review
<b>Portfolio Holder:</b>	Councillor Jamie Macrae Portfolio Holder for Prosperity & Economic Regeneration

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#### 1.0 Report Summary

- 1.1 Since April 2012, the Strategic Housing Service has been undertaking a strategic review of the service. This report outlines the progress of the review, which is to be implemented in a phased approach over the next two years. This involves an early restructure of the service to bring forward efficiencies and ensure that it is fit for purpose and to explore alternative delivery models for certain areas of the service.
- 1.2 The long term view is that the service needs to be embedded into the corporate approach, integrating housing into the wider corporate agenda and developing better alignment with Health and Children, Families and Adults.

#### 2.0 Decision Requested

- 2.1 To consider and note the progress contained within the report.
- 2.2 Endorse the direction of travel and the integration into the new Corporate Strategic Commissioning model.

#### 3.0 Reasons for Recommendations

A review of the Strategic Housing service was instigated in April 2012 to consider whether the services provided were fit for purpose and met the needs of our customers in order to be able to:

- Deliver the strategic priorities set out within the Housing Strategy
- Meet the challenges presented by the Welfare Reform and the Localism Act.
- Meet the needs of our stakeholders and promote partnerships
- Ensure resources are allocated to best effect
- Realise efficiencies
- Refocus the Strategic Housing service to be able to embed housing strategy across all services areas.
- To meet challenges presented by the Health & Social Care Act 2012

- To recognise the role of the Strategic Housing Service in meeting new Public Health Functions of the Council.

To ensure that the objectives of the review are achieved the remaining stages will be carried out in a two phase approach. The first phase will deliver a new structure for the existing service, followed by the remodelling of delivery for certain aspects of the service. The second phase is the integration of housing into a more corporate approach, ensuring that it meets the wider agenda of economic growth and supporting our most vulnerable residents.

#### **4.0 Wards Affected**

- 4.1 All Wards

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

- 5.1 All Wards

#### **6.0 Policy Implications**

- 6.1 Housing is fundamental to the well being and prosperity of the Borough. There are direct connections between the quality of the housing stock and health, educational attainment, carbon reduction and care for older people. Providing sufficient housing of good quality is essential to maintain economic growth and vitality. It is essential that we deliver a strong strategic housing role to enable other service areas to deliver their priorities. Housing should be incorporated into cross cutting strategies and embedded within the Corporate approach.

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

- 7.1 The next phase of the Strategic Housing review will result in the restructuring of the service and will bring forward financial efficiencies. A part year effect has been incorporated into 2013/14 budget which will achieve £50,000 in savings.
- 7.2 A further £250,000 efficiency savings have been incorporated into the Business Planning process and profiled across 2014-16 (£125k 2014/15/£125k 2015/16). It is anticipated that some of the savings will be identified through the remodelling of the Home Improvement Agency and Handyperson services, which will be identified through a joint review with Adult Services as the commissioners of the services.

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

- 8.1 When considering the remodelling of services the Authority has to take into account its statutory duties.

Part VII of the Housing Act 1996 (as amended by Homelessness Act 2002 and Localism Act 2011) places a general duty on local authorities to ensure that advice on homelessness and homeless prevention is provided free of charge to all residents and that the authority assists those that are homeless or threatened with homelessness, providing temporary and settled accommodation where appropriate. The Homelessness Act 2002 placed additional duties on local authorities, which also included the production of a homelessness strategy, reviewed at least every 5 years, and the requirement to assist 16 to 17 year olds and other vulnerable groups.

8.2 Part VI of the Housing Act 1996 (as amended by the Localism Act 2011) relates to allocations and lettings Legislative requirements. Cheshire East Council is required to:

- Maintain a scheme for the letting of social housing to those in housing need (the housing register)
- Hold and operate a lettings policy that complies with the Housing Act 1996 Part VI, including the assessment of those in housing need
- Fulfil its duties to the homeless under the Housing Act 1996 Part VII (as amended by the Homelessness Act 2002)
- Hold information about its lettings scheme at its offices
- Provide housing advisory services

In carrying out these functions the council must:

- Consider both the objectives of central Government and local priorities as determined by the housing strategy, corporate plan and other key documents.

8.3 Services should be delivered in a way that reflects identified need within the area in terms of access, service priorities and the priorities of the customers. To do this, the day to day operation of these services may be carried out by third party contractors. However, the Local Authority must retain responsibility for:

- The formulation and amendment of lettings policies
- Monitoring of the discharge of statutory duties
- The Homeless review and the production of the Homelessness Strategy

8.4 In all cases, the Local Authority remains liable in law for the discharge of its housing functions irrespective of whether they have been contracted out or not. It must therefore ensure that these duties are discharged appropriately. This relates not just to the housing legislation directly but also:

- Equality and Diversity
- Human rights
- Data protection and freedom of Information

8.5 Depending on the model eventually selected for taking forward, detailed legal advice may well be necessary on procurement and/or HR issues,

including possible TUPE issues, and this requirement, and the legal resources implications, must be borne in mind and built into any future plans which might arise out of this review.

## **9.0 Risk Management**

- 9.1 Whilst a local authority can contract out its functions in administering the homelessness process and waiting list, it retains the statutory responsibility and accountability for the decisions made by the organisation to whom the contract has been awarded. To ensure compliance with the legislation the authority would have to monitor decisions made and take responsibility for the review of those decisions. In the case of a judicial review, the local authority would be accountable.
- 9.2 Cheshire East whilst contracting out the service would be judged by the Department for Communities and Local Government (DCLG) on the performance of the contracted organisation, however this can be mitigated by the implementation of a robust contract and monitoring system. Further mitigation could be through a delivery model option where control is retained by the Local Authority.
- 9.3 The Cheshire homechoice partnership consists of Cheshire East, Wulvern, Cheshire Peaks and Plains and Plus Dane Group. Each organisation has contributed to the procurement of a specialist ICT system to deliver the service and continues to contribute towards the employment of an officer and ICT maintenance costs. A Common Allocations Policy has been adopted by the all the partners. Dependent upon the delivery model adopted by the authority, there is a risk of a negative impact on the partnership, especially if the decision was to procure an external provider through the OJEU route.
- 9.4 If we do not seek alternative delivery models to ensure the service is fit to face the challenges brought about by the current economic climate, there is a risk that we will not be able to fulfil our statutory duties. The authority places itself at risk of challenge and Judicial Review.
- 9.5 The Home Improvement Agency and Handyperson services are commissioned from the Strategic Housing service by Children, Families & Adults and provides a comprehensive support package to help older and disabled residents through the sometimes complex process of adapting or repairing their homes, supporting independent living to enable them to continue to live independently. The decisions in relation to future delivery arrangements will be made by Adult Services whilst considering the challenges of an ageing population and efficiencies. If the decision is taken not to re-commission the service there will be additional pressure put on existing social care services, who will have to cover aspects of the support service.

## **10.0 Background and Options**

### **10.1 The aim of the Strategic Housing Review**

The local authority strategic housing role is to plan for the housing needs of residents across all tenures, which supports effective place shaping and delivery of sustainable communities.

We need to ensure that there is an appropriate balance of good quality housing, which provides variety, choice and is accessible, as this is fundamental to the well-being of the citizens of any local authority area. It involves making the best use of the housing that is already there, as well as working effectively with the market to supply new homes. Crucially, it is also about looking and working across all tenures, and ensuring that appropriate links are made to the support services which people need to live in their homes. Housing is a critical factor for healthy lives and good life chances for residents.

The long term vision for the Strategic Housing Service is that the service needs to concentrate on these strategic aspects, developing these further and integrating housing into the wider Corporate agenda, creating greater synergy with Health and Children, Families and Adults.

The review has been progressed in phases as outlined below:

#### **Phase One -**

- Restructuring of the service to bring forward efficiencies and ensure that the service is fit for purpose and is able to meet the needs of both our customers and stakeholders. - A revised structure is currently being consulted upon with staff and implementation will commence in the new financial year.
- Explore new models of delivery for front line services which may result in the authority no longer being the delivery body. The services which have been identified are Homelessness including the management of the Roe Street Homeless hostel, Cheshire homechoice and the home improvement agency and handyperson services

#### **Phase Two –**

- The integration of Strategic Housing into the wider corporate approach in order to help deliver corporate priorities and develop better alignment with Health and Children, Families and Adults.

### **10.2 Progress to date**

The Strategic Housing team has undertaken a comprehensive review of the service which was subject to a Peer Review, undertaken by CLES (Centre for Local Economic Strategies who concluded having examined all documentation that it was a robust process.

There were a number of Key Findings which were highlighted through the review process and demonstrate the need to restructure the team to enable us to not only provide fundamental services, but move towards a more holistic approach, whilst enabling us to respond to the challenges which has been brought forward through the Welfare Reform.

**Key findings included:**

1. Customer access to our frontline services needs to be improved – There is a need to evaluate the customer journey and address staff approaches to be able to improve access to services and to improve the customer experience.
2. The impact of the Lean System Review has been positive with reduced timescales in relation to the Disabled Facilities Grant process and improved efficiencies within Cheshire homechoice. A process which will be replicated across all housing service areas.
3. In relation to the existing structure, there were a number of finding including:
  - a. Policy work is not being resourced effectively to be able to develop the Council's strategic approach to housing.
  - b. The generic nature of the Housing Options Advisors' role is not supporting the measures required to prevent homelessness as they are unable to achieve a balance between making homeless decisions and undertaking prevention work.
  - c. Capacity to deliver housing standards work has reduced by 36% since 2009, while demand for the service is increasing.
  - d. There is an imbalance between the size of teams managed by Tier 6 managers. The Staff Working Group and the staff consultation exercise highlighted that staff felt that the management structure needs reducing, with a view to reinvesting resources into front line provision.
4. The spread of staff across different geographical locations is affecting communication within the Strategic Housing team and creating barriers. There is limited interaction between teams
5. It was highlighted that certain functions within the service could be better provided by others or by developing different delivery models including the – Handyperson service, Home Improvement Service and Homelessness/Cheshire homechoice
6. Working relationships with internal departments have been enhanced and are developing well, however the process highlighted that there is a lack of awareness of Strategic Housing activities among our own team and internal departments, which is a barrier that needs to be overcome to be able to effectively deliver comprehensive services to our customers.

### 10.3 The next Stage

1. We need to conclude the restructure of the Housing Team to address some of the key findings which have been highlighted through the review process.
2. It has been established through the course of the review that certain frontline services could be delivered differently and therefore alternative delivery models are to be explored which may result in the authority no longer being the service provider. These services include:
  - Handyperson service – Whilst an essential service provided to assist some of our most vulnerable residents to live independently this is one front line service which was felt could be provided through alternative delivery models. Discussions are underway with Children, Families & Adults as the commissioners of the service to explore alternative options.
  - Home Improvement Agency – This service supports vulnerable older and/or disabled people through the process of repairing, adapting or improving their homes, and is intrinsically linked with statutory occupational therapy and equipment services delivered by Children, Families & Adults. Discussions are underway with the service commissioners to explore alternative delivery options.
  - Homelessness and Cheshire homechoice – These are statutory services which the Local Authority has a duty to provide, however legislation enables us to contract out the delivery function. We have an opportunity to explore new ways in which these services could be delivered differently. This could provide opportunities to expand and develop these services further which would not be achievable under the current service arrangements.
  - Roe Street homelessness hostel - Under current legislation the local authority has a duty to provide temporary accommodation for those who are homelessness. The Homelessness team operates a direct-access Homelessness hostel located in Macclesfield. The hostel is used to accommodate people in need of immediate access to accommodation where alternative arrangements are not available.

### 10.4 Delivery Models.

We will shortly be undertaking an options appraisal which will explore new delivery models.

The delivery options would include, but are not exclusive to::

- Appointment of an external provider through an OJEU procurement exercise.

- Shared Service arrangement on a sub regional basis
- The development of a Mutual Company - an employee-led social enterprise
- Arms Length Management Arrangement.
- Retaining the services in house.

10.5 The timescale for the completion of the review is outlined in the table below. Progress on the implementation of the programme will be reported to the Environment and Prosperity Policy Development Group.

<b>Actions</b>	<b>Date for completion</b>
<b>Phase One</b>	
Structure consultation completed	March 2013
Implementation of the new structure	May 2013
Delivery Models options appraisal completed	Summer 2013
Implementation of new Delivery Model	April 2014
<b>Phase Two</b>	
The integration of Strategic Housing into the wider corporate approach in order to help deliver corporate priorities and develop alignment with Health and Children, Families and Adults.	December 2014

## 11.0 Access to Information

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

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