

Council Agenda

Date:	Thursday 27th February 2014
Time:	12.00 noon
Venue:	The Carlsberg Lounge, Crewe Alexandra Football Club, Gresty Road, Crewe, CW2 6EB

The agenda is divided into two 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. **Prayers**

2. **Apologies for Absence**

To receive any apologies for absence.

3. **Minutes of Previous meeting** (Pages 1 – 10)

To approve the minutes of the meeting held on 12 December 2013.

4. **Mayor's Announcements**

To receive such announcements as may be made by the Mayor.

5. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

Please contact	Julie North on 01270 686460
E-Mail:	julie.north@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

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

In accordance with Council Procedure Rule 35 and Appendix 7 to the rules, a total period of 15 minutes is allocated for members of the public to speak at Council meetings.

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.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given. It is not a requirement to give notice of the intention to make use of public speaking provision. However, as a matter of courtesy, a period of 24 hours notice is encouraged.

7. **Notices of Motion** (Pages 11 - 12)

To consider any Notices of Motion that have been received in accordance with Procedure Rule 12.

8. **Recommendation from Cabinet - Treasury Management Strategy and Minimum Revenue Provision Policy Statement 2014-15** (Pages 13 - 44)

To consider the recommendation from Cabinet.

9. **The Council's Medium Term Financial Strategy 2014/2017 and Budget Report** (Pages 45 - 212)

To consider the Cheshire East Council Budget for 2014-2017

10. **Council Tax Statutory Resolution** (Pages 213 - 224)

To set the Council Tax for the financial year 2014/15 in accordance with the formal resolutions as shown in section 18 of the report.

11. **Recommendation from Cabinet - Pay Policy Statement 2014/15** (Pages 225 - 272)

To consider the recommendations from Cabinet.

12. **Leader's Announcements**

To receive such announcements as may be made by the Leader.

13. **Referral from Constitution Committee - Scheme of Members' Allowances: Report of the Independent Remuneration Panel** (Pages 273 - 320)

To consider the report of the Independent Remuneration Panel.

14. **Recommendation from Constitution Committee - Calendar of Meetings 2014/15**
(Pages 321 - 342)

To consider the recommendation from the Constitution Committee.

15. **Recommendation from Constitution Committee - Venue for Meetings of the Strategic Planning Board** (Pages 343 - 348)

To consider the recommendation from the Constitution Committee.

16. **Questions**

In accordance with Procedure Rule 11, opportunity is provided for Members of the Council to ask the Mayor, the appropriate Cabinet Member or the Chairman of a Committee any question about a matter which the Council, the Cabinet or the Committee has powers, duties or responsibilities.

At Council meetings, there will be a maximum question time period of 30 minutes. Questions will be selected by the Mayor, using the criteria agreed by Council. Any questions which are accepted, but which cannot be dealt with during the allotted period will be answered in writing. Questions must be brief, clear and focussed.

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CHESHIRE EAST COUNCIL**Minutes of a meeting of the Council**

held on Thursday, 12th December, 2013 at The Assembly Room - Town Hall,
Macclesfield SK10 1EA

PRESENT

Councillor D Flude (Chairman)

Councillor W Fitzgerald (Vice-Chairman)

Councillors C Andrew, Rachel Bailey, Rhoda Bailey, A Barratt, G Baxendale, D Bebbington, D Brickhill, D Brown, L Brown, B Burkhill, P Butterill, Carter, J Clowes, S Corcoran, H Davenport, W S Davies, R Domleo, D Druce, K Edwards, P Edwards, I Faseyi, J P Findlow, R Fletcher, H Gaddum, S Gardiner, L Gilbert, M Grant, P Groves, J Hammond, M Hardy, A Harewood, 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, D Marren, A Martin, M A Martin, P Mason, R Menlove, G Merry, A Moran, B Murphy, H Murray, D Neilson, D Newton, M Parsons, P Raynes, L Roberts, J Saunders, M Sherratt, B Silvester, L Smetham, D Stockton, A Thwaite, D Topping, G Wait, G M Walton, M J Weatherill, R West, P Whiteley, S Wilkinson and J Wray

Apologies

Councillors R Cartlidge, S McGrory, B Moran, P Nurse, M J Simon and C G Thorley

49 PRAYERS

As the Mayor's Chaplain was unable to attend the meeting, Cllr S Wilkinson said prayers, at the request of the Mayor.

50 MINUTES OF THE MEETING HELD ON 17 OCTOBER 2013**RESOLVED**

That the minutes be approved as a correct record.

51 MAYOR'S ANNOUNCEMENTS

The Mayor:-

1. Informed Members that, since our last Council meeting she and the Deputy Mayor had attended over 60 events across the Borough, details of which had been circulated around the Chamber.

2. Thanked those Members who had attended her Civic Service on 20th October and expressed thanks to her Chaplain, Rev Hazel Rugman, for the way in which she led the Service.
3. Announced that she and Cllr Rhoda Bailey had attended the launch of Family Matters, a resolution service funded by central government in Crewe, for all residents in Cheshire East. The service was for parents going through a break-up and was free if one person was in receipt of a benefit or earning the less than the living wage. A leaflet in respect of the service had been circulated to Members and the Mayor requested that they spread the word, as there were many children in the care of the Borough who would not be in care if the right support and advice had been given to their parents at the right time.
4. Reported that she considered that one of the most important things that the Mayor of any Borough could do was to lead the Borough's tributes on and around Remembrance Day. This year, she and the Deputy Mayor had attended 7 remembrance services. These occasions were always poignant, but seemed more so this year, approaching the centenary of the outbreak of the Great War.
5. As this was the last meeting of Council in 2013, she wished everyone a very happy Christmas and prosperous New Year.

52 DECLARATIONS OF INTEREST

There were no declarations of interest.

53 PUBLIC SPEAKING TIME/OPEN SESSION

Honorary Alderman, Terence Beard spoke in relation to the devolution of some services from Cheshire East Council to Town and Parish Councils and the Council tax precept charged by Cheshire East, where Parish and Town Councils provided services.

The Leader of the Council responded to the question and stated no one would wish to see an increase in Council tax over the next year, or indeed the next 3 years.

54 NOTICES OF MOTION

Consideration was given to the following Notices of Motion:-

1 Good Governance: Openness and Transparency

Proposed by Councillor M Jones and seconded by Councillor B Murphy:-

This Council resolves that it will move swiftly to update its open-data policies in order to ensure that Cheshire East Council becomes a leading local authority for openness and transparency. It tasks the Chief Executive, working with and taking direction from Members, to review our governance arrangements to ensure that the objectives of openness and transparency are central to the way in which Cheshire East Council works, and that the use of Part II reports is minimised.

RESOLVED

That the motion be accepted.

2 Local Plan

Proposed by Councillor David Brickhill and seconded by Councillor B Murphy

This Council deplores the fact that an adopted Local Plan is not yet in place.

RESOLVED

That the motion stand referred to Cabinet.

3 Garden Waste

Proposed by Councillor David Brickhill and seconded by Councillor A Moran

This Council is critical of the recent decisions made concerning the collection of recyclable garden waste.

RESOLVED

That the motion stand referred to Cabinet.

55 RECOMMENDATION FROM CABINET - COUNCIL TAX BASE 2014/15

At its meeting on 10th December 2013, Cabinet was notified of the Council Tax Base for Cheshire East and of important changes to the calculation of the tax base for 2014/2015. Cabinet, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, recommended to Council, the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2014/2015.

As the Council agenda had been published before the meeting of Cabinet, the Cabinet minute was circulated at the meeting.

RESOLVED

That in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount approved by Cheshire East Council as its Council Tax Base for the year 2014/2015 is 137,548.53, for the whole area.

56 RECOMMENDATION FROM CABINET/LICENSING COMMITTEE - REVISED STATEMENT OF LICENSING POLICY

Cabinet, at its meeting on 12 November 2013, had considered the final draft of the Revised Statement of Licensing Policy, which was being recommended to Council by the Licensing Committee. The Council was required to review its existing statement of principles and publish a revised version by 31st January 2014, having consulted those stakeholders identified by the legislation.

It was noted that, before Cabinet considered the Revised Statement of Licensing Policy, the Licensing Committee had received reports on the Policy on two occasions. The minutes of these meetings were appended to the agenda and the recommendations of the Licensing Committee had been incorporated into the revised Policy, which was included at Appendix 1 of the Cabinet report. Cabinet supported the recommendation of the Licensing Committee that the Council should resolve to adopt the revised Statement of Licensing Policy.

RESOLVED

That the revised Statement of Licensing Policy, as set out at Appendix 1 of the Cabinet report, be adopted, to take effect on 1st February 2014.

57 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2012/13

The Audit and Governance Committee, at its meeting on 28 November 2013, had given consideration to the draft Annual Report of the Committee for 2012/13, prior to its submission to Council. There was a requirement in the Council's Constitution for the Audit and Governance Committee to submit an annual report to Council, to demonstrate how they had fulfilled their terms of reference and to account for their performance.

RESOLVED

That the Audit and Governance Committee Annual Report 2012/13 be received and noted.

58 LEADER'S REPORT TO COUNCIL AND LEADER'S ANNOUNCEMENTS

The Leader of the Council announced:-

- That he was pleased to confirm the appointment of Judith Tench as the Council's new Head of Governance and Stewardship (Deputy S151 Officer) illustrating his commitment to governance in the strongest terms.
- That he would be asking the Constitution Committee to review the role of planning in the Constitution, especially the Strategic Planning Board, working with all the three planning chairs to create a more transparent, resident friendly and holistic planning framework. This would be alongside Housing, Planning, Economic Development and Regeneration Portfolio Holder, Cllr Don Stockton.
- That he had requested a review of the Council's financial procedures, working with the Council's Chief Operating Officer, Peter Bates, with a strong emphasis on procurement, in order to improve this area and give greater transparency on the Council's finances, which were strong. He also wanted to support procurement locally. He believed that the Council would have a balanced budget this year, next year and the year after, all without increasing the burden on residents.
- That he would be requesting the Head of Paid Service to move away from zero hours contracts towards flexible contracts and also that the Council would move towards the living wage for all its employees, something the Council already did in most areas.
- That the Council would also look to open a controlled redundancy process in 2014, to allow all officers to apply for redundancy. This did not automatically mean that all staff would be allowed terms, as many roles were important to the Council.
- That he would introduce a review of the Council's Policy Development Groups and would like to know what Members thought should be done to change and adapt in order to strengthen Member decision making.
- That he would also be asking the Council's Constitution Committee to look into an addendum to the Constitution, illustrating that, where possible, Ward Members would receive information at the earliest opportunity. This protocol already existed, but he wanted it to be strengthened and potentially added into all Council and officer protocols and to be part of officer behaviour. He would also be working with the Council's Corporate Leadership Board and union colleagues on the introduction of confidentiality and non disclosure clauses in all managers' contracts of employment.
- That he was committed to strong open leadership, but there must be structures in place to underpin transparency. He would be requesting the Council's Head of Paid Service and Chief Operating Officer to review the terms of reference of the Monitoring Officer. He

wanted a robust and effective officer core and believed that the Council currently had the strongest leadership board in the history of Cheshire East Council and he wanted to ensure that the Monitoring Officer was empowered to deliver the Council's ambitious agenda.

- That the full introduction of the Alternative Service Delivery Vehicles had been delayed until March 31st 2014. This was so that the Council could get the governance right. Members could already attend any formal meeting and speak, at the discretion of the chair and he wanted more control for Members, especially the Corporate Scrutiny Committee and the Audit and Governance Committee. This was an ongoing process and as such he had delayed their introduction until March, so that these vehicles were ready and to ensure that the governance was strong. He also wanted the Constitution to illustrate these new delivery vehicles. He was pleased to inform Members that many staff had already embraced the new delivery vehicle ideology and that there had been some excellent work going forward, one example being the environmental WOC, where teams were already working together and a refuse collection trial was already underway which would see the end of all landfill for the Council's highways waste.
- That he was keen to introduce a compulsory mileage rate of 45p per mile for Members and would work with officers and union colleagues to move to the HMRC level for officers too. He commended union colleagues for their efforts in reaching broad agreement and in putting residents and officers first.
- That, as a part of the budget process, there would be focus on delivery in the community, in order to make the Council "resident first" and "partnership first", working with partners to ensure that the Council would become local and that localism was alive in Cheshire East. To this point he was charging the Corporate Leadership Board to focus on working more at the local level and was pleased to announce that, in the next three years, renewal schemes would be introduced across the borough, working with local Members, in consultation with shopkeepers and residents. These would include public realm in Nantwich and Knutsford and Mill Street in Macclesfield, where he saw the future for residential and retail together, creating a cultural quarter to go along with silk heritage. He would also be working to renew Crewe, especially its town centre and was working for further fantastic news on jobs and investment for Crewe, coming on top of the fabulous investment by Bentley.
- That he was also keen to deliver equity in health and formally announced a new Health and Wellbeing centre as a destination point in Crewe. It would be consulted on shortly and he was

pleased to have the support of the local Members and looked forward to hearing what residents thought it should look like.

- That he would work with Congleton to enhance their town centre work, creating a new Museum and Leisure Centre. He would also consult with Middlewich and Wilmslow residents to discuss what they wanted the Council to do with its resources locally. He would also have a new offer for all villages, led by the Council's new Stronger Communities Officer.
- That an application would be coming forward on the MMU site in Alsager, which will include a sports hub embracing all the current pitches, like for like and this would provide the best facilities in sport.
- (A leaflet was circulated providing the latest information on what the Council had delivered in respect of highways, which set a broad agenda for the Council to move forward, building on its achievements, such as 102,000 potholes. The leader reported that this was a start, with more to come).
- That, in 2014, the Council would look for excellence in education and was hopeful in respect of its bid for a UTC in Crewe and also the development of apprenticeships in engineering and health. The Council would also be leading a conference for pan Cheshire East schools on cyber crime and on drugs within schools.
- That Cheshire East was leading the £31.4m Connecting Cheshire Project, which was one of the fastest rollout projects of fibre-optic broadband in the country and would enable 96% of premises, or another 80,000 new homes and businesses to access high speed broadband by March 2015. This was great for all communities; rural, urban and business and was a massive engineering challenge.
- The reinforcement of the Council's commitment to HS2. The Council would publish its consultation document, which would not only give a compelling argument for HS2 in Cheshire and underwrite the broader economic argument for HS2 but, as part of the Council's faith in HS2, was a compelling logic for not only an HS2 stop at Crewe but an HS2 station at Crewe. This was so compelling that he had called for Network Rail to build a new station at Crewe, to be completed by 2020. This was because Crewe embodied the essence of the hub model connecting North Wales, Liverpool, Stoke, Birmingham, Manchester and the North West and was why Cheshire East was the engine for the development of the Northwest. A new station at Crewe would add up to 60,000 new jobs.

- That the North of the Borough would see the opening of the Waters Corporation headquarters and the sale of Alderley Park. Both reinforced the fact that there was a growing corridor of science jobs, which would continue to grow. This corridor stretched from Hurdsfield in Macclesfield, Jodrell Bank, Radbrooke Hall, Booths Hall at Knutsford, Alderley Park and its growing Bio Hub and the Waters Corporation. This corridor promoted a UK PLC corridor of growth in science, supporting the Northwest burgeoning scientific offer.
- That 2014 was a very important year for the Council. It would commemorate the 100 year anniversary of the start of the Great War. A poignant event which would hold great personal and emotional impact for the residents of Cheshire East. This would be commemorated with dignity and he thanked the officers and Members who were collaborating on this issue. A paper would be bought to Council shortly illustrating the plans. As part of this he announced a £100,000 fund for repair and renewal of any Great War memorials which may need enhancing. Parishes could apply directly to the Council, as could the Royal British Legion, which he respected immensely.
- The Council would also commemorate National Holocaust Day on 27 January 2014 with a two minute silence and civic event.
- That he believed in plan led development and would fight to protect the greenbelt and announced that the Council was close to achieving its Five Year Housing supply and a 5% buffer and that he was fighting against the 20% buffer. Once the Council had established its Five Year Housing Supply this would give more strength to its planners to defend the Borough's green gaps, greenbelt and villages. Moreover on safeguarded land, he believed a position would be reached to reduce the current levels in the draft plan so that the Council could both reflect local opposition, but also get a sound plan.
- That the Council would minimise all Part II items, unless there was a clear and absolute risk for the Council, a company or an individual. This should mean an end to most Part II reports.
- That he would be requesting that the Corporate Leadership Board ensure that in pre planning applications all Members were invited, unless there was a clear and absolute risk for the Council and thus to remove the "tick box" exclusion of Members which has occurred to date.
- Finally, that all staff be thanked and supported and as part of this he would be encouraging better practice of the Council's robust processes in order to create, especially through the Alternative Service Delivery Vehicles, a work ambience that supported

openness, so that officers could complain and that senior officers learnt from these complaints, which had not always been the case.

59 QUESTIONS

The following Members asked questions at the meeting:-

Cllr S Gardiner, in respect of the Council's receipt of a national award for adoption services and what specific impact this had on families in Cheshire East. – The Children and Family Services and Rural Affairs Portfolio Holder, Cllr Rachel Bailey responded.

Cllr S Wilkinson in respect of HS2- The Leader of the Council, Cllr M Jones responded.

Cllr J Jackson, in respect of whether Macclesfield residents would be given the opportunity to vote on the mode of governance they wanted - The Leader of the Council, Cllr M Jones responded.

Cllr G Walton, in respect of the Leader's announcement relating to the departure of senior officers - The Leader of the Council, Cllr M Jones responded.

Cllr S Corcoran, in respect of the release of the minutes of a recent meeting of the Strategic Planning Board relating to appeals, the release of the appeal decisions and the DIP report - The Leader of the Council, Cllr M Jones responded.

Cllr F Keegan, in respect of details contained in the highway leaflet circulated on behalf of the Leader, as part of his announcements – The Environment Portfolio Holder, The Environment Portfolio Holder, Cllr D Topping responded.

Cllr J Hammond, relating to the timescale for the advice in respect of the 5 year housing supply - The Leader of the Council, Cllr M Jones responded.

Cllr S Jones, relating to the effect that dementia has on the global health programme, including a request for an update report on dementia services in Cheshire East – The Health and Adult Social Care Portfolio Holder, Cllr J Clowes responded.

Cllr Neilson, in respect of the decision to allow fostering placements to remain with carers until the age of 21 and how Cheshire East would incorporate these changes – The Children and Family Services and Rural Affairs Portfolio Holder, Cllr Rachel Bailey responded.

Cllr Murray, in respect of more suitable venues for Council meetings and acoustic issues – The Mayor responded.

Cllr K Edwards – In respect of the Print Room and Post Room at Macclesfield Town Hall. - The Leader of the Council, Cllr M Jones responded.

The meeting commenced at 12.00 pm and concluded at 2.20 pm

Councillor D Flude (Chairman)
CHAIRMAN

COUNCIL – 27 FEBRUARY 2014**NOTICES OF MOTION****Submitted to Council in Accordance with Procedure Rule 12****1 Public Rights of Way****Proposed by Councillor Ken Edwards**

Cheshire East Council acknowledges that one of their most significant tourist assets is the magnificent scenery and the access to that scenery given by the extensive public rights of way network.

Therefore they call upon the administration to ensure that in any future arrangements for the governance and management of public rights of way that may be commissioned in the exercise of the Councils statutory responsibilities the following principles will be adhered to:

- a) There will be appropriate arrangements made to maintain and where necessary to improve and extend signage, and safe access
- b) There will be consultative arrangements to enable members of the public to be aware of and involved in any proposed changes to Public Rights of Way
- c) There will be a continually updated Rights of Way Improvement Plan
- d) There will be an appropriate programme of inspection to ensure safety for users.
- e) There will a budget allocated to carry out the above responsibilities.
- f) Work on completing the Definitive Map of all designated rights of way will be completed.

2 Spare Room Subsidy**Proposed by Councillor Ken Edwards**

In line with the aspiration to improve the quality of life of all in Cheshire East, this Council should be satisfied that there has been no harm done to the health and wellbeing of the residents who have been affected by the Spare Room Subsidy.

We therefore call upon this Council to carry out Health Impact, and Equality Impact Assessments on the effects of the implementation of the Spare Room Subsidy throughout the Borough.

In particular, the Council should assess the impact on those residents who have been detrimentally affected, because they have been in receipt of Housing Benefit Support since before 1996.

3 Thank You to Highways and Emergency Teams

Proposed by Councillor David Topping

That this Council formalises its sincere thanks to the highways and emergency teams for their supreme efforts in the most difficult of conditions during the recent storm to keep the highways network open and keeping residents as safe as possible.

4 Preparation of Final Draft Core Strategy for Local Plan

Proposed by Councillor Lesley Smetham

Cheshire East Council recognises and appreciates the expertise, negotiation skills and hard work that all officers involved have put into the preparation of a fair, sustainable and robust Final Draft Core Strategy for our Local Plan

COUNCIL MEETING – 27 FEBRUARY 2014**Extract from the Minutes of the Cabinet Meeting on 4 February 2014****124 TREASURY MANAGEMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY STATEMENT 2014/15**

Cabinet considered the 2014/15 Treasury Management Strategy Statement, incorporating the Minimum Revenue Provision Policy Statement, the Investment Strategy and Prudential and Treasury Indicators.

Strong financial management had strengthened the balance sheet, enabling the Council to continue its policy of utilising investment balances instead of taking out new external borrowing in order to finance capital expenditure. This had meant that the loans portfolio had not increased from the inherited position of the former County Council. This, along with a number of key decisions taken since 2009, including debt restructuring, repayment of prior years' debt using available reserves, rigorous daily investment decisions and the monitoring of available cash flows had enabled the Council's cash resources to be used to optimum benefit.

The Council remained committed to delivering appropriate levels of capital investment to support service improvement and local economic growth. It would continue to minimise the net cost of borrowing by ensuring that the capital programme could be funded without the need for additional external borrowing.

RESOLVED

That Council be recommended to approve the Treasury Management Strategy and the Minimum Revenue Provision Statement for 2014/15.

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	4th February 2014
Report of:	Chief Operating Officer
Subject/Title:	Treasury Management Strategy and MRP Statement 2014/15
Portfolio Holder:	Councillor Peter Raynes (Finance)

1.0 Report Summary

- 1.1 To present the 2014/15 Treasury Management Strategy Statement (TMSS), incorporating the Minimum Revenue Provision (MRP) Policy Statement, Investment Strategy and Prudential and Treasury Indicators 2014/17, 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 Treasury Management is a key element in the overall financial health and resilience of Cheshire East Council. Strong financial management has strengthened the balance sheet, enabling the Council to continue its policy of utilising investment balances instead of taking out new external borrowing in order to finance capital expenditure. This has meant that the loans portfolio has not increased from the inherited position of the former County Council.

- 1.4 This along with a number of key decisions taken since 2009, including debt restructuring; repayment of prior year's debt using available reserves; rigorous daily investment decisions and the monitoring of available cash flows has enabled the Council's cash resources to be used to optimum benefit. The treasury management team work closely with the Council's advisors Arlingclose to gain the maximum benefit from their expertise and guidance, including benchmarking performance against other local authorities on a quarterly basis.

- 1.5 The Council remains committed to delivering appropriate levels of capital investment to support service improvement and local economic growth. The current strategy is to ensure that this is sustainable by controlling the consequential impact on the revenue account and council tax levels, ensuring good value for money to local businesses and residents.

- 1.6 The Council will therefore continue to minimise the net cost of borrowing by ensuring that the capital programme can be funded without the need for additional external borrowing. This requires maximisation of alternative funding sources (i.e., grants, developer contributions and capital receipts) and careful management of capital cash flows to ensure that any short term borrowing requirements can be met from internal resources.

2.0 Recommendation

Cabinet is requested to recommend to Council the approval of the:

- Treasury Management Strategy and the MRP Statement for 2014/15 (Appendix A)

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 Recommendation

- 3.1 The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2014/15. The Strategy for 2014/15 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

- 6.1 Not applicable.

7.0 Financial Implications

- 7.1 Effective Treasury Management provides support towards the achievement of service priorities, it ensures that the Council's capital investment programme delivers value for money by demonstrating that 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

- 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.

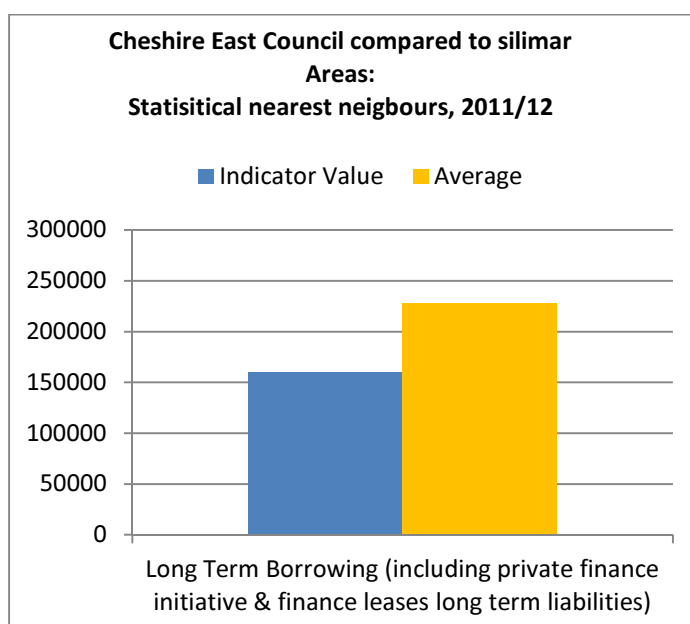
9.0 Risk Management

- 9.1 The Council operates its treasury management activity within the approved Treasury Management Code of Practice and associated guidance.
- 9.2 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy as no treasury management activity is without risk. The aim is to operate in an environment where risk is clearly identified and managed.
- 9.3 To reduce the risk that the Council will suffer a loss as a result of its treasury management activities down to an acceptable level a number of risk management procedures have been put in place. The procedures cover liquidity risk, credit and counterparty risk, re-financing risk, legal and regulatory risk, and fraud, error and corruption risk. These are referred to within the borrowing and investment strategies, prudential indicators and the Treasury Management Practices Principles and Schedules.
- 9.4 The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

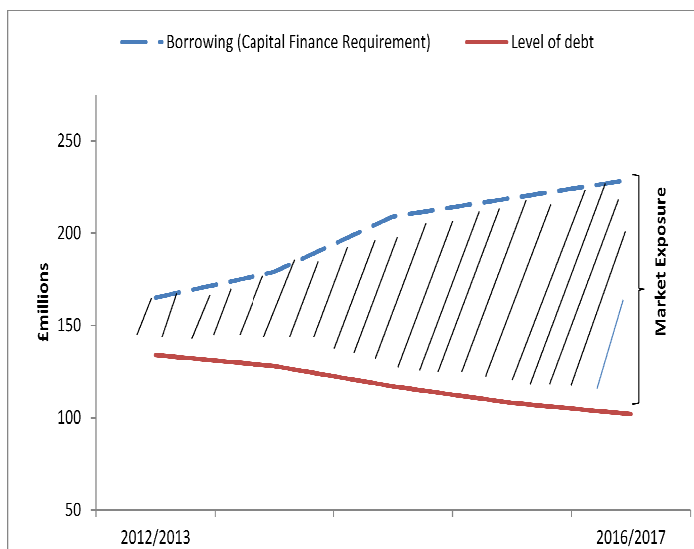
10.0 Background and Options

- 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 27th February 2014.

- 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 The capital programme for 2014/17 is intentionally aspirational, reflecting the Council's ambition to pursue additional external funding, private sector investment and capital receipts. Future capital receipts arising from the rationalisation of the asset base and the Engine of the North development programme will be utilised to fund new proposals, including infrastructure to generate local economic growth; investment in new service delivery models and improvements in the Council's asset base.
- 10.4 The priority is to ensure that expenditure plans are affordable over the medium term. The programme is designed to allow flexibility so that cash flows i.e., the timing of capital receipts and payments, can be monitored and managed to minimise the risks to the Council of forward funding capital expenditure in advance of realising grant income, developer contributions and proceeds of planned asset sales and disposals. Where temporary borrowing is required this will be funded from internal resources and repaid as soon as receipts allow.
- 10.5 The Council currently has external borrowing of £128m. The amount of interest paid on the Council's portfolio of long term loans is mainly at fixed rates of interest (circa 4.04%). Currently long term interest rates are around 4.3%.
- 10.6 Compared to our nearest neighbours, as demonstrated in the following graph the Council's levels of external borrowing is significantly below average.



- 10.7 Over the financial period covered by this strategy, a further £26m of PWLB loans are due to be repaid (see table 1 – Balance Sheet Summary and Forecast). This means the gap between the Capital Financing Requirement and actual borrowing is increasing, as demonstrated in the following graph.



- 10.8 This exposes the Council to interest rate risk in the future if cash balances were to fall and borrowing had to be taken at prevailing rates at the time. Therefore, to reduce exposure to interest rate risk and prevent excessive use of internal resources existing loans will be replaced as they mature, subject to market conditions.
- 10.9 Within the Treasury Management Strategy, the Council will continue to minimise additional 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 reduced. Given the current low interest rate environment is expected to continue throughout 2014/15 and beyond, the interest rate risk associated with delayed borrowing is assessed to be low.
- 10.10 The rate of interest to be earned on the Council's cash balances that are temporarily invested pending their being used (estimated at £36 million) is budgeted to be 0.5%.
- 10.11 The capital financing budget remains at the very prudent level of £12.5m, 4.9% of the 2014/15 net revenue budget.

Capital Financing Budget 2014-15

Capital Financing Budget	2013/14 Original £m	2013/14 Revised £m	2014/15 £m
Repayment of Outstanding Debt	6.9	6.8	8.0
Contribution re: Schools TLC Schemes	-0.9	-0.9	-0.9
Direct Revenue Funding	0.4	0.4	0.4
Interest on Long Term Loans	5.7	5.3	5.2
Total Debt Repayment	12.1	11.6	12.7
Less: Interest Receivable on Cash Balances	-0.2	-0.3	-0.2
Net Capital Financing Budget	11.9	11.3	12.5

10.12 Cheshire East inherited investments of £4.6m made by the former Cheshire County Council with Heritable Bank, which went into administration in October 2008. The expectation was for around 88% of this to be recovered. In 2013/14 further amounts were repaid bringing the total amount recovered to 94%. There is expected to be one final receipt, the amount of which is dependent on current litigation. The additional receipt over and above the original estimated recovery rate of 88% will benefit the Councils revenue account in 2013/14 by £300,000.

10.13 The principal changes to the 2014/15 Treasury Strategy have been:

- In readiness for regulatory reform of banks and building societies leading to reduced Governmental support, the general maximum amounts to be invested with any one counterparty have been reduced from £15m to £10m. A consequence of this is that more counterparties are now actively being considered including foreign banks, unrated building societies and other sources of investment
- Removal of requirement for Money market funds to be AAA rated. This is due to changes in regulation of Money Market Funds which will lead to removal of, or changes to, ratings. The Council will however monitor the underlying ratings of the assets of each fund to determine suitability for investment purposes

The revision to the credit criteria, once approved by Council for use in 2014/15, will also apply to the residual period of 2013/14.

Contract for banking services

10.14 Following a retendering exercise for the contract for banking and merchant card services, banking services will now be provided by Barclays Bank for a five year period commencing in 2014/15. The contract for merchant card services has been extended with Global Payments Ltd for 12 months after an unsuccessful tender outcome. A

procurement exercise for merchant cards will now be undertaken in 2014/15 under a framework agreement.

11.0 Access to Information

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

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Appendices:

*Appendix A – Treasury Management Strategy Statement & Investment Strategy
2014/15 – 2016/17*

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Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17



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- 7. Other Items**
- 8. Financial Implications**

Annexes

- A. Economic & Interest Rate Forecast (Section 2.6)**
- B. Existing Investment & Debt Portfolio Position (Section 3.1)**
- C. Prudential indicators**
- D. MRP Statement 2014/15**

1. Background

- 1.1. On 23rd February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.
- 1.2. In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.3. The report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.
- 1.4. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

2. External Context

- 2.1 **Economic Background:** The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates, subject to certain knock-outs. Unemployment was 7.7% in August 2013, but is not forecast to fall below the threshold until 2016, due to the UK's flexible workforce.
- 2.2 The flow of credit to households and businesses is slowly improving but is still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.7% in September 2013 will allow real wage increases (i.e. after inflation) to slowly turn positive and aid consumer spending.
- 2.3 Stronger growth data in 2013 (0.4% in Q1, 0.7% in Q2 and 0.8% in Q3) alongside a pick-up in property prices mainly stoked by government initiatives to boost mortgage lending have led markets to price in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, growth is likely to only be gradual. Arlingclose forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable.
- 2.4 In the US expectations for the slowing in the pace of asset purchases ('tapering') by the Federal Reserve and the end of further asset purchases will remain predominant drivers of the financial markets. The Fed did not taper in September and has talked down potential tapering in the near term. It now looks more likely to occur in early 2014 which will be supportive of bond and equity markets in the interim.
- 2.5 **Credit outlook:** The credit risk of banking failures has diminished, but not dissipated altogether. Regulatory changes are afoot in the UK, US and Europe to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process. This is already manifest in relation to holders of subordinated debt issued by the Co-op which will suffer a haircut on its conversion bail-in to alternative securities and/or equity. There are also proposals for EU regulatory reforms to Money Market Funds which will, in all probability, result in these funds moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper. Diversification of

investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

- 2.6 **Interest rate forecast:** Arlingclose's forecast is for the Bank Rate to remain flat until late 2016, the risk to the upside (i.e. rates being higher) are weighted more heavily towards the end of the forecast horizon, as the table below shows. Gilt yields are expected to rise over the forecast period with medium- and long-dated gilts expected to rise by between 0.7% and 1.1%.
- 2.7 A more detailed economic and interest rate forecast provided by the Authority's treasury management advisor is attached at **Annex A**.
- 2.8 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.50%, and that new long-term loans will be borrowed at an average rate of 4.30%.
3. **Local Context**
- 3.1 The Authority currently has borrowings of £128m and investments of £82m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below

Table 1: Balance Sheet Summary and Forecast

	31.3.13 Actual £m	31.3.14 Estimate £m	31.3.15 Estimate £m	31.3.16 Estimate £m	31.3.17 Estimate £m
General Fund CFR	192	203	234	242	252
Less: Other long-term liabilities *	-27	-26	-24	-23	-22
Borrowing CFR	165	177	210	219	230
Less: External borrowing **	-134	-128	-117	-108	-102
Internal (over) borrowing	31	49	93	111	128
Less: Usable reserves	-53	-48	-46	-44	-42
Less: Working capital	-42	-40	-35	-30	-30
Investments (or New borrowing)	64	39	(12)	(37)	(56)

* finance leases and PFI liabilities that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding a minimum investment balance of around £20m for liquidity purposes.
- 3.3 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £50m over the forecast period.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2014/15.

4. Borrowing Strategy

- 4.1 The Authority currently holds loans of £128m, a decrease of £6m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2014/15. The Authority may however borrow to refinance maturing debt.
- 4.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 4.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2014/15 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.5 In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.
- 4.6 The approved sources of long-term and short-term borrowing are:
 - Public Works Loan Board
 - UK local authorities
 - any institution approved for investments (see below)
 - any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
 - UK public and private sector pension funds (except Cheshire Pension Fund)
 - capital market bond investors
 - special purpose companies created to enable joint local authority bond issues.
- 4.7 The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.
- 4.8 The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2014/15, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

- 4.9 Short-term and variable rate loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.
- 4.10 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

5. Investment Strategy

- 5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £62m and £118m. Slightly reduced levels are expected to be maintained in the forthcoming year.
- 5.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.
- 5.3 The Authority may invest its surplus funds with any of the counterparties in table 2 below, subject to the cash and time limits shown.

Table 2: Approved Investment Counterparties

Counterparty		Cash limit	Time limit †
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£10m each	10 years*
	AA+		5 years*
	AA		4 years*
	AA-		3 years*
	A+		2 years
	A		1 year
	A-		
The Authority's current account bank (Barclays Bank) if it fails to meet the above criteria		£5m	next day
UK Central Government (irrespective of credit rating)		unlimited	50 years**
UK Local Authorities (irrespective of credit rating)		£10m each	50 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher		£10m each	10 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is BBB- or higher and those without credit ratings		£10m each	5 years
UK Building Societies without credit ratings		£1m each	1 year
Money market funds		£10m each	n/a
Other pooled funds		£25m each	n/a
Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser		£5m each	3 months
		£1m each	1 year
		£100k each	5 years

† the time limit is doubled for investments that are secured on the borrower's assets

* but no longer than 2 years in fixed-term deposits and other illiquid instruments

** but no longer than 5 years in fixed-term deposits and other illiquid instruments

- 5.4 There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the *EU Bank Recovery and Resolution Directive* are implemented.
- 5.5 In addition, the Authority may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Authority's treasury management adviser.
- 5.6 **Current Account Bank:** Following a competitive tender exercise held in 2013 and following the announcement by the Co-operative Bank that they will no longer be providing banking services to Local Authorities, the Authority's current accounts are being moved to Barclays Bank which is currently rated above the minimum A- rating in table 2. Should the credit ratings fall below A-, the Authority may continue to deposit surplus cash with Barclays Bank providing that investments that can be withdrawn on the next working day, and that the bank maintains a credit rating no lower than BBB- (the lowest investment grade rating).
- 5.7 **Registered Providers:** Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Homes and Communities Agency and retain a high likelihood of receiving government support if needed. The Authority will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

- 5.8 **Building Societies:** The Authority takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Authority's deposits would be paid out in preference to retail depositors. The Authority will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.
- 5.9 **Money Market Funds:** These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Authority. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 5.10 **Other Pooled Funds:** Table 1 above indicates that the Authority will have substantial cash balances available for investment over the medium term. It will therefore continue to use pooled bond, equity and property funds that offer enhanced returns over the longer term, but are potentially more volatile in the shorter term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly. The Council currently has investments valued at £20.4m in pooled funds managed by Investec.
- 5.11 **Other Organisations:** The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.
- 5.12 **Externally Managed Funds:** Although not currently used, this type of fund, which is managed on a discretionary basis by an appointed fund manager, is an option for future investments. The manager has scope to add value through the use of the investments listed in table 2 and must operate within the same limits. Performance is monitored and measured against the benchmark set for the fund, prevailing economic conditions and investment opportunities.
- 5.13 **Risk Assessment and Credit Ratings:** The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.14 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the

organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

- 5.15 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 5.16 **Specified Investments:** The CLG Guidance defines specified investments as those:
- denominated in pound sterling,
 - due to be repaid within 12 months of arrangement,
 - not defined as capital expenditure by legislation, and
 - invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".
- 5.17 The Authority defines "high credit quality" organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.
- 5.18 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Maximum % of Total Investments	Cash limit
Total long-term investments	50%	£25m
Total investments without credit ratings or rated below A-	50%	£25m
Total investments in foreign countries rated below AA+	15%	£15m
Total non-specified investments	50%	£65m

- 5.19 **Investment Limits:** In order to minimise the Authority's exposure to counterparty risk, the maximum that will be lent to any one organisation (other than the UK Government) will be £15m. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes.

Limits will also be placed on investments in brokers' nominee accounts (*e.g. King & Shaxson*), foreign countries and industry sectors as below:

Table 4: Investment Limits

Type of Counterparty	Maximum % of Total Investments	Cash limit
Any single organisation, except the UK Central Government	10%	£10m each
UK Central Government	100%	unlimited
Any group of organisations under the same ownership	10%	£10m per group
Any group of pooled funds under the same management	50%	£25m per manager
Negotiable instruments held in a broker's nominee account	50%	£25m per broker
Foreign countries	20%	£10m per country
Registered Providers	20%	£15m in total
Building Societies	20%	£10m in each
Loans to small businesses	10%	£10m in total
Money Market Funds	50%	£10m in each

5.20 Approved Instruments: The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits and loans where the Authority may demand repayment at any time (with or without notice),
- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £15m in total,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

5.21 Liquidity management: The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

6. Treasury Management Indicators

6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.

6.2 Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2014/15	2015/16	2016/17
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

- 6.3 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	35%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment

- 6.4 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2014/15	2015/16	2016/17
Limit on principal invested beyond year end	£25m	£15m	£10m

7. Other Items

- 7.1 There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.
- 7.2 **Policy on Use of Financial Derivatives:** 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).
- 7.3 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.
- 7.4 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.

- 7.5 **Investment Advisers:** The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by through regular meetings and periodic tendering for services.
- 7.6 **Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed every as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by our treasury management advisers, Arlingclose Limited and other relevant providers.
- 7.7 **Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.
- 7.8 The total amount borrowed will not exceed the authorised borrowing limit of £[X] million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

8. Financial Implications

- 8.1 The budget for investment income in 2014/15 is £0.2 million, based on an average investment portfolio of £36 million at an interest rate of 0.50%. The budget for debt interest paid in 2014/15 is £5.7 million, based on an average debt portfolio of £128 million at an average interest rate of 4%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Annex A - Arlingclose Economic & Interest Rate Forecast (December 2013)

Underlying assumptions:

- Growth continues to strengthen with the second estimate for Q3 growth coming in at an unrevised 0.8%. The service sector remains the main driver of growth, boosted by a contribution from construction.
- The unemployment rate has fallen to 7.6%. The pace of decline in this measure will be dependent on a slower expansion of the workforce than the acceleration in the economy, alongside the extent of productivity.
- The CPI for November has fallen to 2.1%, a much more comfortable position for the MPC. Utility price increases are expected to keep CPI above the 2% target in 2014, before falling back again.
- The principal measure in the MPC's Forward Guidance on interest rates is the Labour Force Survey (LFS) unemployment rate. The MPC intends not to raise the Bank Rate from its current level of 0.5% at least until this rate has fallen to a threshold of 7%.
- The reduction in uncertainty and easing of credit conditions have begun to unlock demand, much of which has fed through to the housing market. In response to concerns over a house price bubble, the Bank of England announced a curtailment of the Funding for Lending Scheme, which will henceforth concentrate on business lending only.
- The MPC will not hesitate to use macro prudential and regulatory tools to deal with emerging risks (such as curtailing the FLS). Absent risks to either price stability or financial stability, the MPC will only tighten policy when it is convinced about the sustained durability of economic growth.
- Federal Reserve monetary policy expectations - the slowing in the pace of asset purchases ('tapering') and the end of further asset purchases - will remain predominant drivers of the financial markets. Tapering of asset purchases will begin in Q1 2014. The US political deadlock over the debt ceiling will need resolving in Q1 2014.
- The European backstop mechanisms have lowered the risks of catastrophic meltdown. The slightly more stable economic environment at the aggregate Eurozone level could be undone by political risks and uncertainty in Italy, Spain and Portugal (doubts over longevity of their coalitions). The ECB has discussed a third LTRO, as credit conditions remain challenging for European banks.
- China data has seen an improvement, easing markets fears. Chinese leaders have signalled possible monetary policy tightening.
- On-going regulatory reform and a focus on bail-in debt restructuring of is likely to prolong banking sector deleveraging and maintain the corporate credit bottleneck.

Forecast:

- Our projected path for short term interest rates remains flat. Markets are still pricing in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. The MPC will not raise rates until there is a sustained period of strong growth. However, upside risks weight more heavily at the end of our forecast horizon.
- We continue to project gilt yields on an upward path through the medium term. The recent climb in yields was overdone given the soft fundamental global outlook and risks surrounding the Eurozone, China and US.

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	1.00
Arlingclose 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													
3-month LIBID rate													
Upside risk	0.20	0.25	0.30	0.35	0.40	0.50	0.55	0.60	0.65	0.70	0.75	0.90	0.95
Arlingclose Central Case	0.45	0.45	0.50	0.55	0.65	0.75	0.75	0.75	0.75	0.75	0.80	0.80	0.80
Downside risk			0.05	0.10	0.20	0.30	0.30	0.30	0.30	0.30	-0.35	-0.35	-0.35
1-yr LIBID rate													
Upside risk	0.35	0.30	0.35	0.40	0.45	0.50	0.60	0.70	0.75	0.75	0.75	0.80	0.80
Arlingclose Central Case	0.90	0.95	0.95	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.40	1.40
Downside risk	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	1.45	1.50	1.55	1.60	1.65	1.70	1.75	1.85	1.95	2.10	2.30	2.50	2.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
10-yr gilt yield													
Upside risk	0.50	0.50	0.50	0.65	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	3.00	3.10	3.30	3.50	3.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
20-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.25	3.30	3.35	3.40	3.45	3.50	3.55	3.65	3.75	3.85	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80
50-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.45	3.50	3.55	3.60	3.65	3.70	3.75	3.80	3.85	3.95	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80

Annex B

Existing Investment & Debt Portfolio Position

	08/01/14 Actual Portfolio £m	08/01/14 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	111	3.97%
PWLB - Variable Rate	0	-
Local Authorities	0	-
LOBO Loans	17	4.54%
Total External Borrowing	128	4.04%
Other Long Term Liabilities:		
PFI	21	-
Finance Leases	6	-
Total Gross External Debt	155	-
Investments:		
<i>Managed in-house</i>		
Short-term investments	62	0.61%
Long-term investments	0	-
<i>Managed externally</i>		
Pooled Funds	20	0.05%
Total Investments	82	0.49%
Net Debt	73	-

Annex C

Prudential Indicators revisions to 2013/14 and 2014/15 - 2016/17

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 Chief Operating Officer reports that the Authority had no difficulty meeting this requirement in 2013/14, 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	2013/2014	2014/2015	2015/2016	2016/2017	Future years
	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Total	78.3	164.8	74.1	52.1	147.7

3.2 Capital expenditure will be financed or funded as follows:

Capital Financing	2013/2014	2014/2015	2015/2016	2016/2017	Future years
	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Capital receipts	11.3	36.4	22.3	27.9	50.5
Government Grants	42.9	71.8	19.0	19.9	85.3
External Contributions	3.1	16.6	11.5	2.8	11.9
Revenue Contributions	1.0	0.8	1.3	0.2	0
Total Financing	58.3	125.6	54.1	50.8	147.7
Prudential Borrowing	20.0	39.2	19.9	1.3	0
Total Funding	20.0	39.2	19.9	1.3	0.0
Total Financing and Funding	78.3	164.8	74.0	52.1	147.7

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.

Ratio of Financing Costs to Net Revenue Stream	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	%	%	%	%
Total	4.58	4.93	5.76	5.98

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.

Capital Financing Requirement	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	£m	£m	£m	£m
Total	203	234	242	252

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.

Actual External Debt as at 31/03/2013		£m
Borrowing		134
Other Long-term Liabilities		27
Total		161

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.

Incremental Impact of Capital Investment Decisions	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	£	£	£
Increase in Band D Council Tax	4.38	10.94	0

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.

	2013/2014 Estimate £m	2014/2015 Estimate £m	2015/2016 Estimate £m	2016/2017 Estimate £m
Authorised Limit for Borrowing	212	245	255	265
Authorised Limit for Other Long-Term Liabilities	26	24	23	22
Authorised Limit for External Debt	238	269	278	287
Operational Boundary for Borrowing	202	235	245	255
Operational Boundary for Other Long-Term Liabilities	26	24	23	22
Operational Boundary for External Debt	228	259	268	277

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 23rd 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 07/01/2014	2013/2014 Approved	2014/2015 Estimate	2014/2015 Estimate	2015/2016 Estimate	2016/17 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 is relatively high to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2014/15.

Maturity structure of fixed rate borrowing	Level as at 31st March 2014 (based on Current Borrowing) %	Lower Limit for 2014/2015 %	Upper Limit for 2014/2015 %
under 12 months	22%	0%	35%
12 months and within 24 months	7%	0%	25%
24 months and within 5 years	14%	0%	35%
5 years and within 10 years	9%	0%	50%
10 years and within 20 years	19%	0%	100%
20 years and within 30 years	8%	0%	100%
30 years and within 40 years	13%	0%	100%
40 years and within 50 years	8%	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.

Annex D - MRP Statement 2014/15

The annual Minimum Revenue Provision (MRP) Statement sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.

Capital expenditure is expenditure that provides ongoing benefits to the Council for a period of longer than 1 year. Accounting rules require that where this capital expenditure is not funded through external contributions, external grants, capital receipts or contributions from revenue budgets it must be charged against the Council's General Fund Balances. The period over which this charge is made should reflect the length of time that the expenditure will provide benefits to the Council.

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.

Prior to 2010 the major proportion of MRP relates to the more historic debt liability that was outstanding at the time the Guidance was adopted. This will continue to be charged at the rate of 4%, in accordance with option 1 of the Guidance.

New capital expenditure for each subsequent year will in general be charged in accordance with Option 3 of the Guidance, which recommends that the annual charge should broadly equate to the anticipated life, or period of benefit, which is reflective of the nature of the expenditure. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Charges will commence in the year following the creation of the capital asset, i.e, in the assets first full year of operation.

In the case of long term debtors arising from loans or other types of capital expenditure made by the Council which will be repaid under separate arrangements, there will be no minimum revenue provision made.

For those types of capital expenditure incurred by the Council which are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

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.

The MRP Statement will be submitted to Council before the start of the 2014/15 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

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CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL

Date of Meeting:	27 th February 2014
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	The Council's Medium Term Financial Strategy 2014/2017
Portfolio Holders:	Councillor Jones / Councillor Raynes

1.0 Report Summary

- 1.1 Residents of Cheshire East are enjoying the best quality of life in the Northwest, and the Council, through this Medium Term Financial Strategy, is continuing to put local residents and business first by supporting economic growth, providing choice, quality services and safeguarding vulnerable people.
- 1.2 The 2013/2014 financial outturn is on target against a backdrop of reducing government grants, and this forms the solid base to manage expenditure in the medium term. The 2014/2015 Budget Proposals contained within this report are balanced, including provision to freeze Council Tax for a fourth consecutive year. There are still identified budget deficits in the medium term caused through on-going reductions in public sector spending. Our response to these pressures will be developed in 2014 and will be based on innovation and creativity with a continued focus on improving efficiency, productivity and more effective local service delivery. Continuing to create the best conditions for private sector investment, economic growth and prosperity will be critical to the Borough.
- 1.3 This report provides the two documents which make up the Medium Term Financial Strategy (MTFS) for the period 2014/2015 to 2016/2017. They are:
 - **Appendix A** – The Leader's Report 2014/2017 ~ which sets out the Council's approach to achieving its ambitions of delivering positive community outcomes and supporting businesses over the medium term. The report provides context, highlights achievements to date and gives details of the proposed changes to services.
 - **Appendix B** – The Budget Report 2014/2017 ~ which sets out, in detail, the robust spending plans and income targets that will provide the resources for the achievement of the Council's plans for the financial year starting 1st April 2014, as well as indicative estimates for 2015/2016 and 2016/2017. The report provides information on the balance of funding between central and local government as well as supporting information on requirements for capital expenditure and reserve levels.
- 1.4 Both documents are the result of the Business Planning Process led by the Council from July 2013 to February 2014. The MTFS Report was considered by Cabinet on 4th February 2014 and is being recommended to Council for approval.
- 1.5 The business planning process involved considerable engagement with local people and organisations and details of how this process was managed is included within **Appendix A**.

2.0 Decision Requested

That Council approves:

- 2.1 The Revenue estimates of the 2014/2015 budget and the medium term Capital Programme estimates 2014/2017, as detailed in the Leader's Report (**Appendix A**) and Budget Report (**Appendix B**), which form the overall Medium Term Financial Strategy.
- 2.2 Band D Council Tax of £1,216.34 (no change from 2013/2014) (**Appendix B, Section 2**).
- 2.3 The 2014/2015 non ring-fenced Specific Grants, and that any amendments to particular grants will be reported to Council, if further information is received from Government Departments or other funding bodies (**Appendix B, Annex 3**).
- 2.4 The relevant Portfolio Holder to agree the use of additional Specific Grants received in conjunction with the Finance Portfolio Holder as further updates to the 2014/2015 funding position are received.
- 2.5 The recommended Prudential Indicators for Capital Financing (**Appendix B, Annex 5**).
- 2.6 The Children and Family Services and Rural Affairs Portfolio Holder to agree any necessary amendment to the 2014/2015 Dedicated Schools Grant (DSG) of £184.8m and the associated policy proposals, in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2013/2014 (**Appendix B, Annex 6**).
- 2.7 The recommended Reserves Strategy and the proposal to create an earmarked investment reserve for £5.3m to be used to improve the financial sustainability of the Council in the medium term (**Appendix B, Annex 7**).

That Council notes:

- 2.8 The Budget Engagement exercise undertaken by the Council, as set out in the attached **Appendix A (Annex 4)**.
- 2.9 The comments of the Council's Chief Operating Officer (Section 151 Officer), contained within the Budget Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix B, Comment from the Chief Operating Officer**).
- 2.10 The risk assessment detailed in the Budget Report (**Appendix B, Section 4**).
- 2.11 That the estimates and profiling within the Capital Programme 2014/2017 reflect the ambition and future spending plans of the Council, which may vary as funding opportunities, prudential borrowing limits and operational capacity are confirmed (**Appendix B, Annex 6**).
- 2.12 That projects will be managed through the Executive Monitoring Board. The Council's Finance Procedure Rules will always apply should any additional spending requirements be identified (**Appendix B, Annex 6**).
- 2.13 The progress made to become a commissioning council.

3.0 Reasons for Recommendations

- 3.1 In accordance with the Budget and Policy Framework Rules of Procedure, Council is requested to approve the MTFS Report for 2014/2017, including the Leader's Report, Budget Report and the Capital Programme estimates, following recommendation by Cabinet.
- 3.2 A copy of the Leader's Report is attached at **Appendix A**.
- 3.3 A copy of the Budget Report (which includes the Budget and Capital Programme estimates) is attached at **Appendix B**.
- 3.4 The Council's Chief Operating Officer (Section 151 Officer) reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, he is satisfied with the robustness of the estimates making up the Council Tax Requirement of £167,305,774 and he is satisfied with the adequacy of the financial reserves for the Council.
- 3.5 Further to the above statement it can be reported that the Medium Term Financial Strategy Report from the Leader of the Council (**Appendix A**) is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience of the Council in the medium term.

4.0 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 The report outlines policy proposals which will impact on service delivery.

7.0 Financial Implications

- 7.1 The report includes details of policy proposals which will affect service budgets from 2014/2015 onwards.
- 7.2 The Council will use its agreed Budget Principles to guide decision making. These are set out below:

Our principles to underpin budget decisions:

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

8.0 Legal Implications

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

9.0 Risk Management

- 9.1 The steps outlined in this report mitigate the four main legal and financial risks to the Council's financial management:
- The Council must set a balanced Budget.
 - Setting the Council Tax for 2014/2015 must follow a legal process.
 - The Council should provide high quality evidence to support submissions for external assessment.
 - That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.
- 9.2 A risk assessment of the significant proposals being put forward has been carried out by each service and included as part of the service planning process.
- 9.3 It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk will need to be continually embedded to ensure the Council can seize opportunities, introduce new, innovative models of service delivery, focus on improving outcomes for residents and review its range of services while identifying and controlling any resulting risks. A revised approach to risk management will be further considered by Cabinet and Council as the Three Year Plan and budget are developed over the coming months.

10.0 Background and Options

Meeting the Council's Priorities

- 10.1 Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km² for over 370,000 residents. The budget to deliver these services in the period April 2014 to March 2015 will be over £1bn (revenue and capital), which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users and other organisations that the Council works with.
- 10.2 The Council is continuing to change and adapt to the challenges facing the public sector, while continuing to provide effective services to the residents and businesses of Cheshire East. To continue to improve services and provide better outcomes for local people, within appropriate funding levels, requires constant challenge to the way services are provided. Planning good quality services that people need is achieved through consultation, analysis and prioritisation within the level of resources available.
- 10.3 During 2013/2014, the Council developed a Three Year Council Plan for 2013/2016 which set a clear strategic direction for the Authority.
- 10.4 The Council Plan identified the core purpose for the Council, reflecting the changing role of local government, funding reductions, and policy changes at the national and local level. It also identified the key outcomes we are seeking to achieve to improve the quality of life of local people and, therefore, what our priorities are for action and investment over the three year period covered by the plan.

- 10.5 Adding to or amending the change programmes has been an important focus of the budget setting process, ensuring that the Council focuses its energy and resources on those areas of change which will help build a sustainable Council for the future.
- 10.6 Progress in terms of delivery of the proposals has been monitored and reported at regular intervals during 2013/2014 and this will continue during 2014/2015.
- 10.7 The Leader's Report 2014/2017 is attached at **Appendix A**.

The Budget Setting Process 2014/2017

- 10.8 The Budget Setting Process 2014/2017 was agreed by Cabinet on 22nd July 2013.
- 10.9 This has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels and priorities.
- 10.10 There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council's financial position being taken to Cabinet in June, July, November 2013 and February 2014. Members have been briefed on the 23rd July, 7th November and 17th December 2013.
- 10.11 This has been undertaken against a background of continuing reductions in funding levels from central Government, a comprehensive management restructure and the Authority commencing the journey to become a commissioning council.
- 10.12 The Budget Report provides financial background to the MTFS Report as well as setting out further details of the on-going approach to funding the Three Year Council Plan. It sets out, in detail, the spending plans and income targets for the financial year starting 1st April 2014, as well as indicative estimates for the 2015/2016 and 2016/2017 financial years.
- 10.13 The Budget Report is based on the Final Local Government Finance Settlement for 2014/2015. This was released on 5th February and agreed by Members of Parliament following a debate in the House of Commons on 12th February 2014.
- 10.14 The budget report continues to include estimated grant allocations in relation to several items including Education Services Grant. These will be refined in due course. Any resulting impact in terms of changes to funding will be managed through General Reserves. Therefore, a balanced budget position will be maintained. Should there be any changes they will be notified to Members at the earliest opportunity.
- 10.15 The Budget papers have been updated for three grants confirmed after Cabinet met on 4th February. These include:
 - SEN Reform Grant,
 - Adoption Reform Grant and,
 - Individual Electoral Registration Grant.

Funding has been confirmed for 2014/2015. The overall impact on the budget is net nil and the schedules at **Appendix B, Annex 2 and Annex 3** have been revised.

- 10.16 Based on the engagement process, some of the narrative within the report has been improved to assist clarity and to respond positively to comments received.
- 10.17 Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 27th February 2014.
- 10.18 The Budget Report 2014/2017 (including the Reserves Strategy for 2014/2017) is attached at **Appendix B**.

11.0 Wider Engagement in Setting the Budget

- 11.1 The Reports for 2014/2017 have been produced following engagement on the [Pre-Budget Report](#) during January and February 2014.
- 11.2 The Business Planning Process provides the best way for the Council to fulfil its statutory duty to consult on its Budget proposals, for example with certain local stakeholder groups, local schools and local businesses. The Council also chooses to consult more widely with others, including our local partner public services, like Health and Fire and Rescue, as well as Town and Parish Councils, for example.
- 11.3 This process has been under-way for some time, as our thinking has advanced, and will continue in its later stages up to (and beyond, where necessary) the final decision made at Council when this report will be considered. In some cases, proposals remain subject to feedback from further targeted consultation activity, before they will be finalised and implemented (with revised financial projections where necessary).
- 11.4 Details of the Council's Business Planning engagement process are attached within **Appendix A (Annex 4)**.

12.0 Access to Information

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

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The Leader's Report 2014/2017

February 2014

This document is available to download on the Cheshire East Council [website](#), it will be distributed to all Members as part of the February 2014 Council Agenda.

If you have any comments or queries please e-mail

shapingourservices@cheshireeast.gov.uk

Foreword – Delivering our Three Year Plan

This Council is proud of its achievements to date, and continues to put residents and businesses first. Cheshire East is the best place to live in the Northwest and essential services provided by the Council are well respected by our residents. We are going further; by not increasing taxes, not closing facilities and reducing our reliance on resources from central government.

Change, whilst inevitable, can be difficult but the Council is resilient and adapts to keep us moving forward. We have now set the course, ready for the journey ahead.

Cheshire East is establishing itself as a commissioning council. Many councils have taken the decision to either outsource services to the independent sector, or to cut vital services in order to make savings. This Council is walking a different path; by moving towards a commissioning delivery model and by embracing the formation of new service delivery vehicles. We are also connecting our commissioning activity with partner agencies where it can enhance services to local residents. By doing this, we have not only balanced the 2014/2015 budget, we have safeguarded vital services, ensuring the best future for our residents and our staff.

Over the past 12 months we have made significant progress towards achieving our planned outcomes. For example we've had some fantastic achievements in our communities, with over 1,500,000 visitors to our libraries this year and we will continue the development of our facilities into community hubs next year.

We help our young people gain a good start in life by being a market leader in both adoption and youth offending services. We protect our environment by leading the Northwest in recycling our waste. We keep things moving by fixing more potholes in one year than ever before. In 2014 we will establish a Council owned company to deliver our environmental services, reducing costs without impacting on the high levels of service to local people.

We have continued our strong economic track record of attracting new investment to the borough. Our Economic Development Team can be proud of their hard work to secure investment by Bentley Motors in Crewe and ensuring a strong future for Alderley Park. Added to this, there is new investment planned for the Astra Zeneca site in Hurdsfield, and the development of the Waters site in Wilmslow. We will continue this hard work, focusing on the rolling out of superfast broadband, using the Council's assets to drive growth and focusing on generating further inward investment in the science corridor.

We continue to support the lifestyles of our residents and life expectancy in Cheshire East is higher than most places in England reflecting the quality environment and on-going, targeted support. We will continue to develop our approach to directing support early. We know the population is ageing and we will work on helping people to age well through maximising individual choice and challenging care providers to deliver more integrated, quality assured services.

Inside the Council, 2013 saw the re-structure of our Corporate Leadership Team, which included the appointment of our new Chief Executive Mike Suarez, and Chief Operating Officer Peter Bates. We now have the best possible management team to take this Council into 2014 and beyond. There will be further changes that staff know about but the Council's track record on managing change and constantly delivering more for less is well proven and I am confident that we have the right attitude, skills and support in place to meet these changes head on whilst enhancing choice and quality services for residents to strengthen resilience within our local communities.

This report highlights the Council's ongoing commitment to transparency in the decision making process. The detail shows how the process to budget setting has been open and clear from the outset and that we have listened to feedback too.

The following pages present a clear strategic direction of how Cheshire East Council will carry on achieving the community outcomes, and the report of the Finance Portfolio Holder, Cllr Peter Raynes, shows how this can be funded through well managed budget setting and control.

Cllr Michael Jones

Leader of Cheshire East Council

February 2014

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1. Delivering the Council's Outcomes

Outcome 1 – Our local communities are strong and supportive

Some facts about Outcome 1

The number of Penalty Charge Notices issued is over 22,000 per annum

60 Unauthorised Gypsy and Traveller encampments were dealt with across the Borough in 2013

Reports of anti-social behaviour in Cheshire East are less than half the average for the Northwest

Licensing have managed over 1,300 premises applications this year

Over 1,500,000 visitors pass through the doors of our libraries each year

Work in communities delivers a wide range of community activities and projects with over 100 new volunteers getting involved in projects such as managing community centres or volunteering at one of the 16 new work clubs

180,000 Council Tax and National Non Domestic Rate bills are issued during annual billing. In 2012/2013 the Council collected 98.2% of Council Tax placing it in the upper quartile compared to other unitary councils.

Focus on local area working attracted £0.65m in external funding and £0.3m in kind contributions from Partners in a year

95% of all library users are satisfied with their library service

The Council receives 500,000 telephone calls and face to face enquiries in its Customer Service Centres and our website receives more than 4,000,000 visits in a year

120,000 new claims and changes of circumstances for housing and council tax benefits are received and processed in a year

1. The service focuses on safety within communities and providing accessible leisure services. Achievements within Public Protection and Enforcement will be increasing participation in leisure activities and managing significant improvements in local leisure facilities.
2. The service focuses on the role that the Council will play in leading our communities, shaping local areas and bringing public services together with communities to create strong communities with a sense of independence, and ability to influence what services we commission in the future. It brings together a diverse range of services that impact on individual localities such as customer services, communities and partnerships, libraries, revenue and benefits, transport and community safety, and enforcement.
3. Achievements of Outcome 1 will be measured by key indicators such as: an increase in volunteers in our communities; increasing use of the Council's website; developing community hubs based around the Council's current library services; accessible and relevant transport services; reductions in crime, particularly for young offenders.
4. *Budget proposals are focused on these significant areas:*
 - The current transport spend for Children and Families is nearly £9m. The proposal is to reduce this spend by c.7% to make savings of £0.7m.
 - The successful reduction of children in care means we will spend less on transport for example, in supervised contracts prescribed by the Court. Furthermore for the

services we currently purchase, improvements in the cost base of this will reduce spending by £0.3m.

- With improved competition and more effective route planning for Special Educational Needs, a further reduction of £0.3m is achievable.
- The new national strategy of personalisation for education, health and care plans gives an opportunity to provide holistic personal budgets to parents which can include the transport element and estimates are that this could save £25,000.
- The introduction of Independent Traveller Training for young people to aid their social independence will further realise savings of £50,000.
- Finally, the service has reduced staffing costs of £50,000 which adds more savings.
- Continuing to develop a sustainable library service (-£0.6m) and developing integrated community hubs.
 - Expectations of libraries have evolved beyond the traditional role of promoting literature, reading and culture to also encompass information, literacy, learning, digital inclusion and job-seeking support.
 - Improving the efficiency of the traditional function of lending and focusing resources to support customers with greatest need.
 - No plans to close any facilities.
- Efficient operation in Customer Services and Revenue and Benefits (-£0.2m).

- Focusing on internal efficiencies for staff and systems to give a better customer experience.

- Maintain investment in our regulatory services to protect the public and business and achieve our ambition to be an enforcing authority.
- Improve the delivery of our concessionary fares service (-£0.3m).
- Working with Partners to create strong local communities (potential growth).
 - Building relationships with our communities to encourage community activity and reduce dependence on Council services.

Outcome 2 – Cheshire East has a strong and resilient economy

Some facts about Outcome 2
Cheshire East's unemployment rate is at a five year low, at 1.9%, and is significantly lower than the rate for the region.
Cheshire East's economic output (Gross Value Added) per head is 7% above the UK average and 26% above the regional average.
37% of the Northwest region's Research and Development jobs are based in Cheshire East.
Cheshire East's tourism industry is the fastest growing in the country and employs 10,000 Full Time Equivalents, attracts over 13 million visitors, and is now worth £689 million to the local economy.
Cheshire East, as part of the Cheshire and Warrington Local Enterprise Partnership (LEP), is well established as a top-performing economy; in a national context, out-performing many of the leading economies in the Greater South East.
Cheshire East is home to nearly 18,000 businesses including 21 of Insider's Top 250 Companies, in fact there are more businesses in Cheshire East than any other area in the Northwest - even more than in Manchester.
40% of Cheshire East's workforce are qualified to degree level, significantly higher than the regional and UK average.
Cheshire East has one of the largest highways investment programmes outside of any metropolitan centre.
Community Grants awarded £73,053 towards £833,007 of project costs for 74 voluntary and community organisations during the first three-quarters of 2013/2014.
More than 56,000 potholes have been filled in 2013 and claims from pothole damage have significantly reduced.
66,000 Gullies have been cleaned to achieve reduced flooding against last year.

Some facts about Outcome 2
Regulatory Services carry out 1,000 inspections a year in relation to diverse cases such as animal welfare and food safety.
97% of businesses and domestic service users are satisfied with the service received from Environmental Health.

5. The Council has set out a clear vision and strategy for economic growth, which articulates the rationale and plans for increasing productivity and creating new jobs. This is based on the strong competitive advantage and track record that the borough has in terms of its skilled workforce, existing business base, entrepreneurial spirit, quality of life and its national, regional and local infrastructure.
6. Cheshire East has all the right ingredients to see a step change in economic productivity and become a growth engine of the North. As such the service is being reconfigured to:
 - Utilise our strategic assets to drive economic growth.
 - Increase our focus on securing new investment from both current and new inward investors.
 - Strengthen our approach to major development projects and programmes that build upon our key commercial, institutional and sectoral assets.
 - Drive stronger and faster regeneration in our town centres, as a vital component in the well-being of our economy and communities.

- Ensure that the Council and its commercial stakeholders are well positioned to secure new funding for projects, coming through Cheshire and Warrington Local Enterprise Partnership and others.
7. As well as an excellent place to do business, Cheshire East is also a fantastic place to live and visit, and therefore focus is being placed on boosting the visitor economy and ensuring our housing offer is right. Major investment is also being made in our transport infrastructure to unlock the potential of our towns and villages, while at the same time protecting outstanding natural assets.
 8. Key growth areas will be the development of a Science Corridor across North Cheshire linked with Greater Manchester – harnessing and increasing the value to UK plc of a number of world-leading science-based employment areas from Astra Zeneca in Macclesfield, through Jodrell Bank, Alderley Park, Booths Park and the international technology centre for Barclays Bank at Radbroke Hall. The new head quarters for the Waters Corporation due to open this year in Wilmslow demonstrates the growing confidence of investors in Cheshire and the valuable science industries located here.
 9. Major economic growth plans for Crewe (Crewe High Growth City) and wider links through Mid-Cheshire and along the M6 Corridor will be delivered through the All Change for Crewe Economic Plan. Building on recent successes in inward investment such as £800m in Bentley and major investment in infrastructure, the Council will work with its private and public sector Partners to deliver further jobs and investment.
 10. Key to delivery of economic growth is a local planning framework which enables plan-led growth and stops unsustainable speculative development – this year will deliver the adoption of our new planning framework for the Borough to support communities and businesses.
 11. Investment in strategic and local infrastructure will continue both delivering against existing infrastructure schemes and leveraging in more investment from Government and the private sector to deliver a large programme of new roads and highway improvements. Ensuring that the best deal for Cheshire East from national infrastructure proposals such as HS2 is a major focus, and ambitious growth plans linked to a new Crewe Hub station, as well as major mitigation proposals for the North of the Borough, form the basis of our response to the current consultation.
 12. Achievements within Economic Growth and Prosperity will be measured by the number of new jobs created; levels of employment / unemployment; economic productivity; business survival rates; inward investment; high-speed broadband coverage; strategic highways investment; skilled and productive workforce; timescales for processing of major planning applications and an increasing supply of affordable housing.
 13. *Budget proposals are focused on these significant areas:*
 - Realising the full value of the Cheshire East economy (current Gross Value Added £9bn) by job creation and business growth.
 - New Investment Team to secure new investment and jobs.

- Engine of the North Development Company realising development potential of assets to deliver new homes, jobs and capital receipts.
 - Delivering the pipeline of major strategic infrastructure (largest programme in UK outside of major conurbations).
- Adoption of a new Core Strategy as the key element of a Local Plan for Cheshire East which is jobs-led with strong focus on quality of the environment.
 - Developing new sustainable alternative energy sources, including geothermal energy, to ensure a lower cost and resilient supply of energy and heat for local communities and businesses.
 - Work with major investors on key sites such as Alderley Park and Radbroke Hall to create additional high value jobs and ensure growth is maintained.
 - Accelerating the release of surplus assets to reduce revenue costs (initial forecast is -£0.4m).
 - Maintaining efficiency drive – Tatton Park subsidy reduction / reform of planning and property services.
 - Through integrated commissioning, ensure our housing policies and delivery of housing supply meet the current and future needs of our residents.
 - Commemorating the First World War Centenary for the benefit of local communities (+£0.1m).
 - Continuing investment in the existing road infrastructure, including £11m capital expenditure on a programme of

carriageway surface treatments including resurfacing, overlays and surface dressing and, where necessary, associated drainage and footway works that will restore the targeted roads to a high standard.

- The Council will take enforcement action to prevent behaviour which harms our communities and the environment. We will act consistently and proportionately, in line with our Enforcement Policy, in the interests of the public.
- Civil enforcement of on-street parking will be focused on reducing congestion, improving traffic flow, and dealing with dangerous parking behaviours and obstruction.

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

Some facts about Outcome 3
87% of primary and secondary schools in Cheshire East are good or outstanding.
90% of primaries are rated good outstanding by Ofsted; Cheshire East is one of the top 5 local authorities within the Northwest.
Cheshire East is ranked 3rd against all local authorities in closing the achievement gap in relation to the lowest 20% and the rest.
80% of eligible primary school children achieved Level 4 and above in reading, writing and maths.
62% of pupils achieved 5 or more A*– C grades including English and Maths; the proportion of pupils gaining five A*– C grades in any subject is 84%.
Cheshire East's figures for 16/18 year olds not in education, employment and training (NEET) are the lowest they have ever been, having reduced to 3.7% from 5.6% in December 2012.
We have seen another positive increase in the numbers of young people gaining the offer through the September Guarantee.
High quality youth support services were recognised through inspection of our Youth Offending Service and excellent NEET figures.
Plans for Cheshire East's first new Autism school are well developed.
An inspection of Cheshire East's Youth Offending Service confirmed that it is improving outcomes for young people.

14. This outcome focuses on providing children with a good start in life in their early years, raising aspiration and achievement across primary and secondary education, and working closely with partners to protect vulnerable children including those with special educational needs and those placed in the care of the Council. Achievements within Children and Family Services will be measured through improvements in areas such as increased numbers of recognised qualifications, reducing numbers of NEETs, improved safety of vulnerable children, the number of children adopted and less children and young people getting involved in anti-social behaviour.

15. Achievement of Outcome 3 will be measured by the following key indicators such as:

- Achievement in the Early Years Foundation Stage.
- Narrowing of the gap in relation to those in the lowest 20% and the rest.
- Improved achievement in primary and secondary education.
- 87% of schools are now good or outstanding.
- Decrease in the number of young people who are 'NEET' or 'Not Known'.
- Increase in the number of Year 11 young people with a guaranteed offer of employment or training.
- Increase in apprenticeship applications which progress to successful starts.
- Increase in access to good quality local provision for children and young people with special educational needs.

- Improved outcomes for children in care and care leavers in primary and secondary education, employment and training.
- Improved outcomes for adults with disabilities or long term illness.

16. Budget proposals are focused on these significant areas:

- The targeting of preventative services and the improved financial management of care costs has resulted in significant savings to date. The significant reduction of children in care (475 at its peak and now 346) means that planned savings for 2015/2016 can be brought forward and further savings can be realised totalling £1.2m. In addition to this, income for complex placements with a care, social, health and education need will increase income by £0.4m.
 - Improved commissioning / contracting emphasis will result in a more dynamic approach to getting better value with the placements we continue to purchase and realise efficiencies of £0.4m.
- Early help services continue to perform well and the strategy to target resources is paying dividends financially, as seen in the reduction of the numbers of children in care. Early intervention and prevention services are key to this and are being aided by improved integration arrangements linking youth support and family support.
 - This will reduce management costs and planned for 2014/2015 is the removal of 5 further management posts and 3 back office support posts that will realise savings of £0.35m.

- Plans to use more assertive home visiting and potentially deliver services from mobile outreach, especially bearing in mind the need for rural proofing, will reduce the need for the buildings we currently use. Buildings could be transferred to the community and with more integrated community hubs potentially being developed, building costs could be reduced by £0.15m.

- Momentum is gathering under the banner of going local in which we work to empower communities to become self sustaining and self reliant.

Outcome 4 – Cheshire East is a green and sustainable place

Some facts about Outcome 4
Over 200,000 bins are emptied every week in Cheshire East and 92% of respondents were satisfied that bins are collected when they should be.
Recycling and reuse confirmed at 54% - the highest figure yet for Cheshire East and placing us as the second highest unitary in the North West.
Satisfaction with country parks increased during 2013/2014 to 96%.
“Free after 3” car parking has been introduced in 7 car parks across the borough to help businesses and increase footfall in town centres, with an addition of 4 more free car parks in Crewe, Congleton, Macclesfield and Wilmslow.
We have achieved Green Flag status in Parks and Open Spaces including; Congleton Park, Bollington Recreation Ground, The Moor Knutsford, Brereton Heath Country Park and Teggs Nose Country Park.
We take great pride in maintaining our farming estate and unlike other larger authorities we strive to increase our farm holdings.
At mid-year the Council had reducing carbon emissions from its public sector operations by 19% compared to a target of 17%.
Building control have dealt with over 2,000 applications this year resulting in almost 11,000 site visits to inspect over 16,000 elements of construction work.
Building Regulation services dealt with 2,050 cases in the first quarter of 2013, which has generated a surplus position of £44,000 for the first 9 months of the financial year, with expectations that this will continue for the final period.
We work with other agencies such as the Cheshire Probation Trust to provide opportunities to rehabilitate offenders.

Some facts about Outcome 4
Planning enforcement have responded to almost 600 new reports of alleged breaches of planning control issuing 21 formal notices.
By collaborating with an adjacent authority - Staffordshire County Council, we are able to divert over 43% of our waste from landfill to an energy recovery process.
Each year we provide a service covering over 12 million scheduled Residual, Recycling and Garden waste collections and supported elderly, disabled or vulnerable residents through the provision of approx 250,000 scheduled assisted collections
We work with 11 high schools on our secondary school green challenge and with the 115 primary schools as part of the Junior Recycler of the Year competition.
Our 50 waste prevention volunteers have actively promoted waste prevention, reuse and recycling at 32 events speaking to 2,740 people giving 242 hours of volunteering to the project.
Our Street Cleansing teams mechanically regularly sweep over 2,722 km of road and complete the physical emptying of approximately 2,400 litter bins and over 900 dog bins. Additionally, we respond to over 1,700 reported incidents of fly tipping every year, ensuring that our environment remains a safe and clean place to live.
We maintenance and manage over 3,000 open space sites including 238 Sport and Play Facilities (Including Play Areas, Multi use games areas, Skate Parks, Outdoor Gyms and Tennis Courts), 85 Sports Pitches, and 16 Formal Parks.
We oversee the development of Parks and Open Spaces across the borough, including projects delivered at; Bollington, Congleton, Crewe, Elworth, Holmes Chapel, Middlewich, Sandbach, Wilmslow.

17. Environmental Protection and Enhancement incorporate a wide range of front line operational services that are delivered by the Council and used by all residents who live and travel through Cheshire East. The services range from those that are essential to all residents such as waste collection, roads and bereavement services, to services that enhance our environment and the wellbeing of residents, such as the Countryside and Public Rights of Way Network. All of which are vital and valued by the communities within Cheshire East.

18. Additionally we continue to be the most desirable place to live in the North West and strive to deliver the following high standards associated with protecting and enhancing our environment to ensure that we retain the most desirable living status.

19. Achievements of Outcome 4 will be measured by key indicators as maintaining the high recycling and satisfaction rates in waste services, improving the condition of the Highway Network by reducing the number of potholes, managing down overall pollution in the area whilst increasing satisfaction with our parks, open spaces and countryside.

20. *Budget proposals are focused on these significant areas:*

- Creating new efficient delivery models for Environmental and Bereavement Services, saving £0.7m in revenue expenditure. In waste services this approach will minimise the impact of increasing landfill taxes, rising fuel inflation and an increase in the number of dwellings requiring bin collection services. Each new delivery model will also be supported by capital expenditure, such as the refurbishment of Crewe Crematorium (£1.5m) and investment in improving the Pym's Lane Depot to increase capacity of the site (£2.4m). Provision is also being made

for a potential transfer station facility in the North of the Borough, with potential capital investment of £7m.

- Business as usual to service users, focussing on cost reductions and asset utilisation.
- Using prestige locations on highways, creating advertising and sponsorship income (-£0.1m).
- Better managing existing road space by providing a highway permit scheme that can reduce congestion associated with highway and utility related activities.
- Reducing energy use and carbon emissions and enhancing our environment (-£0.2m).
 - Carbon emissions have significantly reduced by 18% and on track to achieve a 25% reduction by 2016.
 - Enhance rural habitats along roadside verges
 - Diverting waste from landfill sites.
 - Converting waste into energy.
- Step changes will be targeted at energy generated from waste - over 40% expected to be diverted from landfill next year.
- At least maintaining the record levels of waste recycled, which is currently running at 54%.
- A programme of pathway works in Queens Park (capital investment £0.5m).

Outcome 5 – People live well and for longer

Some facts about Outcome 5
Life expectancy in Cheshire East is higher than the England average. Overall, Cheshire East has a low number of premature deaths (under age 75) with the area being in the top 25% in the country. Life expectancy in Cheshire East is rising at the fastest rate in the Northwest, and the Council will continue to further develop its services which improve health and wellbeing and prevent early death.
Attendance at Council Leisure facilities is increasing, with over 1,600,000 visits between April and October 2013, up 3% from the same period in 2012.
Cheshire East adoption services, in collaboration with its partners, won the 2013 Adoption Service of the Year award.
Cheshire East is set to achieve the highest number of adoptions.
Targeted preventative activity has seen the number of children in care reduce by 10% in the last year and 25% since its peak. It has continued to fall during the last year, with a reduction of over 10% being achieved.
The Council provides care to an average of 5,500 adults at any time.
Cheshire East with partners Cheshire West and Chester and four clinical commissioning groups across Cheshire have been successful in becoming one of only 14 Pioneer sites across the country to pilot approaches to integrating health and social care services over the next five years.
The Bikeability scheme is running at a 92% success rate, with 3,500 young people now accredited.
Cheshire East Council is piloting a new project aimed at improving the lives of vulnerable young people through creating a 'gold standard' in supporting care leavers.

21. This outcome focuses on promoting and supporting residents to live well and for longer through better management of their own health and daily life. This will include a refocus on initiatives and services which better support prevention, early intervention in community settings and personal independence and responsibility. There will also be a greater focus on delivering more integrated social care and health and wellbeing services. Achievements within Adult Care and Public Health will be supported by the Public Health Outcomes Framework and the Social Care Outcomes Framework and will be demonstrated through improvements in areas such as personalisation, reablement, self management and making healthy lifestyle choices over the relevant annual or longer term periods.
22. One key area of focus for the Outcome 5 objectives is to contribute to the implementation of the Health and Well Being strategic plan for the Council area as a whole. The Health and Well Being Strategy is jointly formulated between Public Health, social care and health commissioners and identifies the strategic priorities based on the local population needs assessment. The Health and Well Being Board is currently overseeing the refresh of the Health and Well Being strategic plan to ensure that the commissioning and provision of services deliver against the agreed priorities.
23. The approach to commissioning against the priorities is being considered as part of the Joint Commissioning Leadership arrangements. This focuses on services across the age range and involves the Council working with the two Clinical Commissioning Groups for health Commissioning together with NHS England responsible for Primary Care and other specialist areas.

24. The Council's new public health commissioned services will continue to be reviewed and re-tendered where needed to ensure that they meet the health and wellbeing needs of the local population, deliver positive health related outcomes and link with other Council and wider partnership services.

25. *Budget proposals are focused on improving the health and wellbeing of the local population through:*

- Detecting need early and supporting healthy lifestyle choices
- Promoting self reliance and self management within individuals, neighbourhoods and communities by ensuring that people are supported with the best advice and information to do this
- Ensuring that low level and socially inclusive community based support is available in all areas and targeted to those areas where social isolation may impact adversely on an individual's health and well being.
- Effectively managing the forecasted growth in demand in particular for social care support, by doing things differently – by increasing choice for customers, by stimulating the social care market to deliver a range of services and by targeting more specialist focusing resources for those most in need
- Continuing to provide personalised care, focusing on prevention and early intervention, and helping people stay

in their own homes and communities for as long as they are able

- Continuing the work with our partners to deliver an increased range of integrated services which identify and focus on meeting people's needs and outcomes and ensuring they are appropriately safeguarded
- Making sure resources are targeted specifically to meet need and manage risk
- Innovation and evolution of a range of services across all care sectors to better serve our community with robust measures in place for Quality Assurance
- Joint approach between commissioners in ensuring a clear and detailed joint commissioning strategy is in place to meet the needs of the local population, and prioritising the support for stronger communities.
- Cheshire East Council is investing in leisure services, recognising the importance of an active lifestyle in achieving our outcomes for local people
- Establishment of a Leisure Trust to realise long term efficiencies and improve the quality of service
- Focusing potential capital investment of £32m on our major towns of Crewe, Macclesfield and Congleton to address health inequalities and integrate lifestyle services

Effective Support Services

Some facts about Corporate Services
Spending on Central Services in Cheshire East is forecast to be 20% lower than in the average English Unitary Authority.
The Service manages the Council's property portfolio of approximately 600 major property assets, with an asset value of £440m, which will assist in the delivery of a wide range of services to over 370,000 people in Cheshire East.
Over 10,000 births, deaths or marriages are registered by the Council each year.
Over 290,000 people are registered to vote in the Borough, the third largest electoral roll in the Northwest.
The service maintains and supports front-line services with nearly four thousand computers and laptops and nearly 350 different applications.

26. Corporate Services aim to continue to put local residents and businesses first by providing high quality, modern services. They focus on providing professional advice, such as legal and accountancy issues, across all Council services as well as providing the significant facilities and technology that can enable front line services to operate effectively. Corporate Services also have a vital role in maintaining registers, providing procurement advice and project management skills, supporting elected Members and managing the governance and stewardship arrangements that promote transparency and accountability.
27. Achievements within Corporate Services will be measured by such things as promoting local democracy; 'true and fair' opinions from the external auditors on the financial statements; the added

value the advice and expertise brings to delivery of front line services; the level of income collection rates; how the costs of support benchmark favourably with national comparisons; and achieving the best rate of returns on investment and the Council's estate.

28. Budget proposals are focused on these significant areas:

- An effective treasury management strategy is planned for 2014/2015 with no intention to increase borrowing from external lenders. Capital financing costs are forecast to reduce to £12.5m compared to the £13.5m forecast in February 2013.
- Pursuing saving through joint mentoring and collaboration through the launch of a more commercial back-office delivery model.
- Carbon Reduction Costs and utility costs are estimated to increase by over £0.9m in 2014/2015. Work on reducing emissions and effective disposal of surplus assets will continue to counter this issue. A cap on business rate increases at 2% may provide up to £50,000 of savings compared to current forecasts.
- Applying the most cost effective approach to funding ICT projects by capitalising up to £1m of chargeable work on the Public Sector Network and Next Generation Desktop projects.
- Challenging spending on procuring supplies and services, looking at volumes and pricing structures which will realise savings of over £0.5m.

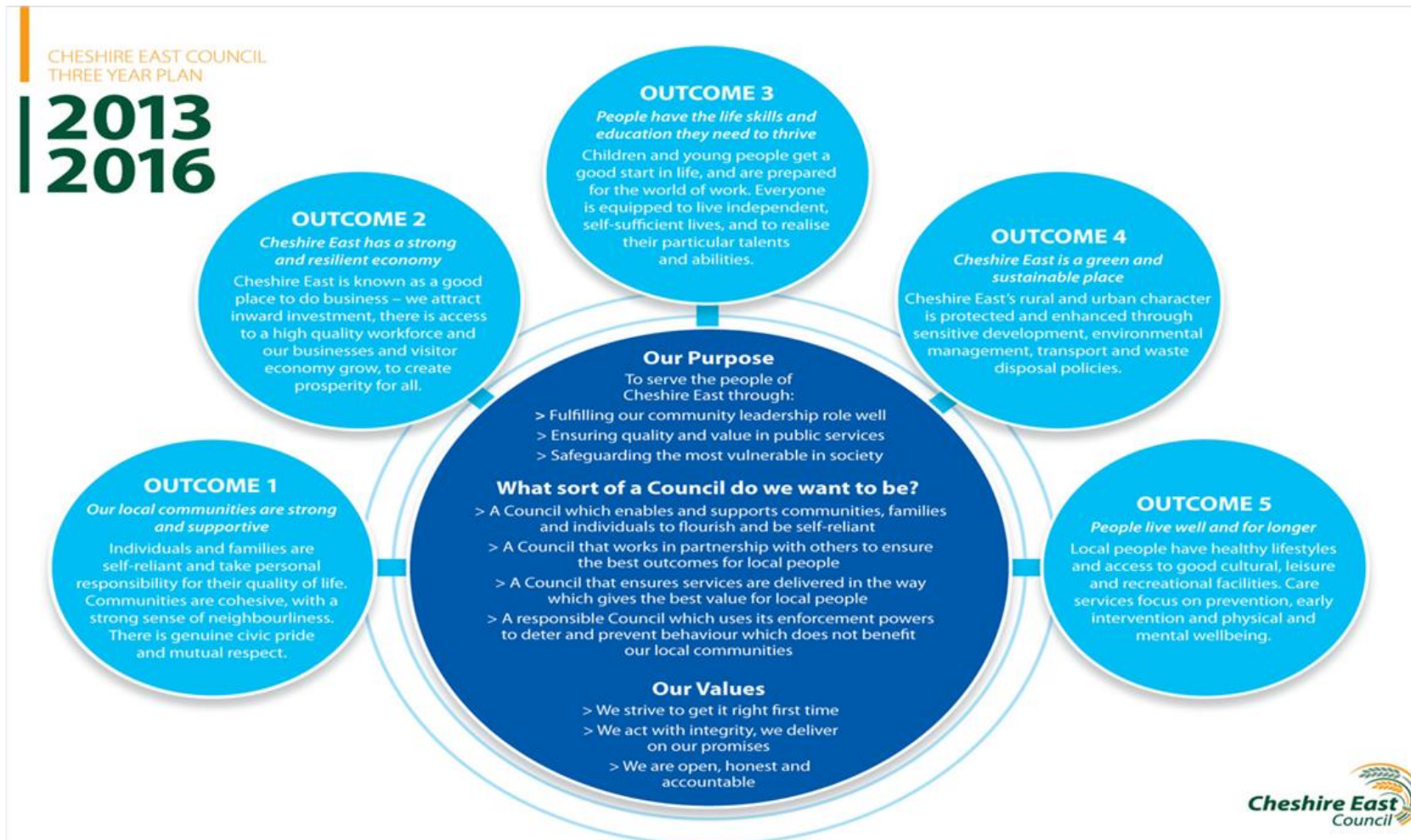
- Maintaining progress in financial management, further reducing risks which will be reflected in lower audit fees of up to £0.1m.
- Corporate services will also continue supporting all areas to deliver required savings from employee structures, and improve productivity and effectiveness of service arrangements. This will include attention to incremental progression of salaries and reductions to car mileage rates.
- Connecting Cheshire, capital investment of £23m planned for 2014/2015.



Annexes to The Leader's Report 2014/2017

February 2014

Annex 1 – Cheshire East Council Three Year Plan



To assist with reading this page a PDF version is has been made available at: www.cheshireeast.gov.uk/budget

Annex 2 – 2014/2015 Proposals

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
COMMISSIONING AREA				
Children and Families Services				
	Care	Improved Contracting and Commissioning of models of care and support to further improve Value For Money for placements	-400	
	Care	Maximise care costs income	-400	
	Care	Full year effect of business efficiencies already delivered within Children's Social Care costs	-1,257	75
	Early Help	Reduce early help operating costs, management and business support	-350	40
	Home to School Transport	Rationalisation of home to school transport through procurement savings to improve VFM	-275	75
	Home to School Transport	Home to school transport - improve competition and use of more effective route planning for School Transport	-300	
	Care	Review support across Children and Families, both team support and business support.	-170	70
	Care	Business efficiency and effectiveness	-50	30

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Home to School Transport	Home to School transport - reduce operating costs	-50	150
	Early Help	Improve accessibility to early help services as part of the development of Community Hubs	-150	
	Home to School Transport	Home to School Transport - deliver independent travel training for Young People and introduce personal budgets to include transport	-75	
	Care	Share of cross service items including savings relating to the management restructure, reviewing supplies and reducing car mileage rates	-526	
	Care	Implement SEN Reform	384	
	Care	Implement Adoption Reform	275	
	Indicative allocations of Pay and Pensions	Indicative allocations of Pay and Pensions	696	
TOTAL CHILDREN AND FAMILIES SERVICES			-2,648	440
Adult Social Care and Independent Living				
	Commissioning Reviews	Commission night care support from the external market in line with day time domiciliary care arrangements	-80	60
	Commissioning Reviews	Respite care improvements in efficiency	-500	100

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Commissioning Reviews	Restructure of the handyperson and care service. Service delivery and provision should not be impacted by this restructure	-120	200
	Better Care Fund	Better Care Fund (Section 256) - Funding transfer from NHS to social care - additional responsibility	1,457	
	Better Care Fund	Better Care Fund (Section 256) - Funding transfer from NHS to social care - increase in service income	-1,457	
	Social Care Demand	Increasing Demand including Children in Transition	750	
	Social Care Demand	Increasing Demand - Care Providers	1,300	
	Assessment Review	Developing and implementing an improved Continuing Healthcare assessment process between CEC and the Clinical Commissioning Groups to ensure that respective organisations discharge and fund their care responsibilities appropriately	-150	
	Social Care Demand	Review of Fairer Charging Policy – fees, charges and subsidies	-200	
	Commissioning Reviews	Review existing supported living support using the care fund calculator	-300	
	Commissioning Reviews	Shared Lives - investment in service to recruit new carers to provide additional range of long term placements as a viable and cost effective alternative to long term care residential care	166	
	Social Care Bill	Increased social worker capacity to support care bill implementation	0	
	Assessment Review	Implementation of new Care Assessment System	300	
	Commissioning Reviews	Impact of Review of Learning Disability Pooled budget	600	
	Commissioning Reviews	Initiatives to Deliver Care Efficiencies	0	1,050

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Commissioning Reviews	Public Health Integration to deliver improved outcomes by jointly commissioning services	-1,000	50
	Service Efficiencies	Business Systems and Processes to support the front line	-80	
	Commissioning Reviews	Review costs and charges of jointly commissioned services with the two Clinical Commissioning Groups	-264	
	Commissioning Reviews	Utilisation of the Section 256 funding for services delivering health benefits	-228	
	Assessment Review	Safeguarding quality assurance	400	
	Service Efficiencies	Share of cross service items including savings relating to the management restructure, reviewing supplies and reducing car mileage rates	-367	
	Indicative allocations of Pay and Pensions	Indicative allocations of Pay and Pensions	928	
TOTAL ADULT SOCIAL CARE AND INDEPENDENT LIVING			1,155	2,230
Public Health				
		Transfer of Public Health Budget from NHS	512	
		Ring Fenced Specific Grant Funding	-512	
		Emergency Planning, Health Protection, Infection Control: Winter planning and affordable warmth initiatives - 1 and 2 year pilots	5	
		NHS Health Check Programme: Programme expansion and increased initiatives focussed on prevention and early detection	40	
		Sexual Health: Initiatives targeting risk taking behaviours for schools, colleges and the workplace	30	

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
		Drugs and Alcohol: Initiatives with increased focus on alcohol misuse, awareness raising and prevention	230	
		Mental Health and Wellbeing: Initiatives focusing on: • Early detection of workplace stress, depression, and wellbeing in children and young people • Social isolation • Living well, dying well	85	
		Child Health: NCMP expansion, helpline / drop in-centre initiative, health in pregnancy and health visiting service from 2015	172	
		Health Improvement: Targeted initiatives for stop smoking, diet and obesity, physical activity, breastfeeding and improving health in those with learning and physical disabilities	219	
		Contribution to wider Council: Green space utilisation, access to information and advice, road deaths	22	
		Campaigns, Marketing, Advertising and Publicity	31	
		Capital investment to support health and wellbeing	10	
		Expand mandated specialist public health advice to NHS Commissioners	56	
		Ring Fenced Budget Adjustment	-900	
TOTAL PUBLIC HEALTH			0	0

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
Environmental Protection and Enhancement				
	New Delivery Model - Environmental Operations	Waste and Recycling - New delivery model for Environmental Services (Waste / Streetscape / Fleet services)	-700	485
	Environmental Operations - Base Budget...	Waste and Recycling - Reinstatement of one off diversion from landfill for one-year (2013/2014), pending new delivery model	113	
	Environmental Operations - Base Budget...	Waste and Recycling - Adjustments to base budgets for landfill, HWRC and recycling contracts	292	
	Environmental Operations - Base Budget...	Waste and Recycling - Adjustments to base budgets for collection costs relating to fuel and maintenance inflation	89	
	Environmental Operations - Base Budget...	Waste - Street Cleansing Road Silt - diversion from Landfill to Recycling (South)	-47	
	Environmental Operations - Base Budget...	Waste and Recycling - Impact of Annual Tonnage increases	286	
	Waste Minimisation - base budget adjustment	Waste and Recycling - Reinstatement of one-off reductions in 2013/2014 in the waste minimisation budget and recycling credits for one year only	153	
	Highways Contract - Inflation, Efficiency savings and reinstate winter review	Highways - Contract inflation, offset by efficiency savings in 2014/2015 and 2015/2016	98	

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Highways Contract - Inflation, Efficiency savings and reinstate winter review	Highways - Implementation of a new Highways Permit Scheme within Cheshire East	-100	259
	Highways Contract - Inflation, Efficiency savings and reinstate winter review	Highways - Handling third party claims < £200 by contractor	-35	
	New income generation	Highways - Advertising / Sponsorship of roundabouts	-80	
	Highways Contract - Inflation, Efficiency savings and reinstate winter review	Highways - Reinstatement 2013/2014 savings from reviews in winter servicing	100	
	Investment Proposal	Buy-out of long-term leasing contract for Automatic Public Conveniences	0	
	Public Conveniences unparished Macclesfield	Keeping Public Conveniences at two sites in the unparished area of Macclesfield (Park Green and Churchill Way) open	45	
	Investment Proposal	On-going costs of markets and toilets due to be transferred in 2014/2015	0	
	Investment Proposal	Mapping maintained assets for routing / recharging purposes. Leading to savings from efficient routing of vehicles	0	
	Bereavement Company	Bereavement Company - initial set up costs (savings to be reflected in 2015/2016)	90	
	Reduction in energy consumption - Street Lighting	Street Lighting - Reduce energy consumption from street lighting and illuminated signs	-185	21

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Environmental Operations - Service Review	Review the Silt Contract and Skip Contract utilisation	-100	
	Environmental Operations - Base Budget...	Diversion of Road Sweepings away from Landfill (North)	-75	
	Environmental Operations - Service Review	Service Review - savings in Ansa	-250	
	New income generation	Green Waste - Winter Suspension - flexible workforce	-50	
	Income Generation and Income base budget adj	Contract consolidation - Ansa	-50	
	Bereavement Company	Contract consolidation - Orbitas	-5	
	Environmental Operations - Service Review	Rationalisation of employee working patterns - Ansa	-50	
	Environmental Operations - Base Budget...	Consume inflationary increase in Highways	-100	
	New income generation	Increase in developer opportunities result in additional income generation from developer 106 contributions	-50	
	PROW and Countryside - Service Review	Further review of Countryside and Public Rights Of Way	-40	
	New income generation	Additional income - Patrol	-30	

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Cross cutting savings (Staffing, Car Mileage, Supplies)	Share of cross service items including savings relating to the management restructure, reviewing supplies and reducing car mileage rates	-385	
	Indicative allocations of Pay and Pensions	Indicative allocations of Pay and Pensions	380	
Total Environmental Protection and Enhancement			-686	857
Public Protection and Enforcement				
	Leisure Services - New Delivery model	Leisure Services - New service delivery model	250	20
	Investment Proposal	Review of enforcement activities	0	
	Leisure Services - New Delivery model	Leisure Facilities - review Joint Use arrangements	-150	
	Cross cutting savings (Staffing, Car Mileage, Supplies)	Share of cross service items including savings relating to the management restructure, reviewing supplies and reducing car mileage rates	-316	
	Indicative allocations of Pay and Pensions	Indicative allocations of Pay and Pensions	351	
TOTAL PUBLIC PROTECTION AND ENFORCEMENT			135	20

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
Communities				
	Sustainable Library	Libraries - Development of a sustainable library service.	-540	50
	Grants - Transitional Grants to T and PCs	Grants - Transitional grants to Town and Parish Councils in relation to implementation of local council tax benefit support scheme	-58	
	Avaya contact centre costs	Avaya contact centre costs	20	
	New Operating Model - Cust, R and B	New operating model for Customer Services, Revenues and Benefits.	-220	50
	Investment Proposal	Refurbishment of war memorials in Cheshire East		100
	Cross cutting savings (Staffing, Car Mileage, Supplies)	Share of cross service items including savings relating to the management restructure, reviewing supplies and reducing car mileage rates	245	
	Indicative allocations of Pay and Pensions	Indicative allocations of Pay and Pensions	322	
TOTAL COMMUNITIES			-231	200
Economic Growth and Prosperity				
	Assets	Assets - Continuation of benefits realisation from introduction of Corporate Landlord model, via rationalisation of non-operational & operational property portfolio	-361	100
	Investment Proposal	Assets Major Change Project (New Model of Delivery Strand)	0	250
	Investment Proposal	Assets Major Change Project (Lean Commissioner / Business Efficiency Strand)	0	50

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Investment Service	Housing and Adults Services - New delivery model for Housing, via integration with Adults Services	73	148
	Tatton Park Vision	Tatton Park Vision to reduce Council subsidy	-123	
	Investment Service	Crewe Town Centre Management devolved responsibility to Crewe Town Council.	-57	
	Investment Service	Inward Investment Company	127	
	Investment Proposal	Business Efficiency: New Ways of Working	0	
	Culture....	Cultural Services: World War 1 Commemoration in the Borough of Cheshire East.	97	
	Culture....	Cultural Services: World War 1 Commemoration in the Borough of Cheshire East - funding from partners	-55	
	Culture....	Cheshire Record Office Shared Service	12	
	Investment Proposal	Strategic Infrastructure - temporary resources to process planning applications	0	
	Visitor Economy service efficiency	Marketing Cheshire Options Appraisal for subscription and service contract.	-20	
	Strategic and Economic Planning Service Review	Former Development Management pay cost savings	-25	
	Investment Proposal	Strategic Planning - Local Development Framework Public Inquiry and Local Plan site allocation project	0	
	Strategic Infrastructure - Staffing Budget Growth	Strategic Highways: Client Expert Commissioner	45	

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	Strategic and Economic Planning Service Review	Charging for planning advice for Neighbourhood Planning	-20	-60 400
	Assets	Charging for Assets advice	-10	
	Investment Proposal	Strategic Infrastructure: Local Sustainable Transport Fund (LSTF) grant funded scheme. Cost of investment relates to additional temporary income from charging staff time to LSTF	0	
	Concessionary Fares	Concessionary Fares - new 2014/2015 scheme efficiencies	-300	
	Strategic and Economic Planning Service Review	Increase Planning Income target and provide one year 'cost of investment' funding for additional resource and potential cost of planning appeals in 2014/2015	-425	
	Cross cutting savings (Staffing, Car Mileage, Supplies)	Share of cross service items including savings relating to the management restructure, reviewing supplies and reducing car mileage rates	-1	
	Indicative allocations of Pay and Pensions	Indicative allocations of Pay and Pensions	226	
TOTAL ECONOMIC GROWTH AND PROSPERITY			-817	1,548

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
Chief Operating Officer				
	Assets.....	Energy Consumption Base Change	60	175
	Assets.....	Assets - Carbon Reduction Tax liability	326	
	Assets.....	Assets - Utilities Inflation	601	
	Assets.....	Assets Major Change Project (Asset Rationalisation Strand - Operational Portfolio and Corporate Estate)	531	
	Develop SLE	Develop Separate Legal Entity for the major Shared Services to secure future savings	200	
	Developed model - Corporate Services	Developed model for Corporate Services linked to other supporting the front-line projects	-250	
	MO - Staffing Capacity	Legal Services additional staffing capacity	27	
	MO - Staffing Capacity	Registration of land titles - project completed	-50	
	G & D - Individual Electoral Registration and Efficiencies	Compliance with individual Electoral Registration requirements	118	
	Finance - Reduction in Audit Fee	Audit Fee Saving	-100	
	OD - Harmonisation of Terms & Conditions	Terms and Conditions Harmonisation	-174	
	OD - HR OD Efficiency	Investors in People Budget saving	-15	
	G & D - Individual Electoral Registration	General service efficiency savings	-70	
	C & I - Staffing and Consultancy	Procurement staffing and consultancy to deliver permanent reduction in the organisational cost base	200	

Summary of Proposals - 2014/2015			Total	Cost of Investment
Service	Budget Report Category	Description	2014/2015 £000s	2014/2015 £000s
	ICT - Cross Cutting Saving (to be allocated)	Consumables savings - printing, phones, equipment, paper, furniture etc	-245	316 230
	ICT - Capitalisation of Next Generation Desktop	Capitalise Public Service Network implementation	-650	
	ICT - Capitalisation of PSN Expenditure	Capitalise initial Next Generation Desktop implementation	-300	
	C and I - Capitalisation of Projects	Business Improvement staffing capacity review including capitalisation of project activity	-100	
	OD - HR OD Efficiency	Reductions in Organisational Development	-37	
	Investment Proposal	Strategic Commissioning - Capacity	0	
	Investment Proposal	HR Pay and Reward Strategy	0	
	Cross cutting savings (Staffing, Car Mileage,	Share of cross service items including savings relating to the management restructure, reviewing supplies and reducing car mileage rates	-771	
	Indicative allocations of Pay and Pensions	Indicative allocations of Pay and Pensions	595	
TOTAL CHIEF OPERATING OFFICER			-104	721
CROSS SERVICE				
		Allocation of cross service management review savings to services in 2014/2015	1,963	
TOTAL CROSS SERVICE			1,963	0
CEC TOTAL			-1,233	6,016

Annex 3 – Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes	307,084	139,010	120,935	34,143	12,996
Medium Term & Rolling Programmes					
Children and Families Services	18,600	0	5,900	6,300	6,400
Early Help and Intervention	1,955	0	760	995	200
Adult Social Care and Independent Living	2,350	0	750	800	800
Environmental Protection and Enhancement	15,300	150	6,515	5,045	3,590
Communities	100	0	100	0	0
Economic Growth and Prosperity	59,231	4,751	23,363	5,767	25,350
Total Medium Term & Rolling Programmes	97,536	4,901	37,388	18,907	36,340
Longer Term Proposals					
Public Protection and Enforcement	17,000	0	500	8,500	8,000
Economic Growth and Prosperity	155,300	0	850	9,950	144,500
Chief Operating Officer	5,700	0	1,650	2,600	1,450
Total Longer Term Proposals	178,000	0	3,000	21,050	153,950
Total	582,620	143,911	161,323	74,100	203,286

Children and Families Services

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes	20,199	6,394	12,411	695	698
Medium Term & Rolling Programmes					
Basic Need Grant from the Department for Education for local authorities to provide additional school places where needed in their area.	8,050	0	2,350	2,800	2,900
Capital Maintenance Estimated allocation of the capital maintenance grant which is to enable local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in their area.	10,550	0	3,550	3,500	3,500
Total Medium Term & Rolling Programmes	18,600	0	5,900	6,300	6,400
Total	38,799	6,394	18,311	6,995	7,098

Early Help and Intervention

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes	804	232	572	0	0
Medium Term & Rolling Programmes					
Partnership & Commissioning of New Models of Care and Support (Children's Social Care) New models of service delivery to maximise the capacity and use of assets including: Extending Foster Care Capacity Scheme: which will enable new/existing foster carers, who are willing to increase the number of places they offer or maintain existing placements through adaptations to their home. Care Leavers Supported Accommodation: To provide a new facility to support care leavers within the Borough and improve their transition through to adulthood.	960	0	460	300	200
Re-development of Hurdsfield Family Facilities Re-development of the existing family centre site to provide a Children's Centre and Community Facilities for the local area.	995	0	300	695	0
Total Medium Term & Rolling Programmes	1,955	0	760	995	200
Total	2,759	232	1,332	995	200

Adult Social Care and Independent Living

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes	2,331	1,140	1,191	0	0
Medium Term & Rolling Programmes					
Community Capacity Grant Capital Funding provided by the Department of Health to enable local authorities to support development in adults social service in three key areas: Personalisation, Reform, Efficiency.	2,350	0	750	800	800
Total	4,681	1,140	1,941	800	800

Environmental Protection and Enhancement

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Committed Schemes	106,069	71,671	29,440	2,252	2,709
Medium Term & Rolling Programmes					
Investment in Depot Infrastructure Investment in the depot infrastructure in order for the waste collection, treatment and disposal services to be delivered efficiently, including the emerging opportunities associated with waste to energy initiatives. The proposal includes the potential investment in both Pym's Lane depot and a waste facility in the north of the Borough .	9,500	150	2,400	3,500	3,450
Waste Fleet Replacement The replacement of twenty Waste Fleet Vehicles to improve the efficiency of the vehicles held by the Authority.	3,000	0	3,000	0	0
Queens Park Pathway Project The delivery of a programme of path works in Queens Park, Crewe to bring the path network up to a higher standard for visitors to the park.	500	0	500	0	0
Crewe Crematorium Refurbishment The refurbishment of the facilities at Crewe Crematorium funded by the Environmental Fee.	1,500	0	420	1,080	0
Cranage Holmes Chapel Path Project The potential delivery of a programme of works to create a multi-user path and bridge over the River Dane.	400	0	65	335	0

Environmental Protection and Enhancement

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Open Spaces Development Fund The establishment of an Open Spaces Development Fund to halt the decline and manage a sustained improvement to our park and open spaces within the Borough.	250	0	80	80	90
Replacement Litter Bins The delivery of replacement litter bins over a three year period across the Borough.	150	0	50	50	50
Total Medium Term & Rolling Programmes	15,300	150	6,515	5,045	3,590
Total	121,369	71,821	35,955	7,297	6,299

Public Protection and Enforcement

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes	15,400	832	5,969	8,599	0
Longer Term Proposals					
Congleton Lifestyle Centre To explore a number of options for a Lifestyle Centre facility in Congleton, providing Leisure, Library and Social Care Services.	12,000	0	500	3,500	8,000
Macclesfield Leisure Centre Refurbishment of Macclesfield Leisure Centre with improved facilities.	5,000	0	0	5,000	0
Total Longer Term Proposals	17,000	0	500	8,500	8,000
Total	32,400	832	6,469	17,099	8,000

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes	1,178	298	680	200	0
Medium Term & Rolling Programmes					
Community Facilities Grants The potential capitalisation of Community Grants for community purposes.	100	0	100	0	0
Total Medium Term & Rolling Programmes	100	0	100	0	0
Total	1,278	298	780	200	0

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes	64,191	21,658	29,309	11,815	1,409
Medium Term & Rolling Programmes					
Corporate Landlord Model - Non-Operational To undertake a rationalisation of current Council non operational assets into fewer buildings, releasing efficiencies in overheads, reducing carbon emissions and generating capital receipts as sites are released.	1,280	0	930	300	50
Sydney Road Railway Bridge To undertake improvements to Sydney Road Railway Bridge.	5,000	0	300	300	4,400
A500 J16 Widening Scheme This project will deliver an immediate improvement in traffic conditions on the A500 corridor to Crewe.	3,000	45	2,455	500	0
Basford West Spine Road The construction of a new link between the A500 north of Shavington and the Gresty Road corridor into Crewe town centre.	7,600	0	7,600	0	0
Development Programme for Housing and Jobs A development programme to generate significant economic growth and prosperity for local residents, including over 4,000 new homes and 3,000 jobs.	34,351	4,706	10,578	3,167	15,900
Crewe Transformation Projects (Phase 2) To undertake improvements to Sydney Road Railway Bridge, A530 / Sydney Road corridor and to deliver a Flag Lane Link Road.	8,000	0	1,500	1,500	5,000
Total Medium Term & Rolling Programmes	59,231	4,751	23,363	5,767	25,350

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Approved Budget	Prior Year Expenditure	Spend 2014/15	Spend 2015/16	Spend in future years
	£000	£000	£000	£000	£000
Longer term Proposals					
Knutsford Shared Space Improved pedestrian facilities, reduced congestion. Key to improving the retail environment of Knutsford.	2,000	0	0	2,000	0
A6 Corridor Improvements Improvement to traffic management on the A6 corridor.	2,000	0	0	500	1,500
A34 Corridor (Including Handforth East) Enabling infrastructure for Local Plan development site.	16,000	0	200	300	15,500
Macclesfield Town Centre Improvements To assess and improve traffic management.	6,300	0	200	200	5,900
Cheshire East Strategic Corridor A51/A500 Nantwich Junction improvements on A51 corridor east and north of Nantwich.	4,000	0	0	1,000	3,000
South Macclesfield Link Road To develop a link road in south Macclesfield in line with our development programme for housing and jobs.	15,200	0	200	500	14,500
Poynton Relief Road To deliver the outcome of the Poynton relief road Option Development scheme.	20,800	0	0	5,200	15,600

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Crewe Transformation Projects - Phase 3 Infrastructure improvement works associated with Network Rail and HS2 proposals at Crewe Station, including A500 widening.	16,500	0	250	250	16,000
Congleton Relief Road To deliver the outcome of the Congleton relief road Option Development scheme.	70,000	0	0	0	70,000
	2,500	0	0	0	2,500
Total Longer Term Proposals	155,300	0	850	9,950	144,500
Total	278,722	26,409	53,522	27,532	171,259

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Annual Programme	93,897	33,998	41,137	10,582	8,180
Longer Term Proposals					
Connecting Cheshire Phase 2 The second phase of Connecting Cheshire will build on phase 1 seeking to ensure all premises have access to high capacity and high quality broadband which will support economic growth, especially of rural SMEs.	5,700	0	1,650	2,600	1,450
Total Longer Term Proposals	5,700	0	1,650	2,600	1,450
Total	99,597	33,998	42,787	13,182	9,630

Annex 4 – Business Planning Process – Engagement

Introduction

1. Cheshire East Council is conducting an engagement process on the Medium Term Financial Plans through a number of stages from October 2013 to Council in February 2014, and beyond that as proposals are implemented.
2. The Pre-Budget Report, published for Members on the 10th January 2014, and for stakeholders, on the 13th January 2014 includes details of the proposals from each service area for the next financial year. This report has been made available for various stakeholder groups, and can be accessed through a number of forums.
3. Where consultation with specific stakeholder groups is required in relation to proposals submitted, this is being identified as part of the proposal's High Level Business Case. Therefore, some of the major proposals remain "subject to consultation", that is further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.
4. The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is not deliverable. The Council deals with this by factoring into its minimum level of reserves an allowance for changes to proposals arising from consultation or delayed implementation.

Background

5. Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with wider stakeholder groups. In September 2013, Council conducted a stakeholder analysis to identify the different stakeholder groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process. This report has helped to inform our consultation process for the current and future rounds of budget setting, and has identified channels of communication which were used to facilitate consultation with more of our stakeholder groups.

Business Planning Process

6. On 22nd July 2013, the Cheshire East Cabinet agreed a comprehensive Business Planning Process.
7. A communications plan has been developed in relation to the Council's priorities and Budget. This sets out a phased approach to engagement:

Round 1 – from October to 10th January
 Round 2 – from 10th January to 21st February
 Round 3 – from 21st February

8. An overall summary of the events is set out at **Appendix 1**.

Round 1 – October 2013 to January 2014

9. Round 1 of the engagement exercise used existing meetings, as well as specific events, to provide a briefing on the Council's Three Year Plan, outcomes, the process of budget setting, and updates on progress for various stakeholder groups.
10. An additional Members' Briefing was organised for the 17th December 2013, which included an update on arrangements for the Council's new Alternative Service Delivery Vehicles

(ASDVs), which are referred to in some of the proposals for 2014/2015. The key events are outlined in **Table 1** along with the topics of discussion.

Table 1: Engagement Events - Round 1

Event	Comments
Cabinet 12 th November 2013	Receive Mid Year Review of Performance Report
Council 12 th December 2013	Agree Council Tax Base for 2014/2015
Member Briefings: 23 rd July, 7 th November and 17 th December 2013	Update on budget setting progress from Commissioning Managers
Technical Enabler Group and Executive Monitoring Board – November 2013 – January 2014	Challenge process for High Level Business Cases
Corporate Trades Unions 13 th November 2013	Briefing on high level budget issues.

Round 2 – January - February 2014

11. Round 2 is on-going and based on the Pre-Budget Report, which was issued to Members on the 10th January 2014 and to the public on the 13th January 2014. This document was taken for discussion at various meetings throughout January and February 2014. These are outlined in **Table 2**.

Table 2: Engagement Events - Round 2

Event	Comments
Corporate Scrutiny Committee 13 th January 2014	Consultation and engagement on the Pre-Budget Report
Staffing Committee 16 th January 2014	Discussion and consultation and engagement on the Pre-Budget Report
Party Group Meetings January and February 2014	Senior officers briefed Members on the budget when requested during January and February
Schools Forum 30 th January 2014	Discussion and consultation and engagement on the Pre-Budget Report
Business event with Macclesfield Chamber of Commerce 5 th February 2014	Presentation on the Pre-Budget Report and the implications for local business, plus an update on business rates
Business Event with East Cheshire Chamber of Commerce 6 th February 2014	Presentation on the Pre-Budget Report and the implications for local business, plus an update on business rates
Business Event with South Cheshire Chamber of Commerce 7 th February 2014	Presentation on the Pre-Budget Report and the implications for local business, plus an update on business rates
Trades Unions 10 th February 2014	Discussion and consultation on the Pre-Budget Report, providing more detail on how the proposals will affect the staff
Staff Roadshows – dates throughout January and February 2014	Promotion of Budget setting issues and consultation process on the Budget

Engagement Material

12. The key purpose of the second round is to engage on the Council's Pre-Budget Report. The document presents an overview of the Medium Term Financial Strategy, key service developments and the impact of the budget in a user friendly and readable format. A link to the Pre-Budget Report was circulated electronically to those who attended the meetings. A hard copy was made available on request. Staff were also notified that it was available through promotion at Staff Roadshows and through an article in Team Talk issued to staff on 17th January 2014.
13. The Pre-Budget Report was placed on the Cheshire East Council website at <http://www.cheshireeast.gov.uk/budget> on 13th January 2014. This link and the document itself included details of how to comment on the issues.

Format of the January / early February 2014 Meetings

14. The events took a similar format, with presentations followed by a question and answer session. The presentation related to:
 - The Council's Three Year Plan.
 - The 2013/2014 expenditure position.
 - The funding position for 2014/2015 to 2016/2017.
 - Financial Resilience.
 - Service proposals.
 - Workforce development.
15. The Cheshire East Council Cabinet and Corporate Leadership Board were represented, with the Finance Portfolio Holder,

Chief Operating Officer and senior officers attending the events as required.

Promoting the Pre-Budget Report

16. In keeping with Council's aim for transparency, and following a stakeholder analysis, Cheshire East Council sought to ensure that our Pre-Budget Report was accessible to as many stakeholders as possible, within the constraints of time and costs. Therefore, this round of budget setting employed a number of different channels of communication for promoting the Pre-Budget Report, and obtaining feedback in order that service proposals were available to a wide range of stakeholder groups for review and feedback. The Pre-Budget Report has been:
 - Promoted on the Town and Parish Council sharepoint site, which is an information exchange between Cheshire East Council and Towns and Parishes in the borough.
 - Included as the front page item in the January edition of Partnerships in Action for Cheshire East newsletter, due to be published by 30th January 2014.
 - Distributed to our key partners (including health, fire, police, and voluntary, community and faith sectors) and the wider community through the Cheshire East Council Partnerships Team, who then promoted the Report at their various meetings with different partners.

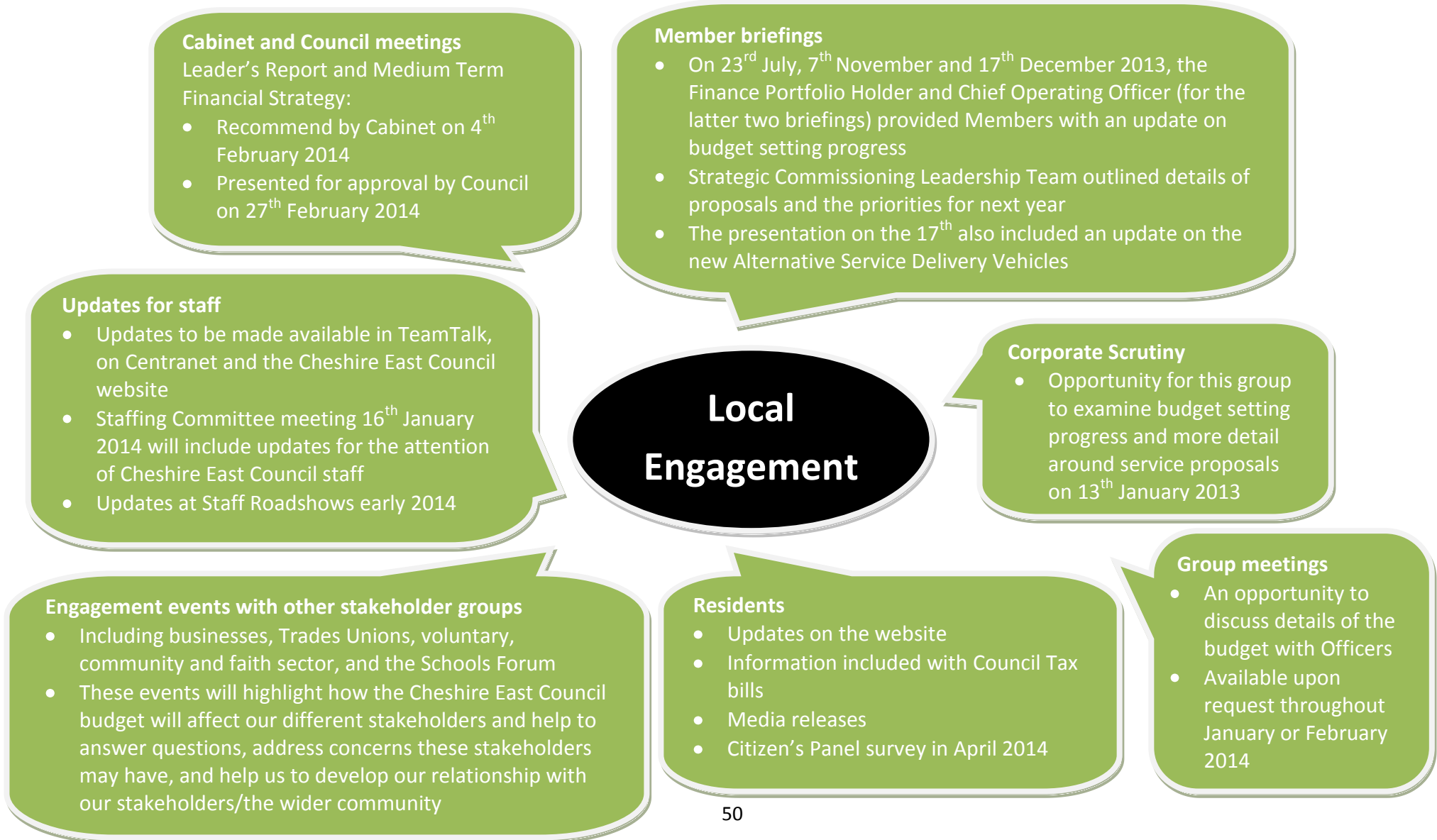
Feedback

17. A summary of issues addressed at the events is attached outlined below at **Appendix 2**.
18. A summary of the key questions and comments raised by stakeholders at the engagement events is included at **Appendix 3**.
19. As noted earlier, the consultation on certain proposals will be undertaken prior to their implementation.

Conclusion

20. Cabinet Members will review the feedback from the events and, where possible, factor these into their final budget deliberations prior to the Council meeting.
21. Feedback on the process and proposals was collected through the Shaping our Services mailbox, and through comments made at various engagement events. Feedback on the Budget Setting Process can still be sent to: shapingourservices@cheshireeast.gov.uk.

Business Planning Proposals – Engagement



Summary of Key Engagement Issues

Financial Stability

Provisional Settlement

1. The Council will manage the impact of the Provisional Local Government Financial Settlement released on 18th December 2013 which confirmed a significant reduction in grant funding of 7% from 2013/2014 to 2014/2015.

Council Tax Freeze

2. The Provisional Settlement has confirmed the continuation of Council Tax Freeze Grant from previous years. Council Tax is proposed to be frozen for the fourth successive year in 2014/2015 as the Council proposes to accept the Government offer of a freeze grant. This approach has been endorsed by the Government as freeze grants have been rolled into baseline grant funding.

Non-Pay Inflation

3. The Council is not providing for a general inflationary increase in 2013/2014. Any inflationary pressures have been accurately identified and offset by savings within each respective service.

Service Proposals

4. Each of Cheshire East Council's service areas outlined their proposals for 2014/2015 in the Pre-Budget Report, and how this would affect the Cheshire East community:
5. *Children and Families*: positive steps being made in reducing the number of cared for children; reducing Council costs and providing better outcomes for Children; better partnership working with health and improved commissioning is expected to drive costs down further; transport costs under will be reviewed and new initiatives around developing further independent travel training for those with Special Educational Needs to be explored.
6. *Adult Social Care and Independent Living*: ambitious plans to stimulate the social care market would ensure that the market was able to respond to individual need; more effective collaboration with health departments; reviewing funding commitments; impacts of the new Care Bill are still being analysed.
7. *Environmental Protection and Enhancement*: significant savings will be realised as part of the Council's drive to introduce arms length delivery vehicles - bereavement services and Ansa; pothole repairs have resulted in major improvement in the condition of the highway; the need for a waste transfer station in the north of the borough was highlighted and that this may require significant capital investment in order realise subsequent revenue savings.
8. *Public Protection and Enforcement*: creation of the Leisure Trust will help realise ambitious savings targets and improve the

leisure offer for Cheshire residents; particular emphasis would also be given to enforcement with an overriding aim to increase compliance rather than generate additional income through enforcement fees.

9. *Local Communities*: overarching aim is to help communities to become stronger and less reliant on public services and to improve delivery and targeting of services with partner organisations; diversifying what our services offer our communities will make them more tailored and appropriate; business improvement and efficiency can make savings without adverse impact on the Council's customers; additional savings would be made through renegotiation of concessionary travel contracts.
10. *Economic Growth and Prosperity*: growth items were put forward for a new investment team to ensure Cheshire East can take advantage of investment opportunities, and increased capacity of the planning department in finalising the Local Plan; targets to achieve planning fee income, asset rationalisation and disposal, and increase the Council's capital receipts; savings would be realised through reduced subsidy to Tatton Park due to new commercial arrangements; supporting local businesses through promoting opportunities and making it easier to do business with us.
11. *Corporate*: a range of proposals were considered around innovative financing of the capital programme, improving procurement arrangements, productivity and effectiveness of delivering central services; brief insight provided into the future capital programme arrangements, designed to improve planning and clearly classify commitments, stages of development and affordability.

Business Rates

12. The Autumn Statement outlined a discount in business rates for small retailers in England and the extension of small business rate relief. Rate rises would also be capped at 2% from April 2014. The implications of this for our local businesses were discussed at the events with the local Chambers of Commerce in early February 2014.

Workforce Development

13. Implications for the Council's workforce were outlined in the Pre-Budget Report. This was discussed in more detail with Trades Unions and Staffing Committee to address any questions or issues.

Grants

14. Confirmation of New Homes Bonus payment of £5.4m due for 2014/2015 as forecast in the scenario.

Reserves

15. It was essential for the Council to keep a minimum level of reserves based on a detailed risk assessment. Any planned use had to be repaid over time to maintain levels. The minimum level was being reviewed in light of:
 - The Council setting its Budget
 - Levels of change and uncertainty
 - The forecast outturn position.

Feedback from Engagement Events

The Pre-Budget Report

16. Feedback from various meetings was positive – stakeholders found the Pre-Budget Report easy to use and beneficial to understanding the service proposals for the next financial year. Requests for further information were referred to the relevant officers and addressed promptly.

Value of the New Homes Bonus

17. Questions we raised regarding the value of the New Homes Bonus. This currently stands at £5.4m for 2014/2015. The recent announcements regarding the New Homes Bonus were exactly what Cheshire East Council was expecting and have been built in to the financial planning assumptions.

Levels of service

18. Discussions at a number of the engagement events took place over the levels of service, particularly in relation to Adult Social Care and Children's Services, that current service users will be able to access under the proposals for the next financial year. It was highlighted that new proposals will not reduce the level of care provided, but rather better assess and target the level of support and services needed on an individual basis. More choice, early intervention and prevention would be the focus in order to allow service users more control and responsibility in determining their own levels of care. Savings will be made not through reducing levels of care where this care is needed, but through managing demand and doing things differently.

Economic Impact Assessments

19. Questions were raised regarding the frequency of conducting Economic Impact Assessments – these are conducted for all major change programmes in order to ensure that decisions made by Cheshire East Council are not damaging for the business community. Cheshire East Council is committed to providing good quality services to our residents, service users and local businesses.

Staffing reductions

20. Concern was expressed with regard to proposed staffing reductions, and whether Cheshire East Council would have the capacity to continue to provide services which promote a good quality of life for residents of Cheshire East. The new proposals are not just about reducing staff numbers, they are about placing people in the roles they will be most effective in and minimising layers of bureaucracy. By changing the way the Council works and encouraging communities to support each other, the Council can still effectively support local residents and businesses under reduced funding levels.

Consultation with partners

21. A recent stakeholder analysis has identified where the Budget Setting Process can develop levels of engagement and communication channels with various stakeholder groups for example, partners, businesses and the voluntary, community and faith sector. The Pre-Budget Report was proactively promoted through the Cheshire East Council website, the Town and Parish Council Sharepoint site, the Partnerships in Action for Cheshire East newsletter and various engagement events. Engagement is a continuous process, and Cheshire East values

the opinions of all our stakeholder groups. Consultation and engagement with stakeholder groups will be further developed in subsequent rounds of Budget Setting.

Business Rates Discount

22. The introduction of a discount of up to £1,000 against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 was discussed at the consultation events with local businesses. It was assured that businesses eligible for this discount will be notified and the local Chambers of Commerce were encouraged to promote this to local businesses. An application form will be placed on the Council's website.

Local Enterprise Partnership (LEP)

23. The influence and effectiveness of the LEP was discussed at the business engagement events. The LEP is a partnership and all the funding is held by the local authorities involved. Cheshire East Council's responsibility is to be one of the principal drivers in ensuring this body delivers for the business community. The benefit of the LEP is co-ordinating and facilitating a single conversation between neighbouring authorities with common interests, which helps to ensure that the economic advantages of one area does not undermine its neighbours.

Resources for the Economic Development and Regeneration Team

24. Cheshire East Council is proposing an increase in funding for resources for Economic Development and Regeneration in 2014/2015. These services will develop business focused advisory roles and more capacity to draw ideas down from the LEP to ground level. Cheshire East Council is committed to reviewing the current offer of our services for local businesses and making it easier for local people to do business with the Council.

Planning Services

25. Planning Services have also been identified as an area of growth in 2014/2015. Concern was expressed regarding the issues small business have when seeking planning permission. As well as investing in more staff to deliver planning services, once the Local Plan is approved at Council, Cheshire East Council will be undertaking a peer review of the Planning Service, in order to identify improvements and ultimately, we intend to ensure the Planning Service is more customer focused.



The Budget Report 2014/2017

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February 2014

This document is available to download on the Cheshire East Council [website](#), it will be distributed to all Members as part of the February 2014 Council Agenda.

If you have any comments or queries please e-mail
shapingourservices@cheshireeast.gov.uk

Foreword from the Finance Portfolio Holder

Welcome to Cheshire East Council's Budget Report, the local authority with the best quality of life in the Northwest.

The Council is on a journey to be a national leader in providing public services. We will achieve this by working with the community to achieve our five service outcomes for local people. However, we are also determined to do this without asking local residents to pay more.

In February 2013 we took the first steps towards becoming a "commissioning" council. By this we mean a Council that focuses its money and staff on delivering services people want and not on running a bureaucracy. To achieve this we aim to improve our understanding of what services residents really need and ensure money is invested and spent in these areas.

At the same time we are proposing in this report to freeze Council Tax for a further year and to accept the Council Tax Freeze grant, thereby keeping costs to local people down, and playing our part to improve household finances.

Our performance in 2013/2014 continues to show we are meeting the challenge of providing good services and reducing costs. Cheshire East was awarded the 2013 Adoption Service of the year, has the highest recycling rates in the North West and among the highest satisfaction levels for its library services. All this is achieved while spending 20% less than average on service delivery.

In the summer we reported a small surplus for our financial year 2012/2013. Our finances remain well controlled. To inform interested residents and stakeholders about the state of Council finances in October 2013 we published our [Guidance and Data on the Financial Resilience of the Council](#), The Council's [Three-Quarter Year Review of Performance](#) was reported to Cabinet in February 2014. This predicted a small underspend against budget while delivering the services residents need.

This Budget Report provides stakeholders with the opportunity to understand the strategy behind our 2014/2015 proposals. The financial figures show a balanced budget for 2014/2015 and provide projections for further years based on projects we have already identified and income streams we can be confident in.

Given our cautious attitude to including income or savings only when definite projects or Government Announcements are known, we show a gap between income and expenditure in years two and three. As in previous years we expect these challenges to be overcome in good time to present a further balanced budget for 2015/2016.

Throughout the plan we remain committed to the published outcomes the Council wishes to achieve for our residents. Fundamental to achieving this is introducing innovative new ways of working that provide quality and choice. Further details are provided in this report and the accompanying Leader's Report, but please also refer to the Council's website for all up to date information on Council initiatives and services (www.cheshireeast.gov.uk)

Peter Raynes

Cllr Peter Raynes, Finance Portfolio Holder

February 2014

Comment from the Chief Operating Officer (S151 Officer)

The overall financial health and resilience of Cheshire East Council is strong. This provides a solid platform to cope with the national austerity challenges that the whole of the public sector continues to face. The Council is maintaining its focus on economic development and regeneration whilst being relentless in its pursuit of greater efficiency and productivity to enable delivery of quality services at lower cost. Putting local residents and businesses first.

Central Government's commitment to reduce the high levels of national debt has contributed to local government going through a period of unprecedented change and financial challenge. In January 2014, the Chancellor indicated that a further £25 billion of public spending cuts will be needed post the next election and by 2017/2018. It is clear that the state will have to be 'permanently smaller'.

Cheshire East's response continues to be based on innovation and creativity. The commitment to be a commissioning council and to develop better ways to achieve the Council's five stated outcomes by using a mix of delivery mechanisms is continuing to gain momentum. Services will have a more commercial and customer focussed outlook.

It is clear that there are financial and demographic challenges facing Cheshire East and prudent and effective financial management will remain critical to the success of the organisation. I only joined Cheshire East Council in October 2013, but I do believe that we are on the right path to creating sustainable services for the future.

Further changes across the public sector are inevitable and the forward thinking strategy adopted by the Council avoids a reactive 'salami-slicing' approach to budget development and service delivery. Given the uncertain climate, every council will currently have varying levels of financial gaps between predicted levels of income, expenditure and service demands for future years.

Cheshire East is no different but since February 2013 the original forecasted financial gap for 2014/2015 has been eliminated and the challenge for 2015/2016 has been more than halved.

Achieving the Council's five outcomes will significantly support financial stability in the long term, focusing as they do, on communities, business, education, environment and health. The budget development has followed a robust approach with the latest proposals emerging from a process of reflecting, analysing and then innovating.

These budget proposals build on the excellent performance reported in the [Quarter 3 Report](#) for 2013/2014. The headlines show that the Council is forecasting a small surplus of £0.3m (0.1%) on our £259.7m net revenue budget by the end of the financial year. This is the first time that the Council has reported a positive outcome at this stage of the financial year, since becoming a Unitary Authority in 2009. This clearly demonstrates that the current financial and performance management arrangements are strong and also provides reassurance that the budget proposals for 2014/2015 are robust and deliverable.

The proactive action taken to redesign and refocus the organisation during these difficult times has strengthened the Council's current financial position. Cheshire East is one of a very few councils in the country that could realistically become financially self sufficient from Central Government revenue grant support in the longer term. It is also a possibility that the level of locally held general reserves may be used as a factor in determining the value of future national finance settlements.

Given this context the recommended Reserves Strategy includes a proposal to create an Earmarked Investment Reserve of £5.3m, only to be used to improve the future financial sustainability of the Council. In my opinion the estimated levels of general reserves will still remain at an adequate level and protect the Council against a range of potential risks.

P J Bates

Peter Bates CPFA CIPD MBA

Chief Operating Officer (Section 151 Officer)

February 2014

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Three Year Summary Position

	2013/2014 £m	2014/2015 £m	2015/2016 £m	2016/2017 £m	Three Year Change £m	Three Year Change %
Commissioning						
Children and Families Services	57.8	54.5	52.7	53.2		
Adult Social Care and Independent Living	93.1	94.4	96.3	95.6		
Public Health	0.0	0.0	0.0	0.0		
Environmental Protection and Enhancement	38.0	38.8	37.9	37.1		
Public Protection and Enforcement	-0.2	-0.5	-0.2	0.2		
Communities	12.0	11.9	10.7	10.7		
Economic Growth and Prosperity	13.4	14.3	13.1	12.5		
Chief Operating Officer	48.1	44.1	44.0	45.2		
Central budgets	14.5	13.6	14.6	14.0		
<i>Additional Reductions to closing Funding Deficit Yr 2</i>				-6.6		
Estimated Service Budgets	276.7	271.1	269.1	261.9	-14.8	-5.3%
Funded by						
Council Tax	-166.8	-167.3	-167.3	-167.3	-0.5	0.3%
Government Grants	-109.9	-103.8	-95.2	-79.2	30.7	-27.9%
Reserves ^(see note 1)	0.0	0.0	0.0	0.0		
Total	-276.7	-271.1	-262.5	-246.5	30.2	-10.9%
Potential Funding (Surplus) / Deficit	0.0	0.0	6.6	15.4		

Source: Cheshire East Finance

1. Note the Budget package includes the re-allocation of £5.3m of General Reserves. This is being transferred into an earmarked reserve to assist the Council with creating further resilience against future funding reductions and acknowledges the ambitions in relation to growth of the local economy.

2. The allocation of Budgets between services has been refined to reflect the on-going adjustments to figures as reported in the Three Quarter Review of Performance.

Overview 2014/2017

This Budget Report outlines how the proposals contained in the Medium Term Financial Strategy will be funded.

Funding the Council's Outcomes 2014/2017:

- **Investing over £1bn** in providing services to local people.
- **Freezing Council Tax** payments for the fourth year in a row.
- **Reducing net expenditure** by £6.4m in 2014/2015.
- **Maintaining reserves of £14m** to protect vital services against risk and manage cashflow during the transformation of services.
- **Allocating £5.3m to earmarked reserves in 2014/2015 to invest in the longer term sustainability of the Council.**
- **Allocating £15.7m to support vulnerable residents** through continuation of the local Council Tax Support Scheme.
- **No external borrowing is planned, but up to £39m** of the Council's resources will support planned capital expenditure in 2014/2015, which relates to on-going capital commitments.
- Net financing costs of the Capital Programme will increase to £12.5m in 2014/2015 reflecting the Council's commitment to maintain investment in infrastructure. Capital financing costs are forecast to increase from 4.6% of the net revenue budget (2013/2014) to a still very prudent level of 4.9% (2014/2015).
- The Council will manage the impact of the Local Government Financial Settlement released on 5th February 2014 which confirmed a significant reduction in revenue support grant funding of 13% from 2013/2014 to 2014/2015. At the same time, the Settlement has confirmed the continuation of Council Tax Freeze Grant from previous years.
- Targeting 98.75% collection rates for local taxes.

1. Meeting the Council's Priorities

Budget Setting Process

1. The key stages of the budget setting process followed a policy development approach which considered the initial parameters, researched potential changes, consulted on recommendations and then moves to approval and implementation of the proposed changes. The process is completed with the issue of provisional funding figures in December, closing consultation on the [Pre-Budget Report](#) in February, issue of final funding figures and the formal meetings of Cabinet and Council that agree the Budget Report at the end of February.
2. **Table 1** sets out the key stages followed throughout the 2013/2014 financial year to set a balanced budget for 2014/2015.
3. **Annex 6** sets out the financial impact of the changes for 2014/2017 for the Commissioning Services and the Chief Operating Officer in an established summarised format. Items have been referenced by Outcomes and the narrative will assist the read across to a greater level of detail of service change which is provided in the Medium Term Financial Strategy – Leader's Report.
4. The most significant elements of the major change programme are supported by High Level Business Cases which are subject to review under the Council's Member-led governance group called the Executive Monitoring Board. These will be available in due course and the Medium Term Financial Strategy report will also assist.
5. Changes resulting from these processes are reflected in the Council's Reserves Strategy which is re-assessed each year to determine the level of risk cover required and includes a proportion in relation to changes to proposals arising from consultation or delayed implementation.
6. Further details on the engagement process are set out in the Leader's Report.

Table 1: Budget Setting Process – Key Stages



July 2013	August 2013 to October 2013	November 2013 to January 2014	February 2014
Start with: - Sustainable Community Strategy - Council 3 Year Plan - Medium Term Financial Strategy (£35m gap over 3 yrs)	Portfolio Holders and Commissioning Leadership Team analysed financial resilience and current performance. Initial informal variations to budget are proposed	Corporate Leadership Board and Cabinet refining proposals (Government settlement announcement 18 th December 2013) Stakeholder briefings taking place	Cabinet to recommend estimated budget to Council reflecting any further feedback received Council determine final budget on 27 th February 2014

2014/2015 – Key Budget Developments

Event	Comments
Council 28 th February 2013	Identified net budget deficit for 2014/2015 of £8.3m based on anticipated reductions in available funding
Corporate Leadership Board (CLB) meetings in May 2013	Analyse net Budget deficit and outline budget setting process following policy development approach
Cabinet 24 th June 2013	Receive 2012/2013 Final Outturn Review of Performance Report
Strategic Commissioning Leadership Team 5 th July 2013	Briefed on process and targets
Cabinet 22 nd July 2013	Agree Budget Setting Process including financial planning assumptions, net Budget deficit of £8.3m (based on anticipated reductions in available funding) and the process to close the gap
Cabinet 19 th August 2013	Receive First Quarter Review of Performance Report 2013/2014
Progress meetings	Meetings with Executive Director of Strategic Commissioning and individual Commissioning Managers to discuss emerging responses and High Level Business Cases
Financial Resilience of the Council document, issued on 16 th October 2013.	Guidance and Data on the Financial Resilience of the Council : Key information document to demonstrate the Council's financial resilience
Initial responses produced by 25 th October 2013	Commissioning Managers submit proposals for review
Cabinet 12 th November 2013	Receive Mid Year Review of Performance Report 2013/2014

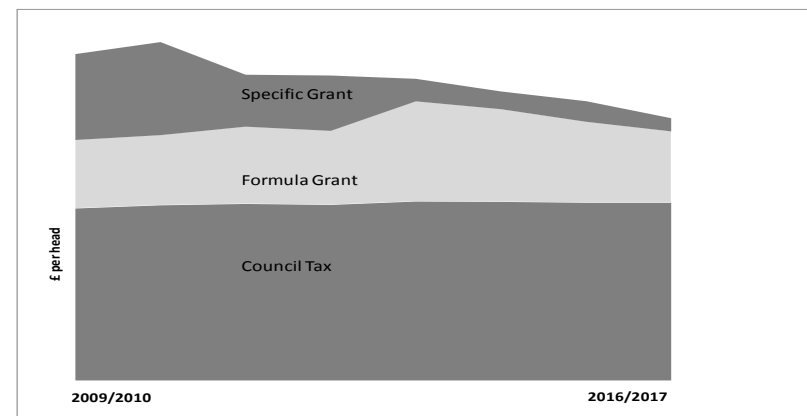
Event	Comments
Cabinet / Corporate Leadership Board meeting 19 th November 2013	Growth and savings proposals were submitted for analysis. Detailed challenge reduced the deficit considerably with further analysis being requested
19 th November to 4 th December 2013	Draft High Level Business Cases were completed, and passed to the Technical Enabler Group. Proposals were updated and amended following detailed review
Cabinet / Corporate Leadership Board meeting 4 th December 2013	Analysis received on net proposals, to balance the 2014/2015 Budget, broadly agreed
Council 12 th December 2013	Agree Council Tax Base for 2014/2015
Member Briefings: 23 rd July, 7 th November and 17 th December 2013	Update on budget setting progress from Finance Portfolio Holder, Chief Operating Officer and Commissioning Managers
Technical Enabler Group and Executive Monitoring Board – November 2013 – January 2014	Challenge process for High Level Business Cases
Release Pre-Budget Report 10 th January 2014 to Members	Report released to Members
Release Pre-Budget Report	Report released to stakeholder groups for consultation
Corporate Scrutiny Committee 13 th January 2014	Consultation and engagement on the Pre-Budget Report
Cabinet 4 th February 2014	Asked to recommend the 2014/2017 Budget package to Council
21 st February 2014	Last date for comments on the Budget proposals.
Council 27th February 2014	Approval of Medium Term Financial Strategy and Council Tax

2. Financial Stability

Introduction

7. Cheshire East Council is becoming more reliant on local funding and less reliant on central government grant. The funding for Council Services from Council Tax and Business Rates will have increased to over 75% of the total net funding for 2014/2015.
8. The financial stability of the Council, which determines the amount of money available for service expenditure, will be exposed to less risk from potential government funding shortfalls in the medium term, but financial planning for the Council now reflects the potential for year on year fluctuations in local funding particularly from business rates.
9. Overall the annual revenue budget for Cheshire East Council continues to be funded by a combination of Council Tax, service user charges, and (relatively low) Government grants. **Chart 1** illustrates how the balance between these funding sources is expected to continue changing over time.
10. The Budget Report is based on the Final Local Government Finance Settlement released on 5th February 2014 and approved following a debate in the House of Commons on 12th February. Any further information on funding will be reported to Members and may be managed through reserves.

Chart 1: Grant funding is reducing in the Medium term



Source: Cheshire East Finance (see also [Guidance and Data on the Financial Resilience of the Council](#) – Oct 2013)

Note: Council Tax has been adjusted for the change from Council Tax Benefit to Council Tax Support.

11. **Table 2** sets out the revised funding forecast for Cheshire East Council for the period 2013/2014 and 2014/2015. This updates the information previously published in the [Council's Budget Report in February 2013](#) and [Budget Setting Process report](#) taken to Cabinet in July 2013.

Table 2 - Funding available to services has reduced	2013/2014 Restated as at TQR £m	2014/2015 £m	Change £m	Change %
Government Grants <small>(Adjusted for S256 treatment)</small>	-109.9	-103.8	-6.1	-5.6%
Council Tax	-166.8	-167.3	0.5	0.3%
Funding Available	-276.7	-271.1	-5.6	-5.3%

Source: Cheshire East Finance

12. The key areas being covered in this section include:

Source of Funding	Paragraphs
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Government Grant Funding of Local Expenditure	14 to 37
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Collecting Local Taxes for Local Expenditure	38 to 57
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Charges to Local Service Users	58 to 62
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Income and expenditure are also influenced by decisions and estimates of the Council in relation to:

Investment, Borrowing and the Capital Programme	63 to 98
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Other Economic Factors	99 to 101
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Managing the Reserves Position	102 to 112
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13. The detailed funding settlement from government has once again seen change, uncertainty and late release of information, which impacts on longer term financial planning. Issues for 2014/2015 include :

- The release of the Autumn Statement on 5th December.
- The release of the Provisional Settlement on 18th December 2013 and Final Settlement on 5th February 2014.
- Late confirmation of Council Tax Freeze Grant and calculation of business rates estimates.
- Late announcement of Education Services Grant.

These have set out changes to:

- General funding levels – confirming a 13% reduction in Revenue Support Grant.
- Funding from Business Rates – a cap on the multiplier and a change to discount / relief arrangements. It is not yet clear how these will be linked up.

Government Grant Funding of Local Expenditure

14. Local authority finances in England are undergoing significant changes as part of the Government's overall deficit reduction programme. Overall, grant funding is still expected to reduce, but will vary depending on local levels of house building, commercial development and employment levels.
15. Funding for local government is forecast to further reduce significantly over the next five years, and is likely to continue to reduce beyond this timeframe to 2020. In the medium term this presents itself as funding deficits for the Council which could place strain on local service levels.
16. A summary of the Council's grant funding is shown in **Table 3**.

Table 3 - Grant Funding is reducing by 5.6% in 2014/2015

	2013/2014 Restated	2014/2015	Change	Change
	£m	£m	£m	%
Business Rate Retention Scheme	-37.2	-37.8		
Revenue Support Grant	-55.8	-48.6		
Specific Grants (adjusted for S256 treatment)	-16.9	-17.4		
Funding Available to Services	-109.9	-103.8	-6.1	-5.6%

Source: Cheshire East Finance

17. The Council receives grant funding from the Government under several main headings:

- Business Rate Retention Scheme
- Revenue Support Grant
- Specific Grants (unring-fenced)
- Specific Grants (ring-fenced)

Business Rate Retention Scheme (BRRS)

18. The Council anticipates collection of approximately £135m in business rates in 2014/2015. However, 72% of this funding is paid to government with 28% being retained specifically to support Cheshire East Council services. Growth in business rates can increase local funding which supports the approach set out in the Medium Term Financial Strategy to generate inward investment to the area.

Revenue Support Grant (RSG)

19. In addition to retained business rates the government provide RSG which is not ringfenced for specific purposes. RSG could reduce by as much as 50% in the medium term.

Specific Grants

20. A number of separately identified but unring-fenced Specific Grants have been retained. The detailed list is shown in **Annex 3** and summarised in **Table 4**.
21. The list of Specific Grants has reduced to mainly funding related to the New Homes Bonus and the Education Services Grant, which together equate to 60% of the total received in 2014/2015.

Table 4 - Separate specific grants have increased as a result of the New Homes Bonus	2013/2014 Restated	2014/2015	Change	Change
	£m	£m	£m	%
New Homes Bonus	-4.2	-5.4		
Health Funding Section 256 (is now shown within service income)	-	-		
Education Services Grant	-5.3	-4.7		
Other Grants	-5.6	-5.5		
Council Tax Freeze Grant	-1.8	-1.8		
Total Specific Grants	-16.9	-17.4	0.5	3.0%

Source: Cheshire East Finance

22. Monies received for Health Service re-ablement funding (known as Section 256) have now been removed from grants and shown as service income within Adult Social Care and Independent Living, as these are invoiced payments. Further changes from the introduction of the Better Care Fund will be reflected in additional reports throughout the year.
23. New Homes Bonus funding is provided to the Council based on the net increase in properties and affordable homes. The scheme is now coming into its fourth year of a six year rolling programme with unring-fenced funding of £5.4m expected for 2014/2015.

Education Services Grant (ESG)

24. In 2013/2014 all funding for the functions included in the Local Authority Central Spend Equivalent Grant (LACSEG) were removed from local authorities and transferred to the Department for Education (DfE). The DfE now administer and distribute a separate unring-fenced ESG to local authorities and to academies proportionate to the number of pupils for which they are responsible. LACSEG is included with the ESG grant.

25. The provisional allocation for local authorities is expected before the end of March 2014. Local estimates have set the provisional return of funds to be £4.7m and this has been factored into the scenario.
26. Beyond March 2015 the position is less clear and prudent estimates of £3m per annum have been factored in. This reflects the receipt of some element of funding or subsequent service reductions, or increased income, to the wider Council.

Ring-fenced Grants

Dedicated Schools Grant (DSG)

27. The Government has announced the indicative allocations of DSG for 2014/2015 which is ring-fenced. Following extensive educational funding reforms by the DfE, the grant is now allocated in notional funding blocks, namely the High Needs Block, the Schools Block and the Early Years Block.
28. The value of the High Needs Block is determined by identified 2013/2014 local authority budgets to which adjustments have then been made. Funding is based on a Guaranteed Unit of Funding (GUF) per pupil for the latter two blocks. The Pupil numbers used in the calculation are based on the October 2013 Pupil Level from Schools Census information. Final allocations of the 2014/2015 DSG will include an adjustment for pupils reflected in the January 2014 Early Years Census.
29. New responsibilities in respect of support for newly qualified teachers (£0.1m) and provision of education for eligible two year olds (£3.4m) have been transferred to the local authority for 2014/2015, whilst responsibility for the Carbon Reduction Commitment energy efficiency scheme payments has been transferred to the DfE (-£0.3m).
30. **Table 5** shows the actual DSG received for 2013/2014, the indicative DSG for 2014/2015, the actual GUF (Amount per

Pupil) received for 2013/2014 and the Block GUFs to be received for 2014/2015 (excluding the adjustment for Academy recoupment).

Table 5 - Dedicated Schools Grant will be allocated in 3 notional blocks from 2014/2015	Actual 2013/2014	Estimated 2014/2015	Change	Change
	£m	£m	£m	%

Total Dedicated Schools Grant	234.8	237.7	2.9	1.2%
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Comprising

Schools Block (notional)	186.8	186.7
Early Years Block (notional)	13.3	13.4
High Needs Block (notional)	32.5	34.6
New responsibilities	2.2	3.0

Per Pupil Funding	£/pupil 2013/2014	£/pupil 2014/2015
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Total Dedicated Schools Grant

Schools Block (notional)	4,077
Early Years Block (notional)	4,048

Figures quoted are before the Academy recoupment.

Source : DfE

Dedicated Schools Grant (DSG) ~ Academy Funding

31. The DfE are clear that becoming an Academy should not bring about a financial advantage or disadvantage to a school but rather, enable Academies to have greater freedom over how they use their budgets.
32. The Individual Schools Budget (ISB) receivable for the 19 academies which opened before or during 2013/2014 has **not** been removed from the total DSG award to be received (as reflected in **Table 5**). The funding for these academies of approx £56.1m will be recouped from the Authority's DSG as part of the academy recoupment process.

Pupil Premium Grant

33. The Government has also announced on-going increases to the Pupil Premium Grant which is now in its third year. Grant allocations are based on October 2013 census figures for deprived pupils in years from Reception to Year 11.
34. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2014/2015 have been confirmed at £1,300 for primary-aged pupils and £935 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £1,900 and children whose parents are in the armed forces continue to attract £250 per annum. It is estimated that Cheshire East Council will receive £8.8m in relation to the Pupil Premium for 2014/2015.

Public Health

35. Central Government transferred the responsibility of commissioning / delivering public health services from Health to Local Authorities from April 2013.
36. Public Health responsibilities cover a wide range of services including: sexual health services; NHS Health Check programmes; Drug Misuse; Alcohol Misuse and Obesity.
37. Public Health grant will remain ring-fenced for the first three years as a minimum, so expenditure must be incurred in line with the definition of public health. Councils have been notified of the funding for the first two years, £12.7m in 2013/2014 which was subsequently revised to £13.7m and £14.2m in 2014/2015.

Collecting Local Taxes for Local Expenditure

Council Tax

38. The amount of Council Tax charged to occupied properties in 2014/2015 will be frozen at the 2013/2014 levels. For 2014/2015 the Band D Council Tax for Cheshire East Council will therefore remain at £1,216.34.

The calculation of the Council Tax is shown in **Table 6**.

Table 6 - The calculation of the Cheshire East Council Band D Council Tax	2014/2015	
	£m	£m
2014/2015 Revenue Budget recommended to Council on 27th February 2014 ⁽¹⁾		253.8
Less External Support:		
Business Rates Retention Scheme	37.9	
Revenue Support Grant	48.6	86.5
Surplus / Deficit on Collection Funds		0.0
Amount to be Raised from Council Tax		167.3
No. of Band D Equivalent Properties		137,548.53
Band D Council Tax		£1,216.34

Source: Cheshire East Finance

¹. This figure is net of specific grants of £17.4m.

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

Table 7 - Impact of Council Tax on each Band

Band	A	B	C	D
Council Tax £	810.89	946.04	1,081.19	1,216.34
No of Dwellings	29,507	34,755	32,872	24,469

Band	E	F	G	H
Council Tax £	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	18,923	12,981	11,838	1,771

Source: Cheshire East Finance

Council Tax Freeze Grant

39. By freezing Council Tax, the Council is entitled to a grant for 2014/2015 equal to the amount that could have been raised by a 1% increase (before adjusting for Council Tax Support). As a result of this decision, and past decisions to freeze Council Tax, the Council will receive £8.1m of freeze grant in 2014/2015 as set out in **Table 8**.

Table 8 - Council Tax Freeze Grant Equals 7.8% of Cheshire East Council's Government Funding in 2014/2015 **2014/2015**
£m

Allocation for:	
2011/2012 (Year 4 - now rolled into BRRS)	4.5
2013/2014 (Year 2 - now rolled into BRRS)	1.8
2014/2015 (Year 1)	1.8
Total Freeze Grant to be Received	8.1

Source: Cheshire East Finance

40. The same amount will be receivable in 2015/2016 pending any further freeze grant offers, further reductions in general funding and local decisions over Council Tax levels for that year. It has been assumed a similar payment will be offered for 2015/2016 and, given the Council's plans to continue to freeze Council

Tax, this has been factored into the medium term financial planning assumptions.

Council Tax Base

41. The Council Tax base quantifies the number of properties from which the Council is able to collect Council Tax. The tax base is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions. The level of Council Tax multiplied by the tax base equals the expected income from local taxation.
42. The gross tax base for 2014/2015 (before making an allowance for non-collection) is calculated as 139,289.65. After taking into account current collection rates, a non-collection rate was set at 1.25%. This results in a final tax base of **137,548.53** Band D equivalent domestic properties.
43. The tax base for 2014/2015 reflects an increase of 0.3% on the 2013/2014 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of potential increases in Council Tax Support. The Council Tax base was approved by Council on 12th December 2013.

The impact of the Council Tax Support Scheme

44. From 1st April 2013 the Council Tax Benefit system was replaced by a locally designed Council Tax Support Scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants are not affected by this change.
45. Cheshire East will continue to compensate local councils for any reduction in tax base as a result of Council Tax Support. However, this compensation grant will be reduced in line with the funding reductions being experienced by the Council for the Revenue Support Grant (of which the compensation forms a part).

46. Cheshire East has a relatively high Council Tax Base compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16.8% in Cheshire East compared to the England average of 9.6% based on [2012/2013 data](#)).

Collection Fund

47. Receipts from Council Tax payers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire & Police and local Town & Parish Councils).
48. A predicted deficit in the Collection Fund reduces revenue funding for the following annual budget (and vice versa in the case of a surplus). This can happen if predicted changes in the tax base do not occur or if payments are delayed.
49. The estimated balance on the Collection Fund has been forecast as a net nil position for 31st March 2014. This represents no change from the position forecast at 31st March 2013.
50. Year end balance on Business Rates Collection Fund is estimated to be roughly in line with budgeted base line funding levels.

Council Tax on Second Homes

51. During 2006 the Cheshire Local Government Association (LGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:-
- 50% to be retained by local authorities.

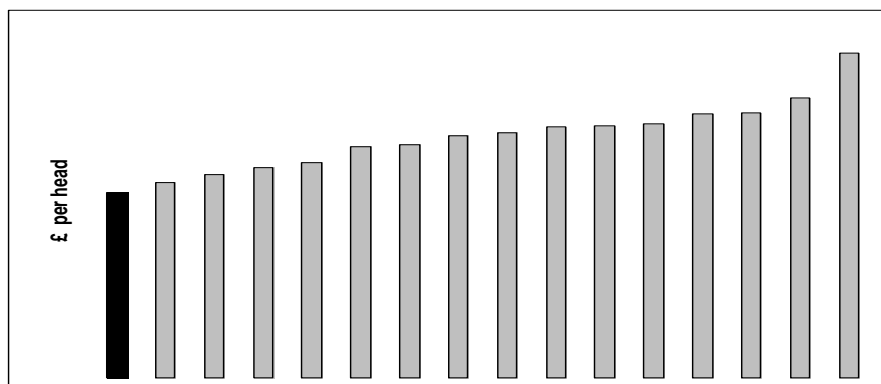
- The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

52. The final figures cannot be calculated until each authority has set its 2014/2015 Council Tax. Contributions under the Second Homes agreement to the CDRP from the Police and Crime Commissioner and Cheshire Fire and Rescue Authority will be made during 2014/2015 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is £152,000.
53. Any further changes to the Second Homes discount are not part of the local agreement and therefore the additional income from any change is not included in the figure shown.

Funding Comparisons to similar Councils

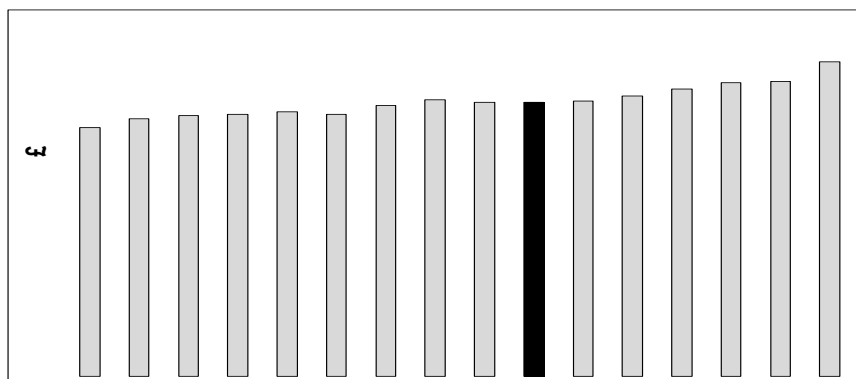
54. A suite of comparisons based on available data is provided below to add context to Cheshire East's funding position. For further analysis of the Council's financial position please refer to: [Guidance and Data on the Financial Resilience of the Council](#)

55. **Chart 2** – Government grant* per head is the lowest of the Council's 15 near statistical neighbours.



* Includes Business Rate Retention Scheme and Revenue Support Grant

56. **Chart 3** – Despite low government grants absolute Band D Council Tax levels remain average in comparison to near statistical neighbours.



What is the Council Doing About it?

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

i. Responding to Key Consultations

2013 has once again seen several major consultations on changes to local government finance take place. The Council has responded to the following consultations:

- Rates Retention and Formula Grant
 - 2013 - Local Government Finance Settlement 2014/2015 and 2015/2016: Technical Consultation
- Council Tax
 - 2013 - New Build Empty Property: Technical Response
 - 2013 - Council Tax Discounts for Annexes – Consultation
- Adult Social Care and Independent Living
 - 2013 - Caring for Our Future: Implementing Funding Reform
- General
 - 2013 - New Homes Bonus and the Local Growth Fund: Technical Consultation
 - 2013 - Proposals for the use of capital receipts from asset sales to invest in reforming services

Schools Funding

Several consultations on schools funding took place and were responded to during 2013 including:

- Review of 2013/2014 School Funding Arrangements

In addition to the above, the local authority has consulted extensively with all schools regarding the implementation of the 2014/2015 formula and any changes that are required.

The DfE is still intending to implement a National Schools Funding Formula from April 2015 and the consultation on their proposals is due out in January 2014. Once the consultation is published, the local authority will consult with all schools on the proposals and what they mean for the schools in Cheshire East.

Provisional Settlement

The Council has responded to the settlement through the Society of County Treasurers' response. This collective response raised the key issue of a late release and inaccuracies over the spending power figures.

ii. Membership of Collective Groups.

The Council has membership of several collective groups which provide a stronger voice at a national level. They are:

- The Local Government Association
- The Society of County Treasurers
- The Sparse Rural Network
- The F40 Group

iii. On-going briefing with Members of Parliament.

The Council provides an update on key issues to local MPs every six weeks, or when special updates are required. At certain times these focus on the Budget and funding issues.

Charges to Local Service Users

58. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering some or preferably all of the Council's costs in delivering discretionary services.

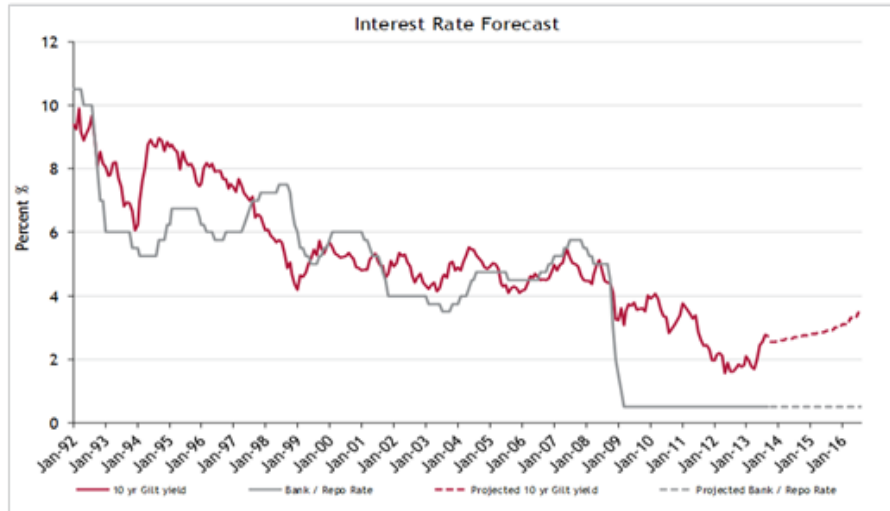
59. Approximately 12.6% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.
60. The Cheshire East Council pricing structure has over 1,800 different charges. With the overall objective to reduce subsidy in charged for services some prices may rise considerably more than inflation. In such cases users are being consulted and alternative service options are being discussed.
61. To assist officers and Members to recover full cost, the Council has produced a Charging and Trading Strategy to provide the relevant guidance to be applied. This document is available to Members on request.
62. The fees and charges list is under review given the change in commissioning arrangements in some areas. A revised version will be available in due course.

Investment, Borrowing and the Capital Programme

63. The economy is growing again but, as the Governor of the Bank of England pointed out, it is not yet a return to normality, and the recovery is likely to be subdued by historical standards.
64. The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping rates low for an extended period, using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates. Although unemployment was 7.7% in August 2013, it was not forecast to fall below the threshold until 2016, due to the UK's flexible workforce. However, on 22nd January this rate fell to 7.1% therefore, the position will be under review.

65. The Council's advisors, Arlingclose, forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable. Their projected path for short term interest rates therefore remains flat, however, upside risks weight more heavily at the end of their forecast horizon.

Chart 4 - UK Interest Rates 1992 to 2016 (forecast)



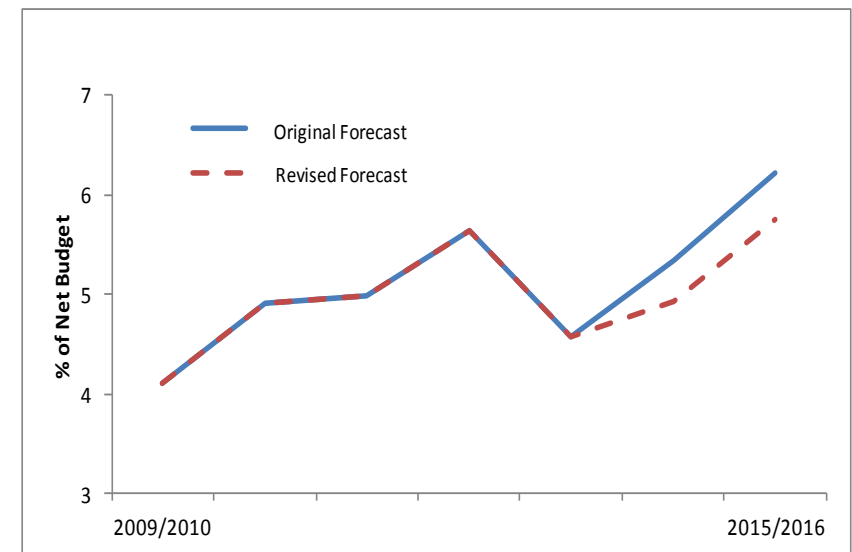
Source: Arlingclose

Capital Financing Costs

66. The Treasury Management Strategy aims to hold down capital financing requirements at c.£14m per year in the medium term. The net revenue budget will decrease over time so the percentage required to fund capital is therefore likely to increase, which is as expected as the Council targets investment in infrastructure that can support the local economy.
67. **Chart 5** demonstrates the upward trend of the cost of borrowing as a % of the net budget from 2009 – 2016. This has reduced compared to forecasts in February 2013. The application of

capital receipts in 2012/2013 to repay prior years borrowing reduced the cost to 2010 levels, however, the impact was short term and costs are set to rise steadily as the level of prudential borrowing increases in future years.

Chart 5 - The 2014/2017 MTFS is reducing the Cost of Borrowing as % of Net Budget from 2009-2016 compared to forecasts last year



Source: [Guidance and Data on the Financial Resilience of the Council Version 1](#) ~ October 2013 (updated)

68. The capital financing budget for 2014/2015 is £12.5m as shown in **Table 9**. This includes amounts 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 budgeted amount of interest the Council anticipates earning from the temporary investment of its cash balances during the year.

Table 9 - Capital Financing Budget	2014/2015
	£m
Repayment of Outstanding Debt	8.0
Contribution re: Schools TLC Schemes	-0.9
Direct Revenue Funding	0.4
Interest on Long Term Loans	5.2
Total Debt Repayment	12.7
Less: Interest Receivable on Cash Balances	-0.2
Net Capital Financing Budget	12.5

Source: Cheshire East Finance

69. The budgeted provision for the repayment of debt in the year 2014/2015 comprises of the following elements:
- The charge in respect of borrowing incurred after April 2008 is calculated on a basis that charges the amount borrowed to the Council's income and expenditure account in equal instalments over the anticipated life of the asset. These periods vary from five years to 25 years depending on the type of expenditure funded from the borrowing.
 - Historical borrowing prior to this is calculated as 4% of the outstanding balance at 31 March 2013.
70. Details of the Council's Minimum Revenue Provision Policy is shown at **Annex 4**.
71. The amount of interest paid on the Council's portfolio of long-term loans is mainly at a fixed rate of interest (circa 4.04%). This provides a degree of certainty to the capital financing budget.
72. Currently, long-term fixed interest rates are around 4.3%.
73. The rate of interest to be earned on the Council's cash balances that are temporarily invested (estimated at £36m) pending them being used is budgeted to be 0.5% during 2013/2014.
74. In line with many other local authorities, Cheshire East Council has taken the decision to use internal resources to fund capital expenditure in recent years, opting to "internally borrow". This strategy is sound, particularly with the 1% margin on Public Work Loan Board rates, low-investment yields and on-going concerns regarding credit risk.
75. The Council sets out the approach to these issues in its Treasury Management Strategy which is also being reported to [Cabinet](#) and Council in February 2014.

Capital Programme Planning

76. The 2013/2016 capital programme was approved by Council on 28th February 2013. Updates have been provided via quarterly reports to Cabinet during 2013/2014. In November 2013 a review of the capital programme was undertaken to prioritise schemes wholly or partly funded from Council resources, this led to reductions in the overall programme.
77. These reductions, together with further updates to the current capital programme are included in the [Third Quarter Review of Performance](#) and the revised profile of spend for 2014/2015 onwards forms the base for the 2014/2017 programme, which is detailed in **Annex 6**.
78. Capital commitments have been reviewed to identify the profile of expenditure. There is recognition that there are obvious complexities around planning applications, public consultation etc, and dependencies on third parties for external funding that often means slippage occurs from one year to the next as delivery is delayed.

79. The level of Council resources available for capital investment is set out in **Table 10** and is based on the level of government grant and external contributions expected; the level of borrowing that the Council can undertake on a prudential basis and the level of capital receipts that can be generated over the period.
80. The inclusion of a capital project in the programme is subject to the Council's governance arrangements, in accordance with national best practice. Schemes over £250,000, or where there is a significant risk, are required to go through a gateway process. Schemes are assessed for technical viability by the Technical Enabler Group (TEG) and then reviewed and challenged by a member led Executive Monitoring Board (EMB).
81. Projects are required to go through a second stage (Gate 2) and provide detailed robust project documentation before they have approval to commence. EMB may reject proposals if they are unconvinced of the viability of the business case and any other aspect of the delivery plan including the fit with corporate priorities, which may result in the cessation of the proposal or a request for a revised proposal.
82. New proposals are at various stages of this process and are included in the programme for planning purposes. Where costings are not yet available indicative estimates are included. Schemes are categorised in the programme, according to status and the schemes that are continuing from the 2013 programme, or that have passed through the Gate 2 process will be monitored against progress and spend during 2014/2015.
83. The capital programme is intentionally aspirational, reflecting the Council's ambition, to pursue additional external funding, private sector investment and capital receipts. It is designed to allow flexibility, so that schemes can be phased, reviewed and if necessary put on hold until the resources required are identified and secured, or alternatively, brought on stream to take advantage of funding and market opportunities as they arise.
84. Budgets will be subject to scrutiny throughout the gateway process which ensures a robust quality assurance framework is followed for each project. The governance arrangements will safeguard against projects proceeding where costs may escalate beyond budgets. Variances from approved budgets will be subject to supplementary approval in accordance with financial regulations.

Capital Programme Funding

85. As set out in **Table 10**, the proposed Capital Programme for 2014/2015 has planned expenditure of £161m supported by £88m of external funding (grants, S106 contributions etc.) leaving a net cost to the Council of £73m. The net costs of the programme will be met through estimated in year capital receipts of £33m and additional prudential borrowing of £39m.
86. The Council has discretion over the use of internally-generated capital resources which include capital receipts from the sale of surplus assets, prudential borrowing and revenue contributions. It is important that this discretion is used to ensure that these scarce capital resources are used to support capital schemes that make a major contribution to ensuring the Council's assets are suitable for delivering the future priorities, improving service delivery and generating revenue savings.

Table 10 - Capital Programme Summary	2014/2015	2015/2016	Future Years
	£m	£m	£m
Committed Schemes	120.9	34.1	13.0
Medium Term & Rolling Programmes	37.4	18.9	36.3
Long Term Proposals	3.0	21.1	154.0
Total Capital Programme	161.3	74.1	203.3
Financing			
Prudential Borrowing	39.3	19.9	1.3
Government Grants	71.8	19.0	105.8
Capital Receipts	32.9	22.4	80.7
External Contributions	16.5	11.5	15.3
Other Revenue Contributions	0.8	1.3	0.2
Total Sources of Funding	161.3	74.1	203.3

Source: Cheshire East Finance

Government Grants

87. Government grants are generally allocated by specific Government departments to fund projects and therefore are used by the Council to support the spending programmes for which they are approved.
88. The Council seeks to maximise such allocations of grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs in the community. Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and the Local Transport Plan. Over the period, these resources equate to £197m.

Capital Receipts

89. A capital receipt is an amount of money which is generated from the sale of an asset. The asset rationalisation process will continue to explore opportunities to generate capital receipts by disposing of surplus property assets. This will also have revenue benefits by reducing costs relating to those assets.
90. The [Engine of the North](#) development plan, reported to Council on 17th October 2013 identified the potential to generate major capital receipts for the Council, potentially in excess of £80m over a 10 year period, net of development costs. This provides a number of opportunities in relation to future capital investment planning including; investing in other service capital projects; repaying existing borrowing or re-investing in other new land / regeneration schemes.
91. Under the Council's Capital Receipts Policy, all receipts are pooled centrally in the capital reserve and are fully allocated in line with corporate priorities as part of the overall development of the capital programme. An asset disposal schedule is maintained which indicates the timing and estimated values of future receipts. Where the programme is expected to be funded from capital receipts, depending on the timing of these receipts the start times of some projects may be brought forward or delayed. The current status of the land and property market will be kept under review by the Asset Management Service and East Cheshire Engine of the North Ltd. The programme will be reviewed if the resource position changes.

Borrowing

92. The Council's capital investment falls within, and needs to comply with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the

Code, the level of borrowing they wish to undertake to deliver their capital programmes.

93. The level of Prudential Borrowing required in 2014/2015 and in future years is detailed in **Annex 5 – Prudential Borrowing Indicators**, paragraph 6. The revenue consequences have been considered as part of the medium term strategy to ensure they can be afforded in future years.

Revenue

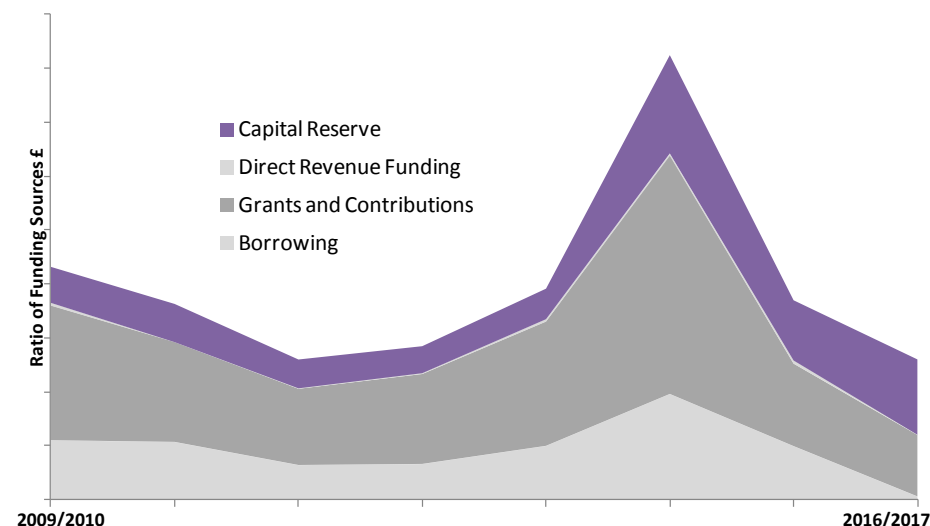
94. Capital expenditure may be funded directly from revenue. However, the general pressure on the Council's revenue budget limits the extent to which this may be used as a source of capital funding and therefore no revenue contributions are planned for new starts.

Other Contributions

95. The Council also receives contributions from developers towards the provision of public assets or facilities, such as Section 106 contributions to mitigate the impact of their developments.
96. Section 106 agreements are drawn up during the planning process which identifies and addresses the local needs of the community in relation to new developments. The agreement obligates the developer to provide a sum of money to enable the provision of facilities such as play areas and open spaces, increased education placements and road improvements.
97. As at 31st March 2013 the authority held Section 106 balances totalling £5.4m. The use of the funding is restricted by the terms of the original agreement and the timing of developer contributions is less predictable than other sources.
98. **Chart 6** demonstrates the balance of funding over time, the peak of grants and contributions in 2014-2016 relates to the

Superfast Broadband project where external contributions amount to £30m. The level of borrowing for new starts will reduce in future years in order to maintain repayments within affordable limits.

Chart 6 - Balance of Capital Funding Sources from 2009-2017



Source: Cheshire East Finance

Other Economic Factors

99. The Council makes an assessment of its financial position over the next three years by using a model known as the financial scenario. It is based on a series of planning assumptions (for example: estimated inflation rates). The planning assumptions were published in July 2013 and updated through the year via Central Finance Group. Allowance will be made in 2014/2015 budget for other economic factors, largely inflation and pension costs; totalling **£4.6m**.

100. The Budget Report for 2014/2015 continues the theme of not including any central allowance for non-pay inflationary pressures on the basis this is generally being mitigated by service efficiency proposals, increased charges or specifically bid for as a separate policy proposal.

Employer Pensions Contributions

101. The Workforce Planning section provides further details on the Pensions provision.

Managing the Reserves Position

102. The Council Reserves Strategy 2014/2017 states that the Council will maintain reserves to protect against risk and support investment.
103. The Strategy identifies two types of reserves:

General Reserves

- Balances in this category are not identified for specific purposes, but will be used to cushion against the impact of emerging events or genuine emergencies.

Earmarked Reserves

- Balances in this category are set aside for specific projects where spending will occur outside of the usual annual spending pattern of the budget.
104. Cheshire East Council's Reserves Strategy has been updated and is included at **Annex 7** to this report. For the 2014/2015 Budget the Section 151 Officer is satisfied that the strategy remains consistent with previous years.

General Reserves

105. The Budget Report for 2013/2014 anticipated an opening balance for 2014/2015 of £13.2m. The latest estimate is set at £19.3m, as adjusted for the projected 2013/2014 outturn which is based on the three-quarter year review.
106. The planned contribution for 2014/2015 is nil to reflect a reduced level of overall risk, and recognition of the need for substantial temporary investment in a number of major change programmes.
107. The medium term financial outlook reflects a reduction in real terms expenditure on Council services. Reducing expenditure over time may require up-front investment in change management that will sustain the financial resilience of the Council.
108. Strategically the Council must therefore utilise short term funding to support change and not to build up reserves. Current reserves levels will therefore be maintained to protect the Council against risk and should only require amendment if risk materialises or to support short term cashflow issues.
109. £5.3m is proposed to be transferred to earmarked reserves to support activity that will increase longer term financial stability of the Council, particularly in relation to growth in income from local sources.
110. General Reserves will therefore now be stabilised over the medium term.
111. A summary of the updated forecast reserves position over the life of the medium term strategy is shown in **Table 11**.

Table 11 - Reserves levels will be maintained in the medium term	2013/2014	2014/2015	2015/2016	2016/2017
	£m	£m	£m	£m
Opening Balance	11.4	19.3	14.0	14.0
Change	7.9	-5.3	0	0
Closing Balance	19.3	14.0	14.0	14.0

Source: Cheshire East Finance

Earmarked Reserves

112. It is anticipated that at 1 April 2014, balances on existing revenue earmarked reserves will be £10.5m.

Summary of Financial Stability

113. **Table 12** summarises the position for 2014/2015 to 2016/2017.

Table 12 - Three Year Summary Position	2013/2014	2014/2015	2015/2016	2016/2017
	£m	£m	£m	£m
Commissioning				
Children and Families Services	57.8	54.5	52.7	53.2
Adult Social Care and Independent Living	93.1	94.4	96.3	95.6
Public Health (Funded by Grant)	0.0	0.0	0.0	0.0
Environmental Protection and Enhancement	38.0	38.8	37.9	37.1
Public Protection and Enforcement	-0.2	-0.5	-0.2	0.2
Communities	12.0	11.9	10.7	10.7
Economic Growth and Prosperity	13.4	14.3	13.1	12.5
Chief Operating Officer	48.1	44.1	44.0	45.2
Central Adjustments	14.5	13.6	14.6	14.0
<i>Additional Reductions to closing Funding Deficit Yr 2</i>				-6.6
TOTAL: Commissioning Services	276.7	271.1	269.1	261.9
Government Grants	-166.8	-167.3	-167.3	-167.3
Council Tax	-109.9	-103.8	-95.2	-79.2
TOTAL: Central Budgets	-276.7	-271.1	-262.5	-246.5
Deficit / (Surplus)	0.0	0.0	6.6	15.4

Source: Cheshire East Finance

114. Service expenditure is shown as **£271.1m**. This represents a decrease of £6.4m (2.3%) on the Budget at the three quarter year review position.
115. The Funding Available to Services in 2014/2015 is estimated at **£271.1m** to give a balanced position.
116. This balance has been achieved through a substantial process to review and refine the funding figures and Services' expenditure / income levels.

Allocating Funding to Services

117. Having analysed the Council's Funding Position, this section sets out how the funding is allocated to Services to support achievement of the Council's community outcomes.
118. The Medium Term Financial Strategy – Leader's Report sets out further details of how the Council is approaching delivery of the Three Year Council Plan.

Balancing the Medium Term Budget 2015/2016 and 2016/2017

119. **Table 12** illustrates that Council funding is forecast to reduce over the medium term by as much as 5.3%. These estimates are prudent, but there is little doubt that Government funding is expected to decrease and that inflationary pressure on services will continue to increase. Setting a robust budget in these circumstances is therefore challenging and plans will be subject to review.
120. The Medium Term Financial Strategy (MTFS) reflects a balanced position for 2014/2015 with a mix of specific policy proposals in each Service.

121. The position for 2015/2016 and 2016/2017 continues to reflect a deficit position. This has been significantly reduced from this time last year and the challenge to remove that gap will continue during 2014/2015.
122. The Council adopts a standard five measure approach to balancing the budget and each measure is explored in relation to the medium term balancing of the MTFS.

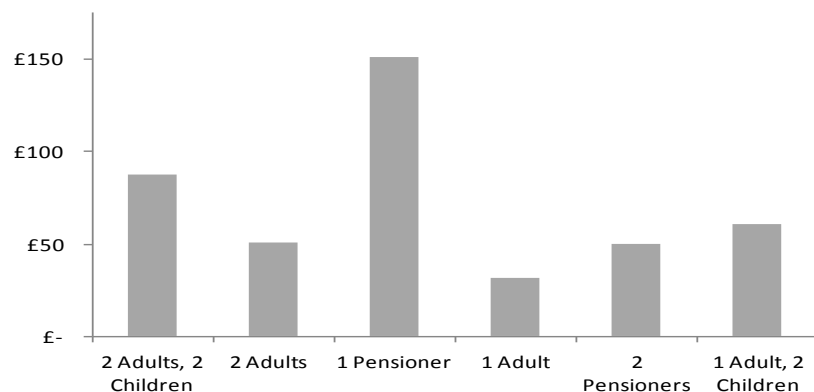
Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to government funding and inflation in particular will be checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in Council Tax and Business Rates is explored in relation to emerging Government policy and local ambition.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four & Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure priorities will be delivered in a cost effective and efficient way.

3. Impact Assessment

Household Calculator

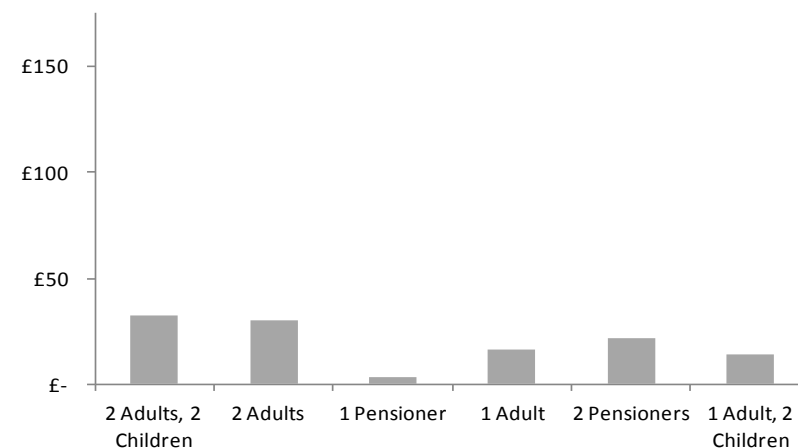
123. The 2014/2015 Budget Report is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation between major change programmes. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.
124. A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.
125. **Chart 7** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Retail Price Index (RPI), as at December 2013, were to be applied.

Chart 7 – Increase in Annual Payments following a 2.7% RPI increase



126. Every service with the Authority is in the process of refining a Charging and Trading Strategy which sets out the rationale for setting / changing fees and charges within that area.
127. The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.
128. **Chart 8** below illustrates the actual annual increase per household when applied to the same variety of services.

Chart 8 – Increase in Annual Payments following the proposed increase in fees and charges



129. The policy proposals of the Council have offered protection to all typical groups saving a typical household £55.
130. Further details on the impact on businesses, communities and the environment are shown in **Table 14** on the following pages..

Table 14: Impact of the 2014/2015 Budget Proposals

Local Businesses



Typical Facts
Non Domestic Rates set by Government
Supplementary Rates set by Cheshire East
Liable to pay some Fees and Charges (for example licensing)

Working with Businesses

The Council takes a pro-active role in engaging with and supporting local businesses. They are the engines of our economy, and the borough's future prosperity is driven by their capacity to thrive and grow. The Council's Economic Development and Regeneration team operates as a key broker for relationships between businesses and Council services and other public agencies. It also takes the leading role in promoting regeneration across the Borough, creating the conditions for job creation and economic growth, by working closely with other teams across the Council (e.g. planning, licensing, trading standards) and partners from the business community, voluntary and wider public sectors.

The team provides:

- A programme of business engagement events on specific issues, e.g. procurement, business support.
- Bespoke support for new and expanding companies, in terms of property finding, recruitment, etc.
- Information web pages including a business directory and property search facility.
- Support for targeted groups of businesses, such as independent retailers, by promoting local purchasing and advice on increasing sales.

The Council has a strong commitment to the development and regeneration of our town centres. This will be supplemented further over the 2014/2017 period, through further investment in its regeneration programme, alongside the strategic use of its own land and property, to lever in additional private sector investment. This will enhance the attractiveness of our towns to residents and visitors, and increase confidence in the developer and investor communities.

New multipliers for 2014/2015

- Multiplier set by Government restricted to 2% increase
- Provisional 2014/2015 Multiplier at 48.2p* in the £.
- Small business multiplier provisionally 47.1p** in the £.

* Includes supplement to fund small business relief.

** All occupied properties with a rateable value below £18,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.

Small Business Rate Relief (SBRR)


- Extension of the doubling of the SBRR to April 2015
- Amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs

Deferment Scheme for 2013/2014

Ratepayers who chose to defer part of the payment of their 2013/2014 rates bill under the 2013/2014 deferment scheme will pay back 50% of the deferred amount in 2014/2015. The remaining 50% will be due in 2015/2016.

Supplementary Business Rates

There are no proposals for Cheshire East Council to charge supplementary rates in 2014/2015.

	<p>Local Retention of Business Rates From 1st April 2013 Cheshire East Council will retain c. 25% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. This will take several years to realise but will assist funding for the Council's activities. The Medium Term Financial Strategy sets out the Council's ambition to promote economic development.</p> <p>Local Discretionary Rate Relief Cheshire East Council has the discretion to award rate relief to any ratepayer. The Council will need to fully fund any relief awarded. Applications are considered on an individual basis, relief would only be awarded where it was in the Council Tax payer's interest to do so.</p> <p>Other measures to support local businesses with business rates</p> <ul style="list-style-type: none"> - Temporary reoccupation relief, granting a 50% discount from business rates for new occupants of previously empty retail premises for 18 months - Introduction of a discount of up to £1,000 against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014/2015 and 2015/2016 - Option to spread business rates bills over 12 months rather than 10 months as currently a commitment by Government to resolve 95% of outstanding rating appeal cases by July 2015.
<p>Council Partners and Stakeholders</p>  <p><i>Mayor Dorothy Flude</i> For Example: Town & Parish Councils, Health, Fire, Police, schools, community & voluntary organisations, Local Area Partnerships.</p>	<p>The Council will continue to work with partners to deliver certain services in Cheshire East. We will seek to commission and deliver jointly with our partners, both across Cheshire East and at a local level. Specifically, this budget reflects the changes to financial arrangements arising from the reform of the health care sector, including the integration of Public Health into the local authority.</p> <p>The Council will continue its work with Town and Parish Councils to develop local service delivery options including the transfer and devolution of services where appropriate.</p> <p>The budget includes a one off payment to Town and Parish Councils to reflect changes in funding arising through Council Tax Support. The total amount allocated for 2014/2015 is £392,000.</p>

The Local Environment



Cheshire East Council is committed to continuing to reduce its energy consumption and carbon emissions from its buildings and will continue to develop strategies during 2014/2015, and beyond, to reduce the environmental impact of its activities.

The Council is continuing to work towards its Carbon Management Plan target of reducing our carbon emissions by 25% by March 2016. To do this, the Council is undertaking a number of schemes:

- Reducing carbon emissions from its own vehicles by undertaking a whole fleet review, installing technology and educating staff to reduce fuel consumption.
- Reducing the impact of our staff travel through a number of measures including changes to staff travel rates and promotion of alternatives to single car occupancy.
- A borough wide replacement of traffic signal lamps with LED's, which will cut energy and carbon.
- Completion of our £2 million capital investment in street lighting combining a number of measures to reduce energy use
- Supporting schools to reduce their energy use through the Low Carbon Schools Programme and Junior Energy Monitor Energy saving measures in our own Council buildings to continue to reduce our carbon footprint.

Equality Impact

131. We have a statutory duty to understand the equality impacts of our decisions, policies, strategies and functions.
132. We want to ensure that our budget decisions do not discriminate against any group and promote equality of opportunity and good community relations. We have undertaken equality impact assessments where necessary, and will continue to do so as projects develop across the lifetime of the Three Year Plan. This process helps us to understand if our budget proposals:
 - Have an adverse impact on any of the protected characteristics listed in the 2010 Equality Act,
 - Result in direct or indirect discrimination.
133. The process assists us to consider what actions could address or alleviate any adverse impact and help us to recognise where investment could alleviate an adverse impact from a saving.
134. The completed Equality Impact Assessments will form part of the Business Cases.

Workforce Planning

135. The key outcomes of effective workforce planning are summarised below:

- We have a safe, competent, appropriately skilled, agile, engaged, and high performing workforce ready and able to respond to the challenges ahead
- Where appropriate we attract and retain the best people from all sectors of the community to work for the Council
- We share and deploy our available resources across the Council in the best way to ensure priorities are achieved

136. These outcomes will be measured through formal assessment and recognition against national standards and benchmarks alongside key performance indicators. The introduction of Performance Related Pay for senior managers will strengthen this further.

Pensions

137. There are a number of changes to the Local Government Pension Scheme due to take effect in 2014/2015. Key aspects covered in the draft Regulations are:

- Career Average Re-valued Earnings (CARE) benefit structure through the setting up of "Pension Accounts" for each employment / category of member (7 in total)
- The Pension Accounts are based on a 49ths accrual rate [98ths for the 50:50 Scheme]
- Revaluation adjustment used to index each year's pension accrual through an addition to the Pension Account

- Revised employee contribution rates (applying to the wider definition of Pensionable Pay that does not exclude non-contractual overtime)
- Creates an Assumed Pensionable Pay (APP) which protects members when pay is reduced in certain circumstances
- Ill health and survivor benefits
- Changes to Retirement Ages, and the continued link to State Pension Age
- Inclusion of various Administration aspects under Part 2 of the draft regulations

138. Employee Pension fund contributions for high earners will further increase from 1st April 2014, however 97% of Local Government Pension Scheme fund members will not see an increase to their contributions.

139. Pension contributions by the Council are also expected to increase in line with the Medium Term Financial Strategy forecasts.

140. The indicative results of the latest actuarial valuation of the Cheshire East Pension Fund, suggests a revised approach to contribution levels from Cheshire East Council. This is being done in order to address the Pension Fund deficit of £267m.

141. The results are based on a Cheshire East Council payroll that is stable and increasing at a typical annual rate. As expected, this is leading to the need for increased contributions from the Council. However, these are split between contributions in relation to employees and a cash lump sum.

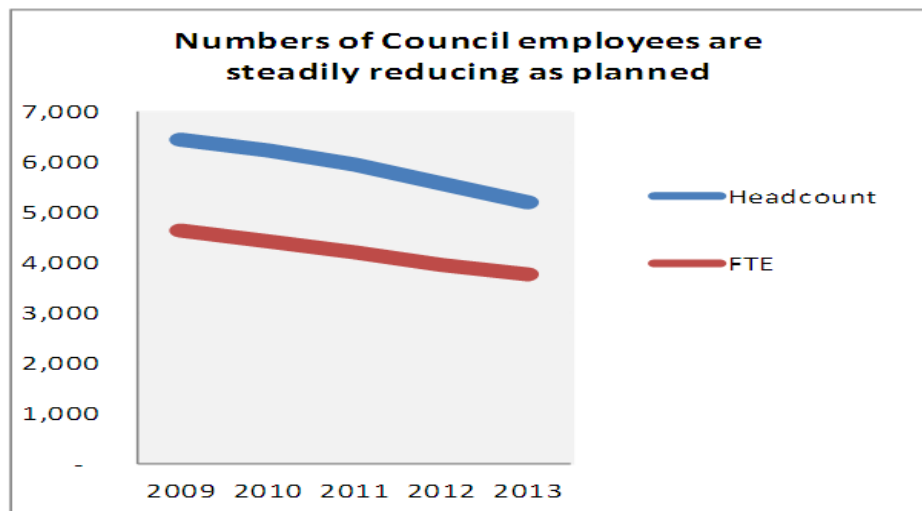
142. This change, combined with the plans to become a commissioning council, means that the approach to the pensions provision in the Financial Scenario needs to change and that will be reviewed during 2014/2015.

143. The re-organisation and transformation process the Council is going through has led to greater efficiency and a reduction in staff numbers. Some of this has been through early retirement. Actuarial charges totalling **£1.1m** have been allowed for in 2014/2015 relating to these costs.

Pay and Terms and Conditions

144. The Trade Unions have submitted a pay claim to the Local Government Association for a staff pay award of 1% in 2014/2015, this is being considered currently (though this is not expected to apply to senior officers).
145. Whilst the Council does not intend to change employee Terms and Conditions in 2014/2015, there is a commitment to move away from Zero Hours Contracts and move towards flexible contracts announced, along with a move towards the living wage.
146. In addition, the Council will seek to introduce a 45p mileage rate for officers and Members, subject to staff and Trade Union consultation.

Headcount analysis and trend



New management structure and overall Full Time Equivalents (FTEs) impact

147. Phases 1 and 2 of the Senior Management Review are now complete and the new operating model is becoming embedded. Savings of £5m over three years were committed, however the full £5m will be achieved in the second year, 2014/2015.

Culture and Values

148. Recognising that the size and shape of the Council will continue to change significantly over the next few years, the focus remains on preparing and enabling individuals, teams and the organisation to seize opportunities and rise to the challenges, ensuring managers are equipped for the changes ahead.
149. Our transition to a strategic commissioning model is well underway and a key aspect of this approach is to explore a range of delivery models to determine the best approach to deliver excellent and sustainable services to residents, businesses and service users across Cheshire East. Delivering our promises can only be achieved by working together and building a performance driven culture.
150. Recognising that effective organisational values are the foundations for success and building a constructive culture for change, the Council is now reassessing the suitability of our **aspire** values which have been in place since the creation of the Council in 2009, considering the different organisation we are now and will become.

Building Capability

151. We continue to focus on and invest in educating and equipping our workforce with the continuous professional development, vocational, technical, statutory and mandatory skills. Able to demonstrate professional governance and competency, which are required to meet regulatory standards in order to deliver, and the capabilities required to deliver the best possible services to residents and businesses.

152. Work is on-going to develop a set of key organisational capabilities including increased commercial awareness, commissioning skills and performance improvement. A specific focus is on developing leadership and management capabilities through the Management Institute of Excellence at all levels across the Council with a range of tailored development programmes underway or in the pipeline.
153. Examples include the Caring Together Integration programme, and the Cheshire and Warrington Collaborative Leadership programme which the Council runs in partnership with Cheshire West and Chester, Warrington and other partners including Police and Fire.

Employee Engagement

154. Building an engaged workforce which share the Council's aspirations and is prepared to 'go the extra mile' to achieve outstanding results - remains fundamental. Regular staff road shows led by the Leader of the Council and Chief Executive, continue to inform, involve and connect colleagues from across the Council as our journey of transformation continues.
155. A series of earlier road shows run during spring 2013, resulted in numerous service improvement ideas being generated. The best ideas were shortlisted to go forward to a "Dragons Den" style event in the autumn. Three of the proposals are now being implemented, with a further four proposals being developed further. In addition a number of the other ideas have been mainstreamed into business and service plans. The Council hopes to continue this approach in 2014/2015.
156. In order to fully understand how staff think and feel about working for the Council an employee survey is being run in 2013/2014. The survey will provide an important insight into areas such as leadership and management, team work, change, and communication and will, as a result, enable prioritised actions to be taken to address key issues and best practice shared.

4. Risk Management

157. Risk management is an integral part of our business planning processes. Through the identification and managed response to risk, we are maximising opportunities to achieve our priorities, intended outcomes and key projects and we avoid or minimise any damaging actions or events that may prevent us from achieving our plan.
158. Risk management is about embracing risk in the right way; some risk taking is inevitable to achieve Council ambitions. In pursuit of new and leaner business models and with extended supply chains, we have recognised that the probability of, and exposure to risk is greater than previously and are responding to this. We have captured this in the form of our corporate risk entitled **Commissioning and Service Delivery Chains**¹ which is managed by the Director of Strategic Commissioning.
159. The Council provides a wide range of services and handles complex delivery arrangements and partnership networks, we continually adapt to face diverse threats as a result of economic and social change and opportunities (such as those provided by our new **Responsibilities for Public Health and Wellbeing**²). Some risks will always exist and will never be eliminated, our corporate risk entitled **Political and Economic Environment**³ recognises where changes may impact upon the achievement of our outcomes and we have considered what mitigation or contingency arrangements we can implement to respond to risk.
160. Where we choose to accept an increased level of risk appetite to deliver our plan, we have processes in place to ensure that the potential benefits and risk exposure are fully understood before ventures are authorised, and that sensible measures to mitigate risk are established. Our Risk Management Policy

forms part of the Council's overall internal control framework and enables us to respond appropriately to risks. Our internal control framework includes the work undertaken by the Technical Enabler Group and Executive Monitoring Board established for our significant projects and programmes.

161. Reports to Committee and Leadership Board include a standard section on risk management which we use to maximise our opportunity of **Evidenced Decision Making**⁴. Report writers share their knowledge of the cause and effect of risks to ensure that decision makers fully understand risks before taking decisions, so that we are open, transparent and able to justify our decisions.
162. Our hierarchical risk registers at corporate, project and operational levels have a positive effect in recognising where risks are cross-cutting. The business planning process itself is a significant mitigation for our cross-cutting corporate risk around **Financial Control**.⁵ Accurate financial planning and managing expenditure are fundamental to our financial stability, service continuity and the achievement of our outcomes. The process also provides us with a means to ensure that there is a mutual understanding and recognition of responsibilities between the people of Cheshire East and the Council and to maximise our opportunity risk of **Managing Expectations**⁶.
163. Significant risk impacting upon the achievement of the Council's corporate plan is escalated through the Corporate Risk Management Group (the Chair is the Deputy Leader of the Council), and reported to and monitored by the Corporate Leadership Board and Cabinet. Assurance of the risk management framework is provided through the Audit and Governance Committee. Our response to risk is taken from both a top down and bottom up approach so that oversight and recognition of risk and the resource of sensible protection of threats and exploitation of opportunities can be considered corporately.

¹ Corporate Risk 11 – Commissioning and Service Delivery Chains (Threat)

² Corporate Risk 13 – Responsibilities for Public Health and Wellbeing (Opportunity)

³ Corporate Risk 1 – Political and Economic Environment (Threat)

⁴ Corporate Risk 6 – Evidenced Decision Making (Opportunity)

⁵ Corporate Risk 4 – Financial Control (Threat)

⁶ Corporate Risk 2 – Managing Expectations (Opportunity)

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Annex 1 - A Profile of the Authority

Introduction

1. Cheshire East is bounded by Cheshire West and Chester to the west, by the Greater Manchester conurbation to the north, Warrington to the northwest, Shropshire and Newcastle-under-Lyme to the south and High Peak and Staffordshire Moorlands to the east.

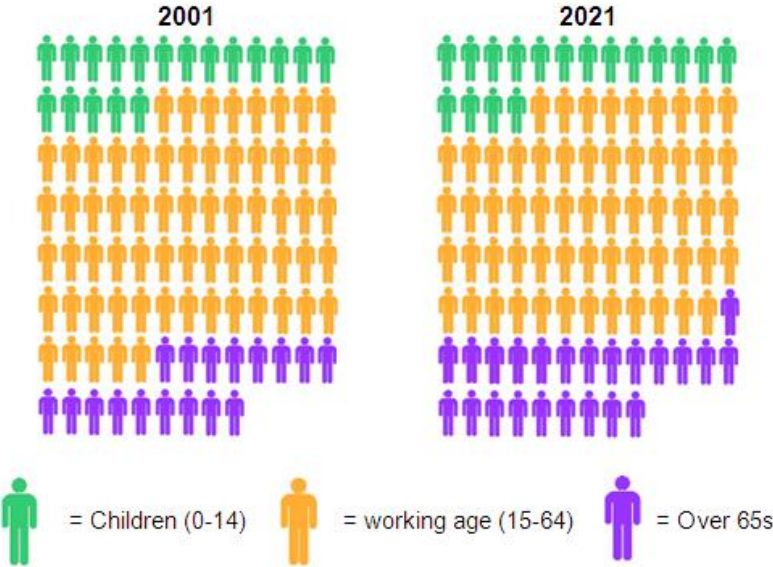
Geography of the Area

2. The mix of topography, soils and land use in Cheshire East presents an area of contrasting character, ranging from the highland and lowland rural areas to the more densely-populated areas in the northeast of the authority. Part of the eastern boundary is part of the Peak District National Park which rises significantly higher than the rest of the Council area.
3. Cheshire East is characterised by wonderful countryside assets such as Tegg's Nose Country Park, The Cloud and the Gritstone Trail as well as its splendid historic towns and its major national visitor attractions such as Tatton Park and castles built of the distinctive local sandstone.
4. The main rivers of Cheshire East are the Bollin and the Weaver - which both flow into the Mersey – and the Dane (a tributary of the Weaver). A number of canal systems - the Trent and Mersey, Shropshire Union and Macclesfield canals – make up the Borough's other major waterways.
5. There are excellent rail links both with Manchester and other parts of the country, in particular through the main West Coast routes from London through Crewe and Macclesfield to the north. The M6 is the main north-south road route, but important east-west links are established by the M56. Another main trunk road running through Cheshire East is the A556 from Knutsford to Bowden which connects people to Manchester.

Cheshire East and its population

6. Cheshire East has an area of 116,638 hectares. The population is 372,100¹, making it the 3rd largest unitary authority in the North West and 12th largest in England. Principal concentrations of population are in the towns of Crewe (73,400), Macclesfield (52,500), Congleton (26,700) and Wilmslow (23,900)¹. The Borough's other main towns – each with a population between 11,000 and 18,000 – are Alsager, Knutsford, Middlewich, Nantwich, Poynton and Sandbach².
7. The majority of the Borough's residents live in market towns, villages or hamlets and around two fifths of the population live in areas that are classified as being more rural than urban³.
8. The population in Cheshire East has steadily increased over the past 20 years, from 340,500 in 1991 to 370,700 in 2011 – an increase of almost 9%⁴. This increase in the total population is mainly due to net inward migration. The age structure of Cheshire East is slightly older than that of England and Wales. In 2011, 5.4% of Cheshire East's residents were aged under 5 (compared to 6.2% for England and Wales), 12.3% were aged 5 to 15 (12.6% for England and Wales) and 19.4% were aged 65 or above (16.5% for England and Wales).
9. The age structure of the population in Cheshire East has changed since 1991. The number of older people (aged 65+) has increased by 39%, from around 54,200 in 1991 to 75,300 in 2012, whilst the number of children (aged 0-15) has fallen slightly (down 1% over the same period) and now stands at 66,100 (against 66,800 in 1991)⁴. The latest in-house population forecasts suggest there will be a further decline in the number of children, decreases in the working-age population and increases in the older age groups, with the largest proportional increase being in the 85+ age group⁵.

Figure 1: Proportion of residents by broad age groups – change over 20 years^{3,5}

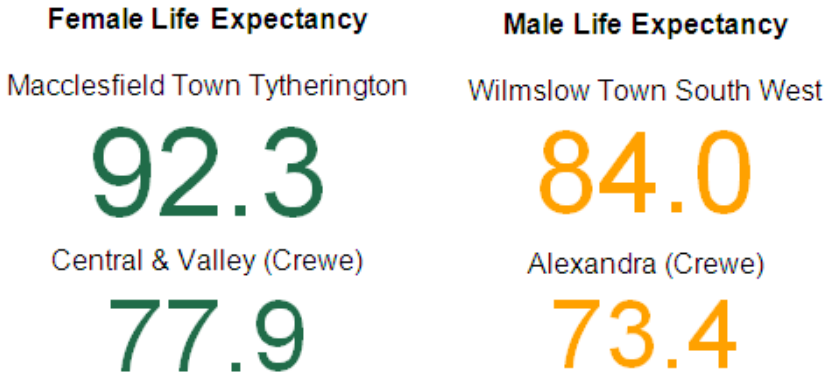


10. Cheshire East has a strong local economy. It contributes 5.6% of the North West region’s workforce⁶, but 7.6% of the region’s businesses⁷. Average household income is above the Great Britain average⁸. The Borough’s largest three industries in terms of economic output (Gross Value Added) in 2009 were Professional Services (12% share of GVA), Pharmaceuticals (9%) and Health and Social Work (8%). Forecasts suggest that, by 2025, Professional Services and Pharmaceuticals will make up even greater shares of Cheshire East’s GVA (14% and 12% respectively), with Computing Services (8% share) replacing Health and Social Work as the next largest sector⁹. The working age population (16-64 year olds) is forecast to fall by 4,200 (1.8%) during 2010-30⁵, which means that the Borough may need to rely on more inward migration or additional inward commuting to achieve employment growth.
11. The local economy is not immune from national and global factors and unemployment did rise sharply during the 2008/2009 recession, like in Great Britain as a whole. The proportion of 16-64 year-olds claiming Jobseeker’s Allowance or

JSA (1.9% in November 2013) has fallen significantly from its summer 2009 peak (3.2%), however this still exceeds pre-recession rates with more than a quarter of claimants (26.2%) receiving JSA for more than 12 months¹⁰. The broad measure of unemployment, which also includes people who are actively seeking work but not claiming Job Seekers Allowance, has remained at around 10,000-12,000 since 2008/2009¹¹. Unemployment is still more prevalent amongst young people, with 3.3% of the Borough’s 18-24 year olds claiming JSA in November 2013¹⁰.

12. Residents enjoy better health than elsewhere in the region and nationally¹². Life expectancy in the borough as a whole is above the national average and incidence of smoking cigarettes is lower¹³. However, there are notable differences in life expectancy, with females born in Central and Valley (Crewe) having a life expectancy 14 years lower than females born in Macclesfield Town Tytherington¹⁴.

Figure 2: Male and Female Life Expectancy at birth¹⁴

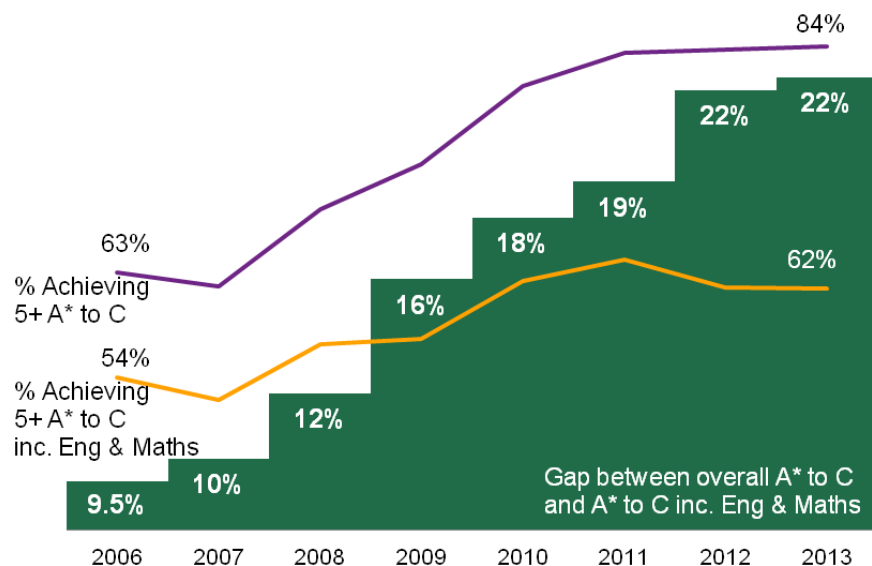


13. Educational attainment among school pupils - in terms of the percentage achieving Level 4+ in English at Key Stage 2 (primary school), Level 4+ in Maths at KS2 and five or more GCSE grades at A*-C grade (secondary) is, in each case, above the national (England) average¹⁵. Cheshire East schools

generally perform well; children get off to a good start with a large percentage of childcare establishments, nursery education and primary schools judged to be better than similar areas and better than standards found nationally. There is very little inadequate provision with only a very small number of schools judged as underperforming by Ofsted.

14. Since 2006 the percentage of pupils achieving five or more A*-C grades at GCSE (or equivalent) has increased by around 20 percentage points. However, those achieving five or more A*-C grades, including English and Maths, has increased by around 8 percentage points. As a result, the gap between those achieving five or more A*-C grades and those achieving five or more A*-C grades including English and Maths has increased. However, caution should be exercised, as there has been an increase in the number of courses available that are GCSE equivalents, as well as more pupils accessing these equivalent exams. Consequently the percent achieving five or more A* to C including equivalent qualifications has increased at a faster rate.

Figure 3: GCSE results 2006-2013¹⁶



15. The crime rate in Cheshire East is one of the lowest in the country¹⁷ and residents are less concerned about anti-social behaviour than elsewhere. However, there is significant anxiety about victimisation with four in ten (41%) respondents worried about being a victim of crime¹⁸.
16. There are sixteen areas (lower super output areas) which are among the 20% most deprived in England, according to the most recent 2010 Index of Multiple Deprivation, an increase from 14 areas in the 2007 IMD¹⁹. These sixteen areas – eleven of them in Crewe, two in Macclesfield, two in Wilmslow/Handforth and one in Congleton - contain 7.7% of the Borough's population¹.
17. Average house prices are considerably higher than the North West, at £145,600 for Cheshire East compared to £109,600²⁰ for the North West. Cheshire East is ranked as the fourth least affordable local authority area in the North West, with a ratio of average earnings to average house prices of 6.83²¹. Such high house prices are preventing access to home ownership for many, particularly for first time buyers²². High house prices increase demand for affordable housing.

Figure 4: Affordable housing required and completed 2004/2005 – 2012/2013²³



References for Annex 1

- ¹ Office for National Statistics (ONS) mid-year population estimates 2012. ONS Crown Copyright 2013.
- ² Spatial Planning Settlement definitions. LSOA level population estimates are for the new (post-2012) LSOA boundaries, which involve the splitting up of some of the old LSOAs in the Nantwich area. The definition of Nantwich town needs to be updated to reflect these LSOA boundary changes and therefore it is not appropriate to quote an exact 2011 Census figure for the town's population at this stage.
- ³ 2011 Census, Table: PP04, ONS, Crown Copyright and Rural Classification, 2004, Cheshire County Council.
- ⁴ ONS mid-year population estimates 1991-2012. ONS Crown Copyright 2013.
- ⁵ Cheshire West and Chester Council on behalf of Cheshire East Council, based on 2011 Census results and the latest Local Plan proposals for 1,350 dwellings per annum.
- ⁶ Business Register and Employment Survey 2012, ONS, NOMIS. ONS Crown Copyright. Note: Figures include working proprietors as well as employees.
- ⁷ Business Demography – 2012: Enterprise Births, Deaths and Survivals, ONS, Nov 2013.
- ⁸ Paycheck 2010 data, CACI Ltd.
- ⁹ Baseline projections from the Cheshire, Halton and Warrington Econometric Model (CHWEM). Projections were obtained using Cambridge Econometrics (CE)/IER LEFM software and are consistent with Cheshire East's UK Regional Forecast, as published on CE's Knowledge Base website in June 2012. Additional data preparation and aggregation by the Economic Development and Regeneration Team, Cheshire East Council.
- ¹⁰ JSA Claimant Count, ONS, NOMIS. Crown Copyright.
- ¹¹ Broad unemployment: model-based estimates of unemployment, Jul 2004 – Jun 2005 to Jul 2012 – Jun 2013, ONS, Crown Copyright.
- ¹² Life Expectancy at Birth: Dept of Health
- ¹³ Smoking prevalence: Office for National Statistics (ONS)
- ¹⁴ Life Expectancy at Birth for MSOAs, 2006-2010, Department for Health
- ¹⁵ "In Your Area" statistics, DfE website, accessed January 2014. Figures relate to 2011 and 2012 which are the latest available from the DfE website.
- ¹⁶ Education team, Cheshire East Council
- ¹⁷ Crime and Incident Data provided by Cheshire Constabulary – Extracted from Niche and Command and Control using Business Objects.
- ¹⁸ Influence Citizen's Panel, Autumn 2012 survey, Cheshire East Council
- ¹⁹ English Indices of Deprivation, 2010 and 2007, DCLG

- ²⁰ November 2013 House Price Index, Land Registry
- ²¹ Table 577: Ratio of median house price to median earnings by district, DCLG Live Tables.
- ²² Cheshire East Housing Strategy, Moving forward 2011/ 2016
- ²³ For completions, Congleton figures are from Annual Monitoring Report (AMR), Crewe and Nantwich are AMR apart from 2001 which are Housing Strategy Statistical Appendix (HSSA), Macclesfield are HSSA 2001-2005 and AMR 2005-2009. Therefore there will be discrepancy in some of the figures due to the different definitions used. For required, figures are the aggregated former district Housing Needs Surveys, then from 2008/2009 onwards are from the Arc4 Strategic Housing Market Assessment figures.

Annex 2 –The Budget Setting Process

Set Parameters

Gather Evidence

Consult and refine

Approve

July 2013

August 2013
to October 2013

November 2013
to January 2014

Cabinet
4th February 2014

Assumptions reported to
Cabinet:

Revenue	£m	
Budget 2014/2015		
Cost of services	272.3	→
Council Tax	-166.8	→
Government Grants	-97.2	→
Total	8.3	

Key Developments:

Review	£m	
Assumptions		
Increase caused by revised Pensions contributions and agreement of 2013/2014 Pay Award	+1.7	→
Determine Tax base (New properties less discounts)	-0.5	→
Grant estimates increased to reflect continuing funding from Department of Work and Pensions and Department for Education	-3.5	→
Sub Total	-2.3	

Corporate Leadership
Board / Cabinet 4th
December:

Confirm	£m	
Proposals		
Proposed changes (updated descriptions included in this report)	-2.9	→
Tax base agreed		→
Grant estimate further increased due to proposed Council Tax Freeze and improvement in settlement	-3.1	→
Sub Total	-6.0	

Latest Position	£m
Cost of services	271.1
Council Tax	-167.3
Government Grants	-103.8
Total	0

Annex 3 – Grant Funding Details

	2013/2014 £000	2014/2015 £000	2015/2016 £000	2016/2017 £000
SPECIFIC USE (Held within Services)				
Schools				
Dedicated Schools Grant	184,649	171,759	154,957	154,957
Pupil Premium	5,427	7,489	7,489	7,489
Sixth Forms	6,406	5,512	4,618	4,618
Total Schools	196,482	184,760	167,064	167,064
Housing Benefit Subsidy	84,518	84,518	84,518	84,518
Public Health	13,762	14,274	14,274	14,274
Local Enterprise Partnership	526	0	0	0
Adoption Improvement Grant	350	0	0	0
Restorative Justice Development Grant	0	8	0	0
TOTAL SPECIFIC USE	295,638	283,560	265,856	265,856
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Revenue Support Grant	55,855	48,601	36,966	27,931
Business Rates Retention Scheme	37,159	37,883	38,929	38,929
Total Central Funding	93,014	86,484	75,895	66,860
Children and Families Services				
Skills Funding Agency	952	785	593	449
Youth Offending Service	353	0	0	0
Troubled Families	586	130	110	94
Troubled Families - Co-ordinator	100	100	85	72
Remand Funding	47	0	0	0
Sector Led Improvement	3	0	0	0
Adoption Improvement	554	384	0	0
Extended Right to Free Transport	284	153	0	0
Special Education Needs Reform	75	275	0	0
Adult Social Care and Independent Living				
Local Reform and Community Voices	254	262	262	0
Adult Social Care Data Collection	60	0	0	0
Independent Living Fund	0	0	1,500	0
Adult Social Care	0	0	1,723	0

	2013/2014 £000	2014/2015 £000	2015/2016 £000	2016/2017 £000
Environmental Protection & Enhancement				
Lead Local Flood Authorities	52	52	35	0
Economic Growth & Prosperity				
Neighbourhood Planning	10	0	0	0
Heat Networks Funding Stream	198	0	0	0
Monitoring Officer				
Individual Electoral Registration	13	108	0	0
Communities				
Housing Benefit and Council Tax Admin	2,000	1,760	1,000	1,000
NDR Admin	562	562	478	406
Social Fund - Programme Funding	612	612	0	0
Social Fund - Administration	129	119	0	0
Council Tax Support	148	135	0	0
Chief Operating Officer				
Education Services Grant	5,349	4,700	3,000	3,000
New Homes Bonus 2011/2012	870	870	870	870
New Homes Bonus 2012/2013	1,844	1,844	1,844	1,844
New Homes Bonus 2013/2014	1,037	1,037	1,037	1,037
New Homes Bonus 2014/2015	0	1,358	1,358	1,358
New Homes Bonus 2015/2016	0	0	1,223	1,223
New Homes Bonus 2016/2017	0	0	0	870
Affordable Homes 2012/2013	85	85	85	85
Affordable Homes 2013/2014	82	82	82	82
New Homes Bonus 2013/2014 - top slice	315	132	468	0
Council Tax Freeze Grant 2013/2014	1,805	0	0	0
Council Tax Freeze Grant 2014/2015	0	1,816	1,816	0
Council Tax Freeze Grant 2015/2016	0	0	1,800	0
Community Rights to Challenge	9	9	9	0
Community Rights to Bid	8	8	8	0
TOTAL GENERAL PURPOSE	111,410	103,862	95,281	79,250
TOTAL SPECIFIC AND GENERAL PURPOSE	407,048	387,422	361,137	345,106

Annex 4 – Minimum Revenue Provision

1. The annual Minimum Revenue Provision (MRP) Statement sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.
2. Capital expenditure is expenditure that provides on-going benefits to the Council for a period of longer than 1 year. Accounting rules require that where this capital expenditure is not funded through external contributions, external grants, capital receipts or contributions from revenue budgets it must be charged against the Council's General Fund Balances. The period over which this charge is made should reflect the length of time that the expenditure will provide benefits to the Council.
3. DCLG'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.
4. Prior to 2010 the major proportion of MRP relates to the more historic debt liability that was outstanding at the time the Guidance was adopted. This will continue to be charged at the rate of 4%, in accordance with option 1 of the Guidance.
5. New capital expenditure for each subsequent year will in general be charged in accordance with Option 3 of the Guidance, which recommends that the annual charge should broadly equate to the anticipated life, or period of benefit, which is reflective of the nature of the expenditure. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.
6. Charges will commence in the year following the creation of the capital asset, i.e, in the assets first full year of operation.
7. In the case of long term debtors arising from loans or other types of capital expenditure made by the Council, which will be repaid under separate arrangements, there will be no minimum revenue provision made.
8. For those types of capital expenditure incurred by the Council which are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.
9. 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.
10. The MRP Statement will be submitted to Council before the start of the 2014/2015 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

Annex 5 – Prudential Borrowing Indicators

Prudential Indicators revisions to 2013/2014 and 2014/2015 – 2016/2017, and future years

Background

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

Gross Debt and the Capital Financing Requirement

2. 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.
3. 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.
4. The Chief Operating Officer reports that the Authority had no difficulty meeting this requirement in 2013/2014, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure

5. 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	2013/2014	2014/2015	2015/2016	2016/2017	Future years
	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Total	78.3	161.3	74.1	55.6	147.7

Source: Cheshire East Finance

6. Capital expenditure will be financed or funded as follows:

Capital Financing	2013/2014	2014/2015	2015/2016	2016/2017	Future years
	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Capital receipts	11.3	32.9	22.4	31.4	50.5
Government Grants	42.9	71.8	19.0	19.9	85.3
External Contributions	3.1	16.6	11.5	2.8	11.9
Revenue Contributions	1.0	0.8	1.3	0.2	0
Total Financing	58.3	122.1	54.2	54.3	147.7
Prudential Borrowing	20.0	39.2	19.9	1.3	0
Total Funding	20.0	39.2	19.9	1.3	0.0
Total Financing and Funding	78.3	161.3	74.1	55.6	147.7

Source: Cheshire East Finance

7. The above table shows that the capital expenditure plans of the Authority cannot be funded entirely from sources other than external borrowing.

Ratio of Financing Costs to Net Revenue Stream

8. 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.
9. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	%	%	%	%
Total	4.58	4.93	5.76	5.98

Source: Cheshire East Finance

Capital Financing Requirement

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

Capital Financing Requirement	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	£m	£m	£m	£m
Total	203	234	242	252

Source: Cheshire East Finance

Actual External Debt

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

Actual External Debt as at 31/03/2013	£m
Borrowing	134
Other Long-term Liabilities	27
Total	161

Source: Cheshire East Finance

Incremental Impact of Capital Investment Decisions

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

Incremental Impact of Capital Investment Decisions	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	£	£	£
Band D Council Tax	4.38	10.94	0

Source: Cheshire East Finance

Authorised Limit and Operational Boundary for External Debt

13. 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.
14. 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.

15. 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).
16. 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.
17. 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.

	2013/2014 Estimate £m	2014/2015 Estimate £m	2015/2016 Estimate £m	2016/2017 Estimate £m
Authorised Limit for Borrowing	212	245	255	265
Authorised Limit for Other Long-Term Liabilities	26	24	23	22
Authorised Limit for External Debt	238	269	278	287
Operational Boundary for Borrowing	202	235	245	255
Operational Boundary for Other Long- Term Liabilities	26	24	23	22
Operational Boundary for External Debt	228	259	268	277

Adoption of the CIPFA Treasury Management Code

18. 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 23rd February 2012

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

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

19. 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).
20. 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 07/01/2014 %	2013/2014 Approved %	2013/2014 Revised %	2014/2015 Estimate %	2015/2016 Estimate %	2016/2017 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0	100%	100%	100%	100%	100%

Source: Cheshire East Finance

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

Maturity Structure of Fixed Rate borrowing

22. 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.

23. 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.
24. The Lenders Option Borrowers Option (LOBO) is classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs can be called within 12 months the upper limit for borrowing maturing within 12 months has remained at 35% to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2014/2015

Maturity structure of fixed rate borrowing	Level as at 31 st March 2014 (based on Current Borrowing) %	Lower Limit for 2014/2015 %	Upper Limit for 2014/2015 %
under 12 months	22%	0%	35%
12 months and within 24 months	7%	0%	25%
24 months and within 5 years	14%	0%	35%
5 years and within 10 years	9%	0%	50%
10 years and within 20 years	19%	0%	100%
20 years and within 30 years	8%	0%	100%
30 years and within 40 years	13%	0%	100%
40 years and within 50 years	8%	0%	100%
50 years and above	0%	0%	100%

Credit Risk

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

26. 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.
27. The Authority also considers alternative assessments of credit strength, and information on corporate developments and market sentiment towards counterparties. The following key tools are used to assess credit risk:
 - Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
 - Sovereign support mechanisms;
 - Credit default swaps (where quoted);
 - Share prices (where available);
 - Economic fundamentals, such as a country's net debt as a percentage of its GDP;
 - Corporate developments, news, articles, markets sentiment and momentum;
 - Subjective overlay.
28. The only indicators with prescriptive values remain credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Upper Limit for total principal sums invested over 364 days

29. 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.

Upper Limit for total principal sums invested over 364 days	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	%	%	%	%
	40	40	40	40

Source: Cheshire East Finance

Annex 6 – Financial Summary Tables

Note: the 2013/2014 Budget, shown as the starting point in the following tables, takes account of any permanent changes made during the 2013/2014 financial year to date. There may be differences from the budget position at the Three Quarter Review which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

Summary of Budget Movements from 2013/2014 Budget at Three Quarter Review to Permanent Base Carried Forward

Commissioning Services	Net Budget 2013/2014 at Three Quarter Review £m	Less Cost of Investment budget £m	Less temporary specific grant allocations £m	Less other temporary in- year budget adjustments £m	Permanent Base Budget carried forward to 2014/2015 £m
Children and Families Services	57.8	-0.3	-1.1	0.3	56.7
Adult Social Care and Independent Living ^{1, 2}	98.3	-1.6	-5.2	-0.4	91.1
Public Health	0.0				0.0
Environmental Protection and Enhancement	38.0	-0.9		1.5	38.6
Public Protection and Enforcement	-0.2	-0.3		-0.2	-0.7
Communities ³	18.4	-0.1		-6.4	11.9
Economic Growth and Prosperity ³	7.0	-0.6	-0.2	7.4	13.6
Chief Operating Officer ¹	48.1	-1.2		-3.4	43.5
Cross Service	0.0	-1.3		-0.7	-2.0
TOTAL:	267.4	-6.3	-6.5	-1.9	252.7

Notes

1. Adjusted for the transfer of £1.8m from Chief Operating Officer to Adults re responsibility for Voluntary, Community and Faith Sector
2. Adjusted to include £5.2m of Health income for items formerly shown as specific grants
3. The "other temporary in year adjustments" includes the transfer of £6.4m from Communities to EGP for core transport.

Many of the proposals reflected in the following tables, the Medium Term Financial Strategy Report and on the Council's website at www.cheshireeast.gov.uk/budget remain subject to separate consultation exercises and further Member decisions prior to being implemented.

CHESHIRE EAST COUNCIL REVENUE BUDGET SUMMARY

REVENUE

	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children and Families Services	265,947	-209,207	56,740	250,753	-196,661	54,092	231,026	-178,539	52,487
Adult Social Care and Independent Living	124,164	-33,063	91,101	126,976	-34,720	92,256	145,056	-49,864	95,192
Public Health	13,762	-13,762	0	14,274	-14,274	0	14,274	-14,274	0
Environmental Protection and Enhancement	49,978	-11,364	38,614	49,644	-11,716	37,928	49,622	-12,004	37,618
Public Protection and Enforcement	14,034	-14,725	-691	14,209	-14,765	-556	14,509	-14,765	-256
Communities	89,227	-77,315	11,912	88,996	-77,315	11,681	87,915	-77,315	10,600
Economic Growth and Prosperity	33,465	-19,925	13,540	34,022	-21,299	12,723	33,616	-21,509	12,107
Chief Operating Officer	52,493	-9,004	43,489	52,389	-9,004	43,385	52,835	-9,004	43,831
Cross Service Budgets	-1,963	0	-1,963	0	0	0	0	0	0
Base Budget	641,107	-388,365	252,742	631,263	-379,754	251,509	628,853	-377,274	251,579
Changes to Budget Requirement									
	2014/2015			2015/2016			2016/2017		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children and Families Services	-15,194	12,546	-2,648	-19,727	18,122	-1,605	696	0	696
Adult Social Care and Independent Living	2,812	-1,657	1,155	18,080	-15,144	2,936	-1,590	0	-1,590
Public Health	512	-512	0	0	0	0	0	0	0
Environmental Protection and Enhancement	-334	-352	-686	-22	-288	-310	-514	-19	-533
Public Protection and Enforcement	175	-40	135	300	0	300	351	0	351
Communities	-231	0	-231	-1,081	0	-1,081	79	0	79
Economic Growth and Prosperity	557	-1,374	-817	-406	-210	-616	238	-149	89
Chief Operating Officer	-104	0	-104	446	0	446	1,246	0	1,246
Cross Service Budgets	1,963	0	1,963	0	0	0	0	0	0
Financial Impact of Policy Proposals	-9,844	8,611	-1,233	-2,410	2,480	70	506	-168	338
	2014/2015 Budget			2015/2016 Budget			2016/2017 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Budget Carried Forward	631,263	-379,754	251,509	628,853	-377,274	251,579	629,359	-377,442	251,917
Investment Proposals									
Children and Families Services	440	0	440	215	0	215	0	0	0
Adult Social Care and Independent Living	2,230	0	2,230	1,195	0	1,195	2,100	0	2,100
Public Health	0	0	0	0	0	0	0	0	0
Environmental Protection and Enhancement	857	0	857	310	0	310	0	0	0
Public Protection and Enforcement	20	0	20	0	0	0	0	0	0
Communities	200	0	200	140	0	140	0	0	0
Economic Growth and Prosperity	1,608	-60	1,548	858	0	858	200	0	200
Chief Operating Officer	721	0	721	238	0	238	238	0	238
Cross Service Budgets	0	0	0	0	0	0	0	0	0
Total Investment Proposals	6,076	-60	6,016	2,956	0	2,956	2,538	0	2,538
Total Cost of Service	637,339	-379,814	257,525	631,809	-377,274	254,535	631,897	-377,442	254,455

Note: This excludes any impact of closing later years funding gaps.

Children and Families Services

REVENUE

This service is responsible for the welfare and education of children and young people aged 0-19 across Cheshire East.

	Outcome Reference	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Schools	3	183,024	-183,024	0	170,478	-170,478	0	152,356	-152,356	0
Education Support	3	29,173	-24,873	4,300	28,626	-24,873	3,753	27,902	-24,873	3,029
Home to School Transport	3	8,923		8,923	8,616		8,616	8,213		8,213
Children Social Care	3	30,247	-250	29,997	28,723	-250	28,473	27,648	-250	27,398
Early Help & Protection	3	11,818	-531	11,287	10,856	-531	10,325	10,856	-531	10,325
Safeguarding	3	2,762	-529	2,233	2,758	-529	2,229	2,758	-529	2,229
Indicative allocation of Pay and Pensions	3			0	696		696	1,293		1,293
Base Budget		265,947	-209,207	56,740	250,753	-196,661	54,092	231,026	-178,539	52,487

Changes to Budget Requirement										
		2014/2015			2015/2016			2016/2017		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Home to School Transport	3	-700		-700	-403		-403			0
Early Help	3	-500		-500			0			0
Care	3	-2,144		-2,144	-1,799		-1,799			0
Academy Conversions	3	-15,903	15,903	0	-18,122	18,122	0			0
Increase in grant funding	3	2,120	-2,120	0			0			0
Extended responsibility for 2 year old education	3	1,237	-1,237	0			0			0
Indicative allocation of Pay and Pensions	3	696		696	597		597	696		696
Financial Impact of Policy Proposals		-15,194	12,546	-2,648	-19,727	18,122	-1,605	696	0	696
		2014/2015 Budget			2015/2016 Budget			2016/2017 Budget		
Budget Carried Forward		250,753	-196,661	54,092	231,026	-178,539	52,487	231,722	-178,539	53,183
Investment Proposals										
Care	3	175		175	140		140			0
Early Help	3	190		190			0			0
Home to School Transport	3	75		75	75		75			0
Total Investment Proposals		440	0	440	215	0	215	0	0	0
Total Cost of Service		251,193	-196,661	54,532	231,241	-178,539	52,702	231,722	-178,539	53,183

Children and Families Services - Schools: Grant Funded - Memorandum Page

REVENUE

This page provides details of budgets funded by specific ring fenced grants used to support schools, including Dedicated Schools Grant (£171.8m), Education Funding Agency 6th Form Grant (£5.5m) and Pupil Premium Grant (£7.5m) indicatively for 2014/2015. The largest proportion of the grant is allocated directly to schools, with a proportion also held back to fund Local Authority Schools-related expenditure. This Children and Families Services: Central Spend budget is funded by the Dedicated Schools Grant and is included here for information only.

	Outcome Reference	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Nursery Schools	3	214	-6	208	214	-6	208	214	-6	208
Primary Schools	3	106,980	-3,672	103,308	103,223	-3,423	99,800	92,006	-3,112	88,894
Secondary Schools	3	55,347	-1,289	54,058	44,174	-1,023	43,151	38,398	-911	37,487
Special Schools	3	6,329	-43	6,286	5,356	-32	5,324	4,227	-30	4,197
Pupil Referral Unit	3	761	-16	745	761	-16	745	761	-16	745
Private, Voluntary and Independent Nurseries	3	10,633		10,633	11,870		11,870	11,870		11,870
Other Schools Provision	3	2,760		2,760	4,880		4,880	4,880		4,880
Children and Families: Central Spend	3	18,783		18,783	18,783		18,783	18,783		18,783
Base Budget		201,807	-5,026	196,781	189,261	-4,500	184,761	171,139	-4,075	167,064
Changes to Budget Requirement										
		2014/2015			2015/2016			2016/2017		
Academy Conversions & Funding Reforms										
Academy Conversions	3	-15,903	526	-15,377	-18,122	425	-17,697			0
Increase in grant funding	3	2,120		2,120			0			0
Extended responsibility for 2 year old education	3	1,237		1,237			0			0
Financial Impact of Policy Proposals		-12,546	526	-12,020	-18,122	425	-17,697	0	0	0
		2014/2015 Budget			2015/2016 Budget			2016/2017 Budget		
Budget Carried Forward		189,261	-4,500	184,761	171,139	-4,075	167,064	171,139	-4,075	167,064
Investment Proposals										
Total Investment Proposals		0	0	0	0	0	0	0	0	0
Total Cost of Service		189,261	-4,500	184,761	171,139	-4,075	167,064	171,139	-4,075	167,064

Adult Social Care and Independent Living

REVENUE

This service is responsible for the assessment and care management of vulnerable adults and providing advice about social care to the general public (including self funders).

	Outcome Reference	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Adults Social Care	5	11,064	-692	10,372	11,317	-692	10,625	12,880	-692	12,188
Adults Care Packages	5	78,986	-22,728	56,258	80,508	-22,928	57,580	81,086	-22,928	58,158
Care4CE (Internal Care Provision)	5	19,011	-2,818	16,193	19,011	-2,818	16,193	19,011	-2,818	16,193
Prevention and support	5	15,103	-6,825	8,278	15,212	-8,282	6,930	30,356	-23,426	6,930
Indicative allocation of Pay and Pensions	5			0	928		928	1,723		1,723
Base Budget		124,164	-33,063	91,101	126,976	-34,720	92,256	145,056	-49,864	95,192

Changes to Budget Requirement

		2014/2015			2015/2016			2016/2017		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Social Care Demand	5	2,050	-200	1,850	3,300		3,300	2,000		2,000
Assessment Review	5	550		550	-100		-100			0
Better Care Fund	5	1,457	-1,457	0	15,144	-15,144	0			0
Social Care Bill	5			0	1,723		1,723			0
New Burdens	5			0	1,500		1,500			0
Service Efficiencies	5	-447		-447	-160		-160			0
Commissioning Reviews	5	-1,726		-1,726	-4,122		-4,122	-4,518		-4,518
Indicative allocation of Pay and Pensions	5	928		928	795		795	928		928
Financial Impact of Policy Proposals		2,812	-1,657	1,155	18,080	-15,144	2,936	-1,590	0	-1,590
Budget Carried Forward		126,976	-34,720	92,256	145,056	-49,864	95,192	143,466	-49,864	93,602

Investment Proposals

Commissioning Reviews	5	1,410		1,410	1,125		1,125	2,100		2,100
Social Care Bill	5	770		770			0			0
Service Efficiencies	5	50		50	70		70			0
Total Investment Proposals		2,230	0	2,230	1,195	0	1,195	2,100	0	2,100

Total Cost of Service		129,206	-34,720	94,486	146,251	-49,864	96,387	145,566	-49,864	95,702
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Public Health

REVENUE

Public Health is a new local authority responsibility transferred from Health in 2013/2014, the service will take the lead on promoting and commissioning services that improve the Public Health of the residents of Cheshire East.

	Outcome Reference	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Public Health Leadership	5	1,611	-1,611	0	2,123	-2,123	0	2,123	-2,123	0
Health Protection	5	956	-956	0	956	-956	0	956	-956	0
Infection, Prevention & Control	5	484	-484	0	484	-484	0	484	-484	0
Substance Misuse	5	3,758	-3,758	0	3,758	-3,758	0	3,758	-3,758	0
Sexual Health	5	3,260	-3,260	0	3,260	-3,260	0	3,260	-3,260	0
Tobacco	5	654	-654	0	654	-654	0	654	-654	0
Children Public Health	5	1,562	-1,562	0	1,562	-1,562	0	1,562	-1,562	0
Miscellaneous Public Health Services	5	1,477	-1,477	0	1,477	-1,477	0	1,477	-1,477	0
Base Budget		13,762	-13,762	0	14,274	-14,274	0	14,274	-14,274	0
Changes to Budget Requirement										
		2014/2015			2015/2016			2016/2017		
Public Health Commissioning Review	5	512	-512	0			0			0
Financial Impact of Policy Proposals		512	-512	0	0	0	0	0	0	0
		2014/2015 Budget			2015/2016 Budget			2016/2017 Budget		
Budget Carried Forward		14,274	-14,274	0	14,274	-14,274	0	14,274	-14,274	0
Investment Proposals										
Total Investment Proposals		0	0	0	0	0	0	0	0	0
Total Cost of Service		14,274	-14,274	0	14,274	-14,274	0	14,274	-14,274	0

Environmental Protection and Enhancement

REVENUE

This service is responsible for Waste Collection & Recycling services, Waste Disposal, Strategy & Minimisation, Streetscape Services (Grounds Maintenance (including Verges), Street Cleansing, Bereavement Services, Public Conveniences and Markets), and Parks Development (Parks, Open Spaces & Playing Fields), Highways (Strategic Client, Cheshire Highways & Public Rights of Way (PROW) / Countryside), Transport and Fleet.

	Outcome Reference	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Strategic Manager Environmental Protection & Enhancement	4	96		96	96		96	96		96
Environmental Operations	4	35,990	-7,603	28,387	35,422	-7,745	27,677	35,009	-7,733	27,276
Bereavement Services	4	1,044	-2,405	-1,361	1,118	-2,405	-1,287	1,010	-2,405	-1,395
Markets	4	288	-614	-326	284	-614	-330	284	-614	-330
Public Conveniences	4	47		47	89		89	89		89
Highways (including Street Lighting energy)	4	11,029	-404	10,625	10,852	-614	10,238	11,036	-914	10,122
PROW & Countryside	4	1,484	-338	1,146	1,403	-338	1,065	1,393	-338	1,055
Indicative allocation of Pay and Pensions	4			0	380		380	705		705
Base Budget		49,978	-11,364	38,614	49,644	-11,716	37,928	49,622	-12,004	37,618

Changes to Budget Requirement										
		2014/2015			2015/2016			2016/2017		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Environmental Operations - contracts & inflation	4	568	-10	558	341	-10	331	335		335
Reinstate staff time charged to revenue following major highways capital investment project	4			0	200		200			0
Waste Minimisation	4	153		153			0			0
Bereavement Company	4	85		85	-108		-108	-9		-9
Highways Contract - Inflation, Efficiency savings & reinstate winter review	4	63		63	98		98			0
Public Conveniences unparished areas of Macclesfield	4	45		45			0			0
PROW & Countryside - Service Review	4	-40		-40	-10		-10			0
Income Generation & base budget adjustment	4		-50	-50		30	30			0
Reduction in energy consumption - Street Lighting	4	-185		-185	-114		-114			0
New income generation	4		-210	-210		-300	-300			0
Cross cutting savings (Staffing, Car Mileage, Supplies)	4	-385		-385			0			0
Environmental Operations - Service Review	4	-400		-400	-200		-200			0
New Delivery Model - Environmental Operations	4	-618	-82	-700	-554	-8	-562	-1,220	-19	-1,239
Indicative allocation of Pay and Pensions	4	380		380	325		325	380		380
Financial Impact of Policy Proposals		-334	-352	-686	-22	-288	-310	-514	-19	-533
		2014/2015 Budget			2015/2016 Budget			2016/2017 Budget		
Budget Carried Forward		49,644	-11,716	37,928	49,622	-12,004	37,618	49,108	-12,023	37,085
Investment Proposals										
New Delivery Model - Environmental Operations	4	485		485	310		310			0
Closure of Automatic Public Conveniences Lease Buy	4	259		259			0			0
Crewe and Macclesfield Local Service Delivery	4	42		42			0			0
Mapping maintained assets for routing	4	50		50			0			0
Bereavement Company set up costs	4	21		21			0			0
Total Investment Proposals		857	0	857	310	0	310	0	0	0
Total Cost of Service		50,501	-11,716	38,785	49,932	-12,004	37,928	49,108	-12,023	37,085

Public Protection and Enforcement

REVENUE

This service focuses on safety within communities, regulatory services and providing accessible leisure services. Achievements within Public Protection and Enforcement will be measured by such things as reductions in crime, particularly for young offenders, increasing participation in leisure activities and managing significant improvements in local leisure facilities

	Outcome Reference	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Car Parking Enforcement	1	814	-1,011	-197	810	-1,011	-201	810	-1,011	-201
Car Parking Pay and Display	1	294	-4,710	-4,416	290	-4,710	-4,420	290	-4,710	-4,420
Neighbourhood Enforcement	1	1,114	-81	1,033	1,095	-81	1,014	1,095	-81	1,014
Emergency Planning	1	164	-12	152	164	-12	152	164	-12	152
Regulatory Services	1	2,781	-1,028	1,753	2,647	-1,028	1,619	2,647	-1,028	1,619
Leisure Services	5	7,285	-6,763	522	7,282	-6,763	519	7,282	-6,763	519
Built Environment Protection	4	1,340	-1,120	220	1,339	-1,160	179	1,339	-1,160	179
Directorate Training	1	242		242	231		231	231		231
Indicative allocation of Pay and Pensions	1,4 & 5			0	351		351	651		651
Base Budget		14,034	-14,725	-691	14,209	-14,765	-556	14,509	-14,765	-256
Changes to Budget Requirement										
		2014/2015			2015/2016			2016/2017		
Leisure Services - New Delivery model	5	100		100		0				0
Cross cutting savings (Staffing, Car Mileage, Supplies)	1	-276	-40	-316		0				0
Indicative allocation of Pay and Pensions	1,4 & 5	351		351	300	300		351		351
Financial Impact of Policy Proposals		175	-40	135	300	0	300	351	0	351
		2014/2015 Budget			2015/2016 Budget			2016/2017 Budget		
Budget Carried Forward		14,209	-14,765	-556	14,509	-14,765	-256	14,860	-14,765	95
Investment Proposals										
Enforcement Company Set up costs	1	20		20		0				0
Total Investment Proposals		20	0	20	0	0	0	0	0	0
Total Cost of Service		14,229	-14,765	-536	14,509	-14,765	-256	14,860	-14,765	95

Communities

REVENUE

This service focuses on the role that the Council will play in leading our communities, shaping local areas and bringing public services together to create strong communities with a sense of independence and ability to influence what services we commission in the future. It brings together a diverse range of services that impact on localities such as customer services, communities and partnerships, libraries, revenue and benefits, transport and community safety and enforcement.

	Outcome Reference	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Transport	4	446		446	446		446	446		446
Local Community Services	1 & 5	87,118	-77,259	9,859	86,493	-77,259	9,234	85,228	-77,259	7,969
Local Area Working	1	1,663	-56	1,607	1,735	-56	1,679	1,642	-56	1,586
Indicative allocation of Pay and Pensions	1,4 & 5			0	322		322	599		599
Base Budget		89,227	-77,315	11,912	88,996	-77,315	11,681	87,915	-77,315	10,600

Changes to Budget Requirement										
		2014/2015			2015/2016			2016/2017		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Avaya contact centre costs	1	20		20		0	0			0
Transitional grants to Town & Parish Councils for the local Council Tax Support scheme	1	-58		-58	-93		-93			0
New operating model for Customer Services, Revenues and Benefits	1	-220		-220	-113		-113	-3		-3
Fall out of Housing & Council Tax Benefit admin grant	1			0	-240		-240	-240		-240
Fall out of Social Fund grant	1			0	-612		-612			0
Development of a sustainable Library service	1 & 5	-540		-540	-300		-300			0
Cross cutting savings (Staffing, Car Mileage, Supplies)	1 & 5	245		245			0			0
Indicative allocation of Pay and Pensions	1,4 & 5	322		322	277		277	322		322
Financial Impact of Policy Proposals		-231	0	-231	-1,081	0	-1,081	79	0	79
		2014/2015 Budget			2015/2016 Budget			2016/2017 Budget		
		88,996	-77,315	11,681	87,915	-77,315	10,600	87,994	-77,315	10,679
Budget Carried Forward										
Investment Proposals										
New operating model for Customer Services, Revenues and Benefits	1	50		50	90		90			0
Development of a sustainable Library service	1 & 5	50		50	50		50			0
Refurbishment of war memorials in Cheshire East	1	100		100			0			0
Total Investment Proposals		200	0	200	140	0	140	0	0	0
Total Cost of Service		89,196	-77,315	11,881	88,055	-77,315	10,740	87,994	-77,315	10,679

Economic Growth and Prosperity

REVENUE

The Service is responsible for prioritising high value growth gains. Our attention to detail is as much about how we grow as the scale of growth. Dynamic and commercially focused, the services of Strategic and Economic Planning, Development, Visitor Economy, Culture and Tatton Park, Investment and Strategic Infrastructure are creating the right conditions for economic growth, ensuring productive and competitive businesses, and maximising Investment and Business Engagement.

	2013/2014 Budget				2014/2015 Budget				2015/2016 Budget			
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000	
Director	2	110		110	126		126		126		126	
Strategic and Economic Planning	2 & 4	3,385	-2,998	387	3,261	-3,443	-182		2,861	-3,443	-582	
Development	2 & 4	3,250	-2,181	1,069	2,911	-2,191	720		2,618	-2,191	427	
Visitor Economy, Culture and Tatton Park	2 & 5	5,898	-4,165	1,733	5,937	-4,302	1,635		5,901	-4,512	1,389	
Investment	2,3 & 5	4,695	-990	3,705	4,976	-990	3,986		5,106	-990	4,116	
Strategic Infrastructure	2	16,127	-9,591	6,536	16,585	-10,373	6,212		16,585	-10,373	6,212	
Indicative allocation of Pay and Pensions	2,3,4 & 5			0	226		226		419		419	
Base Budget		33,465	-19,925	13,540	34,022	-21,299	12,723		33,616	-21,509	12,107	
Changes to Budget Requirement												
		2014/2015			2015/2016			2016/2017				
Strategic and Economic Planning: service review and income generation.	2	-25	-445	-470	-400		-400					0
Investment Service: budget growth to create a strong and commercially focused service, securing investment and funding	2	143		143	130		130					0
Tatton Park Vision - reduce subsidy to the trading a/c	5	-41	-82	-123		-231	-231	-10	-132			-142
Visitor Economy service efficiency	5	-20		-20	-7		-7	-6				-6
Culture: World War 1 Commemoration and Cheshire Record Office budget growth	5	109	-55	54	-29	21	-8	22	-17			5
Strategic Infrastructure: staffing budget growth to procure external funding/investment	2	45		45			0					0
Strategic Infrastructure: concessionary fares - new 2014/2015 scheme efficiencies	2	-300		-300			0					0
Strategic Infrastructure: LSTF grant funded scheme	2	782	-782	0			0					0
Assets: Rationalisation Project & income generation	4	-361	-10	-371	-293		-293	6				6
Cross cutting savings (Staffing, Car Mileage, Supplies)	2	-1		-1			0					0
Indicative allocation of Pay and Pensions	2,3,4 & 5	226		226	193		193	226				226
Financial Impact of Policy Proposals		557	-1,374	-817	-406	-210	-616	238	-149			89
		2014/2015 Budget			2015/2016 Budget			2016/2017 Budget				
Budget Carried Forward		34,022	-21,299	12,723	33,616	-21,509	12,107	33,854	-21,658			12,196
Investment Proposals												
Assets	4	400		400	350		350	100				100
Business Process Efficiency Review	4	60		60			0					0
Investment Service set up costs	2	148		148			0					0
Strategic Infrastructure temporary resource funding	2	250		250	150		150	100				100
Spatial Planning / Local Plan temporary resource and voluntary redundancy provision	2	350		350	358		358					0
Planning temporary resource funding	2	400		400			0					0
Strategic Infrastructure - LTSF Grant - Staff Time	2		-60	-60			0					0
Total Investment Proposals		1,608	-60	1,548	858	0	858	200	0			200
Total Cost of Service		35,630	-21,359	14,271	34,474	-21,509	12,965	34,054	-21,658			12,396

Chief Operating Officer

REVENUE

This Service is responsible for providing effective and proactive support functions to Commissioning Services in the form of Finance, ICT, Human Resources, Legal, in addition to Democratic and Governance Services.

	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chief Operating Officer	52,493	-9,004	43,489	51,794	-9,004	42,790	51,729	-9,004	42,725
Indicative allocation of Pay and Pensions			0	595		595	1,106		1,106
Base Budget	52,493	-9,004	43,489	52,389	-9,004	43,385	52,835	-9,004	43,831

Changes to Budget Requirement									
	2014/2015		2015/2016		2016/2017				
Assets Energy Consumption Base Correction	60	60	60	60		0			
Assets - Utilities change in charging mechanism and inflation	601	601	649	649	791	791			
Assets - Carbon Reduction Tax	326	326	41	41	41	41			
Assets Major Change Project	531	531	-394	-394	-181	-181			
Finance - Develop SLE (CoSocius)	200	200	-613	-613		0			
Finance - Reduction in Audit Fee	-100	-100		0		0			
ICT - Capitalisation of New Generation Desktop	-650	-650		0		0			
ICT - Capitalisation of PSN Expenditure	-300	-300	300	300		0			
ICT - Cross Cutting Saving (to be allocated)	-245	-245		0		0			
C&I - Developed Model for Corporate Services	-250	-250		0		0			
C&I - Staffing and Consultancy	200	200		0		0			
C&I - Capitalisation of Projects	-100	-100		0		0			
MO - Staffing Capacity	-23	-23		0		0			
G&D - Individual Electoral Registration and Efficiencies	48	48	-108	-108		0			
OD - Harmonisation of Terms & Conditions	-174	-174		0		0			
OD - HR OD Efficiency	-52	-52		0		0			
Cross cutting savings (Staffing, Car Mileage, Supplies)	-771	-771		0		0			
Indicative allocation of Pay and Pensions	595	595	511	511	595	595			
Financial Impact of Policy Proposals	-104	0	-104	446	0	446	1,246	0	1,246
	2014/2015 Budget		2015/2016 Budget		2016/2017 Budget				
Budget Carried Forward	52,389	-9,004	43,385	52,835	-9,004	43,831	54,081	-9,004	45,077
Investment Proposals									
Assets - Major Change Project (Asset Rationalisation)	175	175	238	238	238	238			
Strategic Commissioning - Capacity	316	316		0		0			
HR Pay and Reward Strategy	230	230		0		0			
Total Investment Proposals	721	0	721	238	0	238	238	0	238
Total Cost of Service	53,110	-9,004	44,106	53,073	-9,004	44,069	54,319	-9,004	45,315

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes - In Progress					
Children and Families Services	11,616	6,135	4,087	695	698
Early Help and Intervention	407	232	175	0	0
Adult Social Care and Independent Living	2,331	1,140	1,191	0	0
Environmental Protection and Enhancement	106,069	71,671	29,440	2,252	2,709
Public Protection and Enforcement	15,400	832	5,969	8,599	0
Communities	478	298	180	0	0
Economic Growth and Prosperity	62,232	21,528	28,074	11,221	1,409
Chief Operating Officer	93,897	33,998	41,137	10,582	8,180
Residual Budgets - Scheme's due for completion	3,015	2,787	226	0	0
Total Committed Schemes	295,445	138,621	110,479	33,349	12,996
Committed Schemes at Gate 1 Stage					
Children and Families Services	8,583	259	8,324	0	0
Early Help and Intervention	397	0	397	0	0
Economic Growth and Prosperity	1,959	130	1,235	594	0
Communities	700	0	500	200	0
Total Committed Schemes at Gate 1 Stage	11,639	389	10,456	794	0
Total Committed Schemes	307,084	139,010	120,935	34,143	12,996

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Medium Term & Rolling Programmes					
Children and Families Services	18,600	0	5,900	6,300	6,400
Early Help and Intervention	1,955	0	760	995	200
Adult Social Care and Independent Living	2,350	0	750	800	800
Environmental Protection and Enhancement	15,300	150	6,515	5,045	3,590
Communities	100	0	100	0	0
Economic Growth and Prosperity	59,231	4,751	23,363	5,767	25,350
Total Medium Term & Rolling Programmes	97,536	4,901	37,388	18,907	36,340

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Longer Term Proposals					
Public Protection and Enforcement	17,000	0	500	8,500	8,000
Economic Growth and Prosperity	155,300	0	850	9,950	144,500
Chief Operating Officer	5,700	0	1,650	2,600	1,450
Total Longer Term Proposals	178,000	0	3,000	21,050	153,950
Total	582,620	143,911	161,323	74,100	203,286

Funding Requirement

Funded by:

Government Grants	84,073	71,753	19,037	105,784
External Contributions	2,969	16,557	11,508	15,275
Revenue Contributions	693	833	1,280	200
Capital Receipts	32,114	32,926	22,389	80,679
Prudential Borrowing	24,062	39,254	19,886	1,348
Total	143,911	161,323	74,100	203,286

GLOSSARY

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

Glossary of Terms

Approval is being sought for all items of Capital expenditure as detailed in the following tables. Estimates for capital expenditure may vary even during the lifetime of the project but particularly where a project is still being developed.

The following categories, used within the tables overleaf, describe the current status of the financial estimates:

Committed Schemes - in Progress

The project is established and activity is on-going. Expenditure is expected to occur in line with the value and timing described in this report and funding has been identified to manage that expenditure.

Committed Schemes - Gate 1 Stage

Project details have been drafted and are under review via the Technical Enabler Group (TEG) and Executive Monitoring Board (EMB). Expenditure levels, and the timing of expenditure, may be subject to change based on final estimates, the securing of available funding and workforce capacity.

Medium Term & Rolling Programmes and Longer Term

Projects under these headings are at an early stage. As capital projects can have lengthy preparation times these projects are entered here to demonstrate the Council's longer term investment requirements. Schemes are approved, as part of the budget setting process but will not commence until full project appraisal has been completed and funding has been secured.

Any necessary variations to capital spending requirements will be reported and approved in line with the Council's financial procedure rules.

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes - In Progress					
Primary Schools	6,032	3,300	2,695	37	0
Devolved Formula Capital	4,388	2,377	725	587	698
Springfield Special School	1,096	458	567	71	0
Re-organisation / Co-location of Services	100	0	100	0	0
Total Committed Schemes	11,616	6,135	4,087	695	698
Committed Schemes at Gate 1 Stage					
Primary Schools	4,268	259	4,009	0	0
School Maintenance Projects	3,675	0	3,675	0	0
Universal free school meals	640	0	640	0	0
Total Committed Schemes at Gate 1 Stage	8,583	259	8,324	0	0
Total Committed Schemes	20,199	6,394	12,411	695	698

Children and Families Services

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Medium Term & Rolling Programmes					
Basic Need	8,050	0	2,350	2,800	2,900
Capital Maintenance	10,550	0	3,550	3,500	3,500
Total Medium Term & Rolling Programmes	18,600	0	5,900	6,300	6,400
Total	38,799	6,394	18,311	6,995	7,098

Funding Requirement

Funded by:

Government Grants	5,785	17,569	6,924	7,098
External Contributions	602	742	71	0
Capital Receipts	0	0	0	0
Prudential Borrowing	7	0	0	0
Total	6,394	18,311	6,995	7,098

Early Help and Intervention

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes - In Progress					
Short Breaks for Disabled Children	407	232	175	0	0
Committed Schemes at Gate 1 Stage					
Free Early Years Education Grant for 2 year Olds	397	0	397	0	0
Total Committed Schemes	804	232	572	0	0
Medium Term & Rolling Programmes					
Partnership & Commissioning of New Models of Care and Support (Childrens Social Care)	960	0	460	300	200
Re-development of Hurdsfield Family Facilities	995	0	300	695	0
Medium Term & Rolling Programmes	1,955	0	760	995	200
Total	2,759	232	1,332	995	200

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Funded by:					
Government Grants		181	448	0	0
External Contributions		0	0	0	0
Revenue Contributions		0	60	200	200
Capital Receipts		0	700	795	0
Prudential Borrowing		51	124	0	0
Total		232	1,332	995	200

Adult Social Care and Independent Living

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes - In Progress					
Supporting the Front Line	1,558	611	948	0	0
Building Base Review	773	529	243	0	0
Total Committed Schemes	2,331	1,140	1,191	0	0
Medium Term & Rolling Programmes					
Community Capacity Grant	2,350	0	750	800	800
Total	4,681	1,140	1,941	800	800

Funding Requirement

Funded by:

Government Grants	1,140	1,941	800	800
External Contributions	0	0	0	0
Revenue Contributions	0	0	0	0
Capital Receipts	0	0	0	0
Prudential Borrowing	0	0	0	0
Total	1,140	1,941	800	800

Environmental Protection and Enhancement

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes - In Progress					
Highway Investment Programme	23,149	12,355	10,795	0	0
Roads Maintenance Block - Local Transport Plan	7,748	0	7,748	0	0
Integrated Transport Block - Local Transport Plan	3,208	0	3,208	0	0
Alderley Edge Bypass Scheme Implementation	63,111	52,769	5,401	2,232	2,709
Carbon Initiatives - Street Lighting carbon reduction programme	2,363	1,813	550	0	0
Local Sustainable Transport Fund	1,273	813	460	0	0
Bridge Maintenance Minor Works	2,249	1,799	450	0	0
King George V Pavilion Project	250	10	240	0	0
S106 Funded Schemes	676	495	181	0	0
Road Safety Schemes Minor Works	770	620	150	0	0
Local Area Programme	560	410	150	0	0
S278 Funded Schemes	712	587	107	20	0
Total Committed Schemes	106,069	71,671	29,440	2,252	2,709

Environmental Protection and Enhancement

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Medium Term & Rolling Programmes					
Investment in Depot Infrastructure	9,500	150	2,400	3,500	3,450
Waste Fleet Replacement	3,000	0	3,000	0	0
Queens Park Pathway Project	500	0	500	0	0
Crewe Crematorium Refurbishment	1,500	0	420	1,080	0
Cranage Holmes Chapel Path Project	400	0	65	335	0
Open Spaces Development Fund	250	0	80	80	90
Replacement Litter Bins	150	0	50	50	50
Total Medium Term & Rolling Programmes	15,300	150	6,515	5,045	3,590
Total	121,369	71,821	35,955	7,297	6,299
Funding Requirement					

Funded by:

Government Grants	53,358	12,813	0	0
External Contributions	782	466	20	0
Revenue Contributions	266	420	1,080	0
Capital Receipts	1,896	9,154	6,197	6,299
Prudential Borrowing	15,519	13,102	0	0
Total	71,821	35,955	7,297	6,299

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes - In Progress					
Lifestyle Centre Crewe	15,400	832	5,969	8,599	0
Total Committed Schemes	15,400	832	5,969	8,599	0
Longer Term Proposals					
Congleton Lifestyle Centre	12,000	0	500	3,500	8,000
Macclesfield Leisure Centre	5,000	0	0	5,000	0
Total Longer Term Proposals	17,000	0	500	8,500	8,000
Total	32,400	832	6,469	17,099	8,000

Public Protection and Enforcement

CAPITAL

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Government Grants		0	0	0	0
External Contributions		0	0	0	0
Revenue Contributions		0	0	0	0
Capital Receipts		0	500	8,500	8,000
Prudential Borrowing		832	5,969	8,599	0
Total		832	6,469	17,099	8,000

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Committed Schemes - In Progress					
Customer Access - Developing Access to Poynton Library and Civic Centre.	478	298	180	0	0
Committed Schemes at Gate 1 Stage					
Sustainable Libraries	700	0	500	200	0
Total Committed Schemes	1,178	298	680	200	0
Medium Term & Rolling Programmes					
Community Facilities Grants	100	0	100	0	0
Total	1,278	298	780	200	0

Funding Requirement

Funded by:	0	0	0	0
Government Grants	0	0	0	0
External Contributions	0	0	0	0
Revenue Contributions	0	0	0	0
Capital Receipts	0	100	0	0
Prudential Borrowing	298	680	200	0
Total	298	780	200	0

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget £000	Prior Year Expenditure £000	Forecast Spend 2014/15 £000	Forecast Spend 2015/16 £000	Forecast Spend in future years £000
Economic Growth and Prosperity					
Crewe Green Link Road Phase 2	25,747	2,381	15,878	7,338	150
Tatton Park Investment	6,260	0	6,260	0	0
Disabled Facilities Grants	3,892	1,962	940	990	0
Congleton Relief Road (Option Development)	3,606	1,806	900	900	0
Farms Strategy	3,380	358	852	911	1,259
Tatton Vision	2,363	506	775	1,082	0
Crewe Transformation Projects	823	173	650	0	0
Poynton Relief Road (Option Development)	1,100	600	500	0	0
Private Sector Assistance	1,336	993	343	0	0
Housing Development	500	165	335	0	0
Affordable Housing Initiatives (S106 Holly Lodge)	870	560	310	0	0
Poynton Revitalisation	4,892	4,752	140	0	0
Feasibility Studies	190	87	103	0	0
Parkgate - Regeneration	359	296	63	0	0
Crewe Rail Exchange	6,914	6,889	25	0	0
Total Committed Schemes	62,232	21,528	28,074	11,221	1,409

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Committed Schemes at Gate 1 Stage					
Gypsy and Traveller Sites	515	30	485	0	0
Regeneration & Development Programme	1,444	100	750	594	0
Total Committed Schemes at Gate 1 Stage	1,959	130	1,235	594	0
Total Committed Schemes	64,191	21,658	29,309	11,815	1,409
Medium Term & Rolling Programmes					
Corporate Landlord Model - Non-Operational	1,280	0	930	300	50
Sydney Road Railway Bridge	5,000	0	300	300	4,400
A500 J16 Widening Scheme	3,000	45	2,455	500	0
Basford West Spine Road	7,600	0	7,600	0	0
Development Programme for Housing and Jobs	34,351	4,706	10,578	3,167	15,900
Crewe Transformation Projects - Phase 2	8,000	0	1,500	1,500	5,000
Total Medium Term & Rolling Programmes	59,231	4,751	23,363	5,767	25,350

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Longer Term Proposals					
Knutsford Shared Space	2,000	0	0	2,000	0
A6 Corridor Improvements	2,000	0	0	500	1,500
A34 Corridor (Including Handforth East)	16,000	0	200	300	15,500
Macclesfield Town Centre Improvements	6,300	0	200	200	5,900
Cheshire East Strategic Corridor A51/A500 Nantwich	4,000	0	0	1,000	3,000
South Macclesfield Link Road	15,200	0	200	500	14,500
Poynton Relief Road	20,800	0	0	5,200	15,600
Crewe Transformation Projects - Phase 3	16,500	0	250	250	16,000
Congleton Relief Road	70,000	0	0	0	70,000
Cheshire Archives and Local Studies Premises	2,500	0	0	0	2,500
Total Longer Term Proposals	155,300	0	850	9,950	144,500
Total	278,722	26,409	53,522	27,532	171,259

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Funding Requirement					
Funded by:					
Government Grants		15,600	22,507	10,159	97,886
External Contributions		467	7,509	9,169	14,175
Revenue Contributions		170	353	0	0
Capital Receipts		6,234	11,758	4,717	57,850
Prudential Borrowing		3,938	11,395	3,487	1,348
Total		26,409	53,522	27,532	171,259

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years					
	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Annual Programmes					
Connecting Cheshire	31,692	6,814	23,376	1,502	0
Asset Management Maintenance Programme	28,079	16,390	5,688	3,000	3,000
Core System Stability	17,208	5,133	5,376	2,900	3,800
Location Independent Workforce	7,325	1,854	4,131	1,340	0
Core Financials	7,339	3,503	1,836	1,000	1,000
Enabled Citizens and Businesses	1,114	304	450	360	0
Maximisation of Corporate Landlord Model - Operational	1,140	0	280	480	380
Total Annual Programmes	93,897	33,998	41,137	10,582	8,180
Longer Term Proposals					
Connecting Cheshire Phase 2	5,700	0	1,650	2,600	1,450
Total Longer Term Proposals	5,700	0	1,650	2,600	1,450
Total	99,597	33,998	42,787	13,182	9,630

CAPITAL PROGRAMME 2014/15 - 2015/16 and Future Years

	Total Approved Budget	Prior Year Expenditure	Forecast Spend 2014/15	Forecast Spend 2015/16	Forecast Spend in future years
	£000	£000	£000	£000	£000
Funded by:					
Government Grants		6,157	16,357	1,154	0
External Contributions		882	7,802	2,248	1,100
Revenue Contributions		0	0	0	0
Capital Receipts		23,977	10,714	2,180	8,530
Prudential Borrowing		2,982	7,914	7,600	0
Total		33,998	42,787	13,182	9,630



Reserves Strategy

2014/2017

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Executive Summary

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

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

This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate long term returns. However, at present the risks associated with overall changes in local government funding, and the need to invest now to realise returns in the medium term, increase the need to hold higher reserves in the short term.

The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.

The strategy is normally revised annually, in line with the process to determine the Council's Budget, and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium term.

Cheshire East Council's Reserve Strategy was last approved at Council on 28th February 2013, an update was presented to Cabinet on 19th August 2013 to reflect the Outturn Position for 2012/2013.

The quarterly review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2014/2017 is being reported to Cabinet and Council in February 2014.

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

For further information on trends in the Council's financial performance and how this affects reserve levels please refer to: [Guidance and Data on the Financial Resilience of the Council](#).

Peter Bates

CPFA, Chief Operating Officer, Section 151 Officer

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

1. Introduction

Types of Reserves

1. When reviewing medium term financial plans and preparing annual budgets the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

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

Increasing General Reserves

- *Planned repayment* as set-out in the Medium Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an *operating surplus* at the close of the financial year.

Decreasing General Reserves

- *Planned draw-down* of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.
- Allocation of an *operating deficit* at the close of the financial year.

Earmarked Reserves (see Section 3)

These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves, and this strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

2. In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.

3. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.
4. Setting the level of general reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.
5. **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.
6. These factors can only be assessed properly at local level. A considerable degree of professional judgment is required. The Section 151 Officer may choose to express advice on the level of balances in cash and / or as percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the Authority for that particular year.
7. Advice will be set in the context of the Authority's process to manage medium term financial stability and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit, and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium Term Financial Strategy.

Table 1: Holding adequate reserves will depend on a number of key factors

Budget Assumptions
<ul style="list-style-type: none"> - The treatment of inflation and interest rates - Estimates of the level and timing of capital receipts - The treatment of demand led pressures - The treatment of planned efficiency savings / productivity gains - The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments - The availability of other funds to deal with major contingencies and the adequacy of provisions
Financial Standing & Management
<ul style="list-style-type: none"> - The overall financial standing of the Authority (including: level of borrowing, debt outstanding, Council Tax collection rates) - The Authority's track record in budget and financial management including the robustness of the medium term plans - The Authority's capacity to manage in-year budget pressures - The strength of the financial information and reporting arrangements - The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level - The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA ~ LAAP Bulletin 55, 2003

8. The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.

2. General Fund Reserves (Revenue)

Purpose

9. The purpose of general reserves is to minimise the possible financial impacts to the Authority from:
 - Emergencies.
 - In-year emerging issues.
 - Reacting to investment opportunities
10. The Finance Procedure Rules set the parameters for the use of general reserves.
11. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance.
12. In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

13. The 2013/2014 Budget anticipated that the Council would hold general reserves of £13.2m. However, an improved final outturn position resulted in a revised balance of £19.0m.
14. At 1st April 2014, it is anticipated that the Council will hold general reserves of £19.3m. This balance is calculated from:

	Final Outturn 2013 £m
Amount of General Fund Balance available for new expenditure (Source: 2012/2013 Statement of Accounts)	19.0
The impact of performance against the 2013/2014 Revenue Budget (Source: 2013/2014 Three Quarter Year Review of Performance)	0.3
	<hr/> 19.3 <hr/>

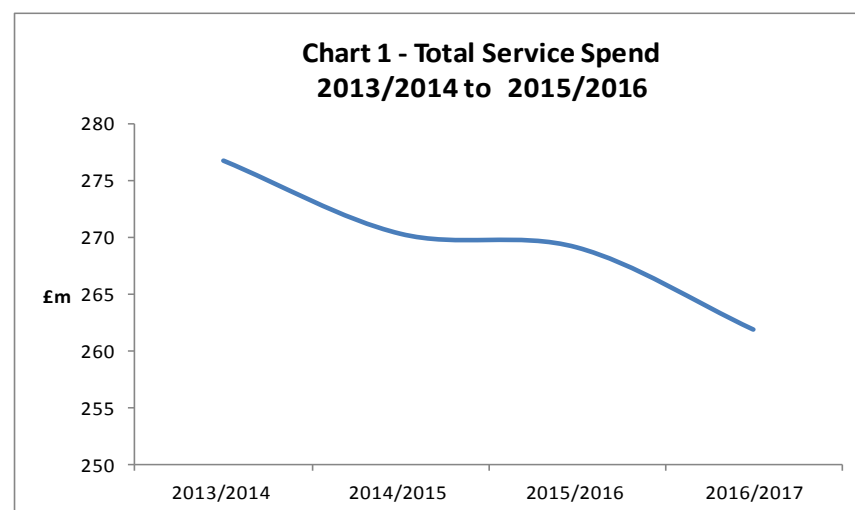
Estimated Movement in Reserves (2013/2014 onwards)

15. **Table 2** (overleaf) summarises the current estimated movements in general reserves from 2013 to 2016. This position makes a clear assumption that any recently identified in-year, or future, emerging financial pressures will be met from within the Council's funding envelope.
16. In addition the level of reserves needed will be assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

Table 2 - Reserves levels will be maintained in the medium term	2013/2014	2014/2015	2015/2016	2016/2017
	£m	£m	£m	£m
Estimated Balance @ 1st April	19.0	19.3	14.0	14.0
Estimated Impact of Spending	0.3	0.0	0.0	0.0
Planned Contribution to Earmarked Reserves	0.0	-5.3	0.0	0.0
Forecast General Reserves @ 31st March	19.3	14.0	14.0	14.0
Risk Assessed Minimum Level - Feb 2014	13.2	14.0	14.0	14.0

Source: Cheshire East Finance

17. **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.

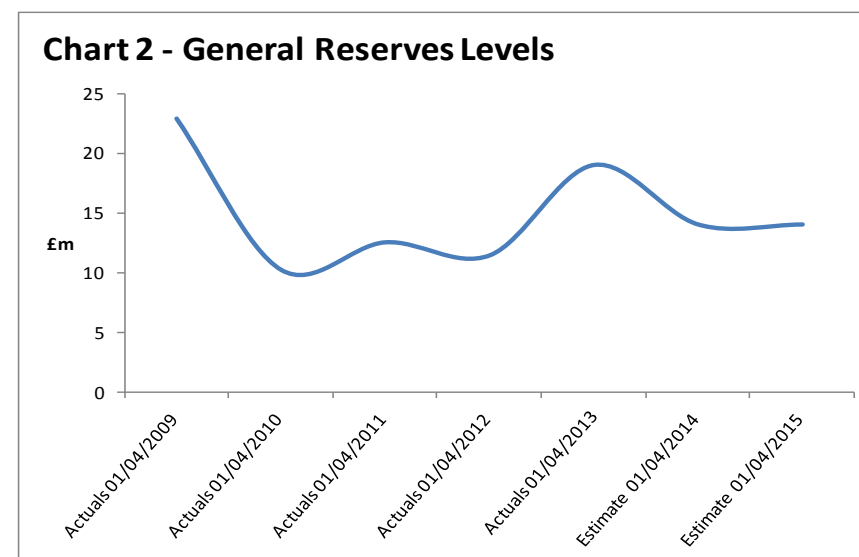


Source: Cheshire East Finance

18. Reducing expenditure over time reflects the reductions in government funding. At the same time the Council is minimising the impact on local residents by not raising Council Tax. However, this approach can require up-front investment in change

management that will sustain the financial resilience of the Council. For example reducing staffing numbers may require expenditure on severance payments, automation of services may require investment in information technology. Investment in infrastructure can generate receipts from the Council's estate, and from new business and domestic premises in the area.

19. Strategically the Council is therefore utilising short term funding to support investment and change and not to build up reserves balances.
20. **Chart 2** reflects how Cheshire East Reserves are used to support large scale investment, and are being stabilised over the medium term.



Source: [Guidance and Data on the Financial Resilience of the Council](#) (as updated January 2014)

21. The level at which reserves are set for 2014/2015, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow. This approach has also allowed flexibility within the 2014/2015 budget to provide for costs associated with investment.

General Fund Reserves - Risk Assessment

22. The risks facing each local area will vary, and in the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies, particularly in relation to business rates, and pressure on public services to reduce overall expenditure are relevant. And these present the potential for significant emerging risk.
23. The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.
24. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume a level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year by smoothing the impact on citizens.
25. Risks are categorised, and potential values are applied to them, this presents the potential exposure to financial risk. **Table 3** shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.

- The level of risk in the Medium Term Financial Strategy reduced following improvements in reporting and achievement of budget targets. New Medium Term risks are emerging as the Council is undertaking significant change to adapt to a commissioning approach and there is still significant uncertainty about the long term effect of changes to funding from business rates. Overall risks are therefore slightly increasing for the period 2014/2017

26. £14m remains a relatively prudent overall target for reserves at 5.5% of the net budget. This reflects the following potential negative financial issues facing the Council in the medium term:

- Further changes to the local government financial settlement may create funding deficits, and the medium term strategy of the Council remains unbalanced at present.
- Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
- There is a significant pensions deficit which may need to be managed outside of the current medium term estimates, despite significant additional budget being provided for in the Medium Term Financial Strategy, to reflect increasing contribution rates from 1st April 2014 following the triennial valuation.

27. It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).

28. Risks will be included and managed using the following basic principles:

- a. The risk may impact within the medium term.
- b. Risks are potential one-off events.
- c. The risk will have genuine financial consequences.
- d. Mitigating actions will be in place to minimise the potential requirement for financial support.
- e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.
- f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.

Table 3: A robust level of reserves is guided by an assessment of potential risks

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	£400,000
	Loss of income	Substantial disruption to income streams / Robust disaster recovery	
	Lost reputation	Cost of new advertising to regain confidence / Effective Communication Plans	
	Effect on recruitment	Additional advertising costs to attract staff / Employment options on standby	
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	£900,000
	Epidemic	High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans	
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Budget Pressures	<p>Opening Balances vary from current predictions</p> <p>Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs.</p> <p>Higher than anticipated Inflation arising in year</p> <p>Potential decrease in Council Tax collection rate</p> <p>Potential decrease in assumed Business Rates income</p> <p>Changes to Government forecasts of Business Rates during the year.</p>	<p>Impact on opening balances / apply prudent assumptions to opening balances.</p> <p>Impact of 2013/2014 projected outturn / robust remedial plans and monitoring of progress</p> <p>In-Year emerging issues / Robust plans and monitoring of progress</p> <p>Increased inflation on contracts and services / contract management and robust remedial plans</p> <p>New payers unable to pay / debt recovery procedures</p> <p>Lower than forecast income or increased reliefs / robust assessment criteria</p> <p>Potential to change income received through the Business Rate Retention Scheme</p>	£7,700,000

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Legal costs	Legal challenges to Council service delivery	Court costs and Claims for compensation / clear processes and good workforce management	£500,000
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	
Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay budget / emergency planning	
Strategic Reserve		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes	£4,500,000
OVERALL RISKS			£14,000,000
% of Net Revenue Budget			5.5%

Source: Cheshire East Finance

29. The outcome of this analysis has been to place an estimated total value on the range of risks that may arise and which are not covered by insurance. This is equivalent in total to **£14m**.

30. It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2014/2015 Revenue Budget. The key factors are:

- the capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely,
- potential underachievement of cost reduction targets following consultation processes,
- demand for services rising above estimated trends,

- changes to Government settlements.

Adequacy of General Reserves

31. A duty of the Section 151 Officer is to comment on the adequacy of financial reserves (**see Annex A**).

32. The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Section 151 Officer will use information contained within the Reserves Strategy to comment specifically in the annual Budget Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

33. The purpose of earmarked reserves is:

- a. To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- b. To set aside amounts for projects that extend beyond 1 year.

34. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.

35. **Table 4** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

36. For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

- the purpose of the reserve,
- how and when the reserve can be used,
- procedures for the reserve's management and control,
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
- clear indication of payback periods and approach (if applicable).

Table 4: All earmarked reserves should have a clear rationale

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations.	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves.	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units.	Surpluses arising from in-house trading may be retained, or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use.	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances.	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA ~ LAAP Bulletin 55, 2003

37. When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.
38. The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.
39. Earmarked Reserves will be:
 - Set up by Full Council, on recommendation by the Section 151 Officer,
 - Supported by a business case,
 - Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
 - Subject to a minimum value, set initially at £60,000, unless the business case supports a lower level,
 - Be reviewed at least annually.
40. Services may also carry forward balances in accordance with Financial Procedure Rules.
41. Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget-setting process to ensure that they are still appropriate, relevant and adequate for the intended purpose.

Opening Balances

42. At 1st April 2014, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £10.5m. It is estimated that balances will reduce by £5.1m by the end of 2014/2015. **Table 5** (overleaf) shows the position on each earmarked reserve.
43. The 2014/2017 Budget Report highlights the increasing reliance on funding from local taxation, as opposed to funding from Central Government grant. Council are therefore asked to approve establishment of a specific earmarked reserve to support activity to increase the longer term financial resilience of the Council. Activity funded from this reserve could relate to investment in schemes that can increase locally controlled income sources such as the commercial or domestic tax bases.
44. The estimated position on the Insurance Reserve includes the settlement of an historic claim for additional contributions from the administrators of Municipal Mutual Insurance.
45. A new earmarked reserve may be created under the Chief Operating Officer in relation to the Business Rates Retention Scheme. The reserve will be established to manage cash flow implications from the scheme following changes from the 2012/2013 system.

Table 5: Earmarked Reserves that are statutory or essential have been retained for 2014/2015

Service Description	Estimated Available Balances 2014/2015 £000	Forecast Movement in 2014/2015 £000	Estimated Balance at 31 March 2015 £000	Reason / Use
Children and Families Services				
Long Term Sickness	233	0	233	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account.
Education All Risks (EARS)	261	0	261	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
Adults Social Care and Independent Living				
Extra Care Housing (PFI)	1,428	300	1,728	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Environmental Protection & Enhancement				
Crematoria	0	0	0	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.
Economic Growth & Prosperity				
Building Control	131	0	131	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	238	0	238	Ring-fenced surplus on Tatton Park trading account
Economic Development	100	-100	0	Support for town centres and economic development initiatives
Climate Change	0	0	0	Renewable Energy project

Service Description	Estimated Available Balances 2014/2015 £000	Forecast Movement in 2014/2015 £000	Estimated Balance at 31 March 2015 £000	Reason / Use
Communities				
Enabling Local Delivery	225	-225	0	Available to promote local delivery
Partnerships & Grants Support	89	-89	0	Funding issued to groups who meet the Council's criteria. It is planned to use the reserve in 2013/2014.
Chief Operating Officer				
Invest-to-Save	0	0	0	Central reserve to support invest-to-save projects
Elections	200	200	400	To provide funds for Election costs every 4 years
Insurance & Risk	2,212	190	2,402	To settle insurance claims and manage excess costs.
Investment	5,300	-5,300	0	To support investment that can increase longer term financial independence and stability of the Council.
Cross Service				
Service Manager carry forwards	75	-75	0	Specific funding for expenditure slipped against previous year's budget e.g. Pay Harmonisation.
Totals	10,492	-5,099	5,393	

Source: Cheshire East Finance

4. Capital Reserves

46. Following the application of £27.8m of capital receipts to repay capital expenditure that had taken place in previous years the balance of the reserve at 31st March 2013 was reduced to £1.077m. In 2013/2014, capital receipts received in year will be fully applied to finance the capital programme and therefore no capital receipts reserves will be held by the Council.
47. Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

5. Reserves Strategy Conclusion

- 48. Overall Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility react to investment opportunities. This approach can be supported during the medium term based on recent performance against budget.
- 49. This recognises local issues and allows the Section 151 Officer to comment favourably on the adequacy of reserves.
- 50. The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves' positions will continue to be reviewed throughout the financial year.

Background Papers

[Cheshire East Council ~ Final Accounts 2012/2013](#)

[Cheshire East Council ~ Budget Report 2013/2014](#)

[Cheshire East Council ~ First Quarter Review of Performance 2013/2014](#)

[Cheshire East Council ~ Mid Year Review of Performance 2013/2014](#)

[Cheshire East Council ~ Three Quarter Review of Performance 2013/2014](#)

General Fund Reserves ~ Risk Assessment Working Papers 2014

CIPFA, Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves & Balances (2003)

[Guidance and Data on the Financial Resilience of the Council](#)

Annex A to Reserve Strategy

Protocol & Controls

The Existing Legislative / Regulatory Framework

Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There are three significant safeguards in place that militate against local authorities over-committing themselves financially:

1. The balanced budget requirement.
2. Chief Finance Officers' S114 powers.
3. The External Auditor's responsibility to review and report on financial standing.

The balanced budget requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer to report to all the Authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. The Authority's full Council must meet within 21 days to consider the S114 notice and during that period the Authority is prohibited from entering into new agreements involving the incurring of expenditure.

While it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, External Auditors have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties External Auditors review and report on the level of reserves taking into account their local knowledge of the Authority's financial

performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

The Role of the Chief Finance Officer

It is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. There is no statutory minimum.

Local authorities, on the advice of their Chief Finance Officers, are required to make their own judgements on the level of reserves taking into account all the relevant local circumstances. Such circumstances vary. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.

Good Governance

It is important that Members take responsibility for ensuring the adequacy of reserves and provisions when they set the budget. CIPFA recommend that the respective roles of officers and Councillors in relation to reserves should be codified locally and given due recognition in the Constitutions. This codification should:

- state which council bodies are empowered to establish reserves
- set out the responsibilities of the Chief Finance Officer and Councillor – or group of Councillors – responsible for finance
- specify the reporting arrangements

A New Reporting Framework

The Chief Finance Officer has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Finance Officer. To enable the Council to reach its decision, the Chief Finance Officer should report the factors that influenced his or her judgement and ensure that the advice given is recorded formally. Where the advice is not accepted this should be recorded formally in the minutes of the Council meeting.

CIPFA recommended that:

The Business Planning report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the additional contribution to / withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure this should be accompanied by a statement from the Chief Finance Officer on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the Authority's medium term financial strategy.

A statement reporting on the annual review of earmarked reserves should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions / withdrawals and the estimated closing balances.

Annex 8 – Abbreviations

1. This annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
ASDV	Alternative Service Delivery Vehicles
BRRS	Business Rates Retention Scheme – a new system of funding introduced on 1 st April 2013.
CSR	Comprehensive Spending Review 2010 – a major announcement in October 2010 in relation to Local Government funding levels for 2011/2012 to 2014/2015.
DCLG / CLG	Department for Communities and Local Government – the Government department responsible for supporting local government and communities.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.
FQR	First-Quarter Review of Performance
HR	Human Resources – one of the Council's corporate service areas.
ICT	Information and Communication Technologies – service responsible for technology at Cheshire East Council.
LACSEG	The Local Authority Central Spend Equivalent Grant
LSOA	Lower Super Output Areas - geographical areas, based on population size, each containing a minimum population of 1,000 people and on average (mean) around 1,500 people. There are 231 LSOAs in Cheshire East and 32,482 LSOAs in England.
MYR	Mid-Year Review of Performance
NNDR	National Non Domestic Rates – the contribution to local authority costs by businesses. The rate is set by central Government.
PCC	Police and Crime Commissioner – the new arrangement for Commissioning Police Services.
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works.
RSG	Revenue Support Grant – a grant that forms part of the Business Rate Retention Scheme.
SLE	Separate Legal Entity – a delivery model for delivering services in a different way.
TQR	Third-Quarter Review of Performance

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CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL

Date of Meeting:	27 th February 2014
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	Council Tax 2014/2015 – Statutory Resolution
Portfolio Holder:	Councillor Raynes

1.0 Report Summary

- 1.1 The Council, as a billing authority, is responsible for the billing and collection of Council Tax due from local taxpayers and must set the overall Council Tax level. This means that the authority also collects Council Tax income to cover not only its own services but also precepts set by other authorities.

The Council Tax levied is therefore made up of four elements:

- Cheshire East Borough Council element
- Parish Councils & Charter Trustees precepts
- Police & Crime Commissioner for Cheshire precept
- Cheshire Fire Authority precept

2.0 Decision Requested

- 2.1 To set the Council Tax for Cheshire East Council for the financial year 2014/2015, at £1,216.34, in accordance with the formal resolutions as shown in section 18 of the report.

3.0 Reasons for Recommendations

- 3.1 In accordance with the Local Government Finance Act 1992 as amended by the Localism Act 2011 the Council is required to set the amounts of the Council Tax for 2014/2015 for each of the categories of dwelling in the Council Tax area. This requirement is achieved by approving the statutory resolution shown in this report.

4.0 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 None.

7.0 Financial Implications

7.1 As covered in the report.

8.0 Legal Implications

8.1 As covered in the report.

9.0 Risk Management

9.1 The steps outlined in this report will address the main legal and financial risk to the Council's financial management in the setting of a legal Council Tax level for 2014/2015.

10.0 Background

10.1 The Council Tax levied is made up of four elements as follows:

- the Council Tax Base for 2014/2015 - **Appendix A**.
- the statutory calculation required to arrive at the amount of Council Tax for each area in respect of Borough Council, Parish Council and Charter Trustees requirements - **Appendices B and C**.
- the precepts issued by Police & Crime Commissioner for Cheshire and Cheshire Fire Authority under Section 40 of the Act – sections 15 and 16 of the report.
- the statutory calculation of the aggregate of the Borough Council, Parish Council, Charter Trustees, Police & Crime Commissioner and Cheshire Fire Authority amount of Council Tax for each of the categories of the dwelling for each Council Tax area – **Appendix D**.

11.0 Council Tax Base

11.1 The Council Tax base, agreed at the Cheshire East Council meeting of 12th December 2013, is 137,548.53 for the year 2014/2015. A breakdown of the calculation by Parish is attached at **Appendix A**.

12.0 General Fund Budget

12.1 On 4th February 2014 Cabinet recommended a General Fund Budget of £253,789,497 . The budget is detailed in a separate report on the Council Agenda.

13.0 Cheshire East Borough Council Tax

13.1 The Council Tax Requirement for the Borough Council is £167,305,774.

13.2 The Band D Council Tax is therefore £1,216.34 (the requirement of £167,305,774 divided by the tax base of 137,548.53).

14.0 Parish Council and Charter Trustee Precepts

14.1 Each Parish Council and the Charter Trustees of Macclesfield have notified the Council with its precept requirement for the year. The total amount of these special items is £4,766,600 which produces an average Band D Council Tax of £34.65.

15.0 Police & Crime Commissioner Precept for Cheshire

- 15.1 The precept demand issued by Police & Crime Commissioner is £21,073,810 which produces a Band D Council Tax of £153.21. This represents no change from the 2013/2014 Band D Council Tax level. The Police & Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
102.14	119.16	136.19	153.21	187.26	221.30	255.35	306.42

16.0 Fire Authority Precept

- 16.1 The precept demand issued by Cheshire Fire Authority is £9,503,228 which produces a Band D Council Tax of £69.09. This represents an increase of £1.34 (1.99%). Cheshire Fire Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
46.06	53.74	61.41	69.09	84.44	99.80	115.15	138.18

17.0 Total Council Tax

The average Council Tax to be charged to taxpayers in Band D can be summarised as follows:

Element	Charge
Cheshire East Borough Council	£ 1,216.34
Average for Parish Councils and Charter Trustees	34.65
Average Local Council Tax	1,250.99
Police & Crime Commissioner	153.21
Cheshire Fire Authority	69.09
Total Council Tax	1,473.29

18.0 Formal Resolution

- 18.1 That it be noted that on 12th December 2013 the Council calculated the Council Tax base 2014/2015

- (a) for the whole Council area as 137,548.53.
 - (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached Appendices.
- 18.2 Calculated that the Council Tax requirement for the Council's own purposes for 2014/2015 (excluding Parish precepts) is £167,305,774.
- 18.3 That the following amounts be calculated for the year 2014/2015 in accordance with Sections 31 to 36 of the Act:
 - a. £687,590,542 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - b. £515,518,168 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - c. £172,072,374 being the amount by which the aggregate at 18.3(a) above exceeds the aggregate at 18.3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.
 - d. £1,250.99 being the amount at 18.3(c) above divided by the amount at 18.1(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - e. £4,766,600 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
 - f. £1,216.34 being the amount at 18.3(d) above less the result given by dividing the amount at 18.3(e) above by the amount at 18.1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
 - g. Appendix A being the amounts calculated by the Council, in accordance with regulations 3 and 6 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its total council tax base for the year and council tax base for dwellings in those parts of its area to which one or more special items relate.
 - h. Appendix B being the amounts given by adding to the amount at (f) above, the amounts of special items relating to dwellings in those parts of the Council's area mentioned above divided by in each case the appropriate tax base from Appendix A, calculated by the Council in accordance with Section 34(3) of the 1992 Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate. (Band D charges for each Parish and Charter Trustees area).
 - i. Appendix C being the amounts given by multiplying the amount at (h) above by the number which, in the proportion set out in Section

5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Local charges for all Bands).

- j. Appendix D being the aggregate of the local charges in (i) above and the amounts levied by major precepting authorities, calculated in accordance with Section 30(2) of the 1992 Act (The total Council Tax charge for each band in each Parish and Charter Trustees area).
- 18.4 To note that the Police & Crime Commissioner and the Fire Authority have issued precepts to Cheshire East Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as shown in sections 15 and 16 above.
- 18.5 Determine whether Cheshire East Council's basic amount of Council tax for 2014/2015 is excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

19.0 Access to Information

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

Name:	Peter Bates
Designation:	Chief Operating Officer
Tel No:	01270 686013
Email:	peter.bates@cheshireeast.gov.uk

COUNCIL TAX - TAX BASE 2014/2015 - by parish and charter trustees area

	Tax Base
Acton, Edleston, Henhull	179.43
Adlington	595.82
Agden	68.89
Alderley Edge	2,593.30
Alpraham	177.23
Alsager	4,213.82
Arclid	125.80
Ashley	152.08
Aston-by-Budworth	181.08
Audlem	881.12
Barthomley	94.66
Betchton	249.25
Bickerton, Egerton	150.05
Bollington	2,937.73
Bosley	194.47
Bradwall	81.24
Brereton	554.27
Brindley, Faddiley	140.06
Buerton	210.36
Bulkeley, Ridley	193.82
Bunbury	609.31
Burland	275.68
Calveley	132.40
Chelford	601.31
Cholmondeley, Chorley	131.26
Cholmondeston, Wettenhall	190.87
Chorley	255.68
Church Lawton	848.42
Church Minshull	198.37
Congleton	9,368.28
Cranage	614.55
Crewe	12,554.11
Crewe Green	96.16
Disley	1,860.88
Dodcott-cum-Wilkesley	196.68
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	300.41
Eaton	212.62
Gawsworth	801.52
Goostrey	1,051.62
Great Warford	446.04
Handforth	2,189.81
Hankelow	126.51
Haslington	2,324.12
Hassall	108.24
Hatherton, Walgherton	233.14
Haughton	98.85
Henbury	332.55
High Legh	874.25
Higher Hudsfield	321.13
Holmes Chapel	2,396.56
Hough, Chorlton	843.60
Hulme Walfield & Somerford Booths	155.88
Kettleshulme	163.85
Knutsford	5,622.60
Little Bollington	81.25
Little Warford	37.94
Lower Peover	72.11
Lower Withington	298.53

	Tax Base
Lyme Handley	70.15
Macclesfield (The Charter Trustees of Macclesfield)	17,429.40
Macclesfield Forest / Wildboarclough	106.02
Marbury-cum-Quoisley, Norbury, Wirswall	251.98
Marton	106.16
Mere	432.04
Middlewich	4,415.35
Millington	102.63
Minshull Vernon, Leighton, Woolstanwood	1,837.43
Mobberley	1,414.90
Moston	175.92
Mottram St Andrew	389.29
Nantwich	4,955.85
Nether Alderley	372.81
Newbold Astbury-cum-Moreton	340.81
Newhall	350.70
North Rode	121.08
Odd Rode	1,904.25
Ollerton with Marthall	308.50
Over Alderley	208.17
Peckforton	69.30
Peover Superior	394.81
Pickmere	359.94
Plumley with Toft and Bexton	386.21
Pott Shrigley	148.81
Poynton with Worth	5,712.94
Prestbury	2,124.06
Rainow	581.06
Rope	799.03
Rostherne	77.88
Sandbach	6,457.45
Shavington-cum-Gresty	1,579.68
Siddington	179.71
Smallwood	292.22
Snelson	78.92
Somerford	188.24
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	437.14
Spurstow	186.22
Stapeley, Batherton	1,381.70
Stoke, Hurleston	138.63
Styal	365.06
Sutton	1,117.76
Swettenham	164.56
Tabley	204.87
Tatton	10.56
Twemlow	103.14
Wardle	50.93
Warmingham	116.87
Weston, Basford	976.45
Willaston	1,251.66
Wilmslow	10,992.34
Windle	94.34
Wistaston	2,940.61
Worleston, Poole, Aston Juxta Mondrum	264.01
Wrenbury-cum-Frith	436.45
Wybunbury	589.96
TOTAL TAX BASE	137,548.53

COUNCIL TAX -BAND D PER PARISH AND CHARTER TRUSTEES AREA 2014/2015

	£
Acton, Edleston, Henhull	1,243.89
Adlington	1,232.28
Agden	1,226.79
Alderley Edge	1,262.61
Alpraham	1,240.04
Alsager	1,278.04
Arclid	1,229.85
Ashley	1,236.07
Aston-by-Budworth	1,221.86
Audlem	1,258.93
Barthomley	1,232.19
Betchton	1,226.37
Bickerton, Egerton	1,229.67
Bollington	1,273.34
Bosley	1,233.31
Bradwall	1,233.57
Brereton	1,249.57
Brindley, Faddiley	1,230.62
Buerton	1,231.31
Bulkeley, Ridley	1,229.24
Bunbury	1,247.52
Burland	1,230.12
Calveley	1,248.06
Chelford	1,234.30
Cholmondeley, Chorley	1,239.20
Cholmondeston, Wettenhall	1,225.77
Chorley	1,233.82
Church Lawton	1,225.18
Church Minshull	1,239.72
Congleton	1,286.44
Cranage	1,232.61
Crewe	1,245.20
Crewe Green	1,247.54
Disley	1,275.41
Dodcott-cum-Wilkesley	1,241.76
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	1,226.42
Eaton	1,230.45
Gawsworth	1,246.28
Goostrey	1,256.94
Great Warford	1,225.80
Handforth	1,255.16
Hankelow	1,240.05
Haslington	1,238.71
Hassall	1,234.82
Hatherton, Walgherton	1,225.35
Haughton	1,225.19
Henbury	1,235.89
High Legh	1,230.64
Higher Hurdsfield	1,228.80
Holmes Chapel	1,261.31
Hough, Chorlton	1,238.86
Hulme Walfield & Somerford Booths	1,216.34
Kettleshulme	1,262.11
Knutsford	1,256.41
Little Bollington	1,228.65
Little Warford	1,222.93
Lower Peover	1,235.51
Lower Withington	1,226.39

	£
Lyme Handley	1,216.34
Macclesfield (The Charter Trustees of Macclesfield)	1,217.76
Macclesfield Forest / Wildboarclough	1,216.34
Marbury-cum-Quoisley, Norbury, Wirswall	1,236.18
Marton	1,244.60
Mere	1,232.31
Middlewich	1,282.70
Millington	1,228.03
Minshull Vernon, Leighton, Woolstanwood	1,232.50
Mobberley	1,245.77
Moston	1,250.45
Mottram St Andrew	1,230.47
Nantwich	1,306.08
Nether Alderley	1,255.77
Newbold Astbury-cum-Moreton	1,239.75
Newhall	1,223.47
North Rode	1,237.81
Odd Rode	1,256.15
Ollerton with Marthall	1,237.41
Over Alderley	1,225.95
Peckforton	1,230.77
Peover Superior	1,242.94
Pickmere	1,252.46
Plumley with Toft and Bexton	1,245.33
Pott Shrigley	1,240.53
Poynton with Worth	1,275.96
Prestbury	1,240.13
Rainow	1,233.55
Rope	1,231.02
Rostherne	1,248.44
Sandbach	1,276.11
Shavington-cum-Gresty	1,247.39
Siddington	1,230.25
Smallwood	1,224.90
Snelson	1,238.51
Somerford	1,253.53
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	1,230.07
Spurstow	1,226.81
Stapeley, Batherton	1,241.67
Stoke, Hurleston	1,232.77
Styal	1,238.80
Sutton	1,232.93
Swettenham	1,239.09
Tabley	1,227.08
Tatton	1,216.34
Twemlow	1,243.00
Wardle	1,235.97
Warmingham	1,242.01
Weston, Basford	1,235.29
Willaston	1,230.72
Wilmslow	1,237.79
Windle	1,216.34
Wistaston	1,233.51
Worleston, Poole, Aston Juxta Mondrum	1,225.01
Wrenbury-cum-Frith	1,229.51
Wybunbury	1,235.01

LOCAL COUNCIL TAX (BOROUGH + PARISH AND CHARTER TRUSTEES)

VALUATION BAND

	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Acton, Edleston, Henhull	829.26	967.47	1,105.68	1,243.89	1,520.31	1,796.73	2,073.15	2,487.78
Adlington	821.52	958.44	1,095.36	1,232.28	1,506.12	1,779.96	2,053.80	2,464.56
Agden	817.86	954.17	1,090.48	1,226.79	1,499.41	1,772.03	2,044.65	2,453.58
Alderley Edge	841.74	982.03	1,122.32	1,262.61	1,543.19	1,823.77	2,104.35	2,525.22
Alraham	826.69	964.47	1,102.26	1,240.04	1,515.61	1,791.17	2,066.73	2,480.08
Alsager	852.02	994.03	1,136.03	1,278.04	1,562.05	1,846.06	2,130.06	2,556.08
Arclid	819.90	956.55	1,093.20	1,229.85	1,503.15	1,776.45	2,049.75	2,459.70
Ashley	824.04	961.39	1,098.73	1,236.07	1,510.75	1,785.44	2,060.11	2,472.14
Aston-by-Budworth	814.57	950.33	1,086.10	1,221.86	1,493.39	1,764.91	2,036.43	2,443.72
Audlem	839.28	979.17	1,119.05	1,258.93	1,538.69	1,818.46	2,098.21	2,517.86
Barthomley	821.46	958.37	1,095.28	1,232.19	1,506.01	1,779.83	2,053.65	2,464.38
Betchton	817.58	953.84	1,090.11	1,226.37	1,498.90	1,771.43	2,043.95	2,452.74
Bickerton, Egerton	819.78	956.41	1,093.04	1,229.67	1,502.93	1,776.19	2,049.45	2,459.34
Bollington	848.89	990.37	1,131.86	1,273.34	1,556.31	1,839.27	2,122.23	2,546.68
Bosley	822.20	959.24	1,096.27	1,233.31	1,507.38	1,781.45	2,055.51	2,466.62
Bradwall	822.38	959.44	1,096.51	1,233.57	1,507.70	1,781.83	2,055.95	2,467.14
Brereton	833.04	971.89	1,110.73	1,249.57	1,527.25	1,804.94	2,082.61	2,499.14
Brindley, Faddiley	820.41	957.15	1,093.88	1,230.62	1,504.09	1,777.57	2,051.03	2,461.24
Buerton	820.87	957.68	1,094.50	1,231.31	1,504.94	1,778.56	2,052.18	2,462.62
Bulkeley, Ridley	819.49	956.07	1,092.66	1,229.24	1,502.41	1,775.57	2,048.73	2,458.48
Bunbury	831.68	970.29	1,108.91	1,247.52	1,524.75	1,801.98	2,079.20	2,495.04
Burland	820.08	956.76	1,093.44	1,230.12	1,503.48	1,776.84	2,050.20	2,460.24
Calveley	832.04	970.71	1,109.39	1,248.06	1,525.41	1,802.76	2,080.10	2,496.12
Chelford	822.86	960.01	1,097.15	1,234.30	1,508.59	1,782.88	2,057.16	2,468.60
Cholmondeley, Chorley	826.13	963.82	1,101.51	1,239.20	1,514.58	1,789.96	2,065.33	2,478.40
Cholmondeston, Wettenhall	817.18	953.37	1,089.57	1,225.77	1,498.17	1,770.56	2,042.95	2,451.54
Chorley	822.54	959.64	1,096.73	1,233.82	1,508.00	1,782.19	2,056.36	2,467.64
Church Lawton	816.78	952.92	1,089.05	1,225.18	1,497.44	1,769.71	2,041.96	2,450.36
Church Minshull	826.48	964.22	1,101.97	1,239.72	1,515.22	1,790.71	2,066.20	2,479.44
Congleton	857.62	1,000.56	1,143.50	1,286.44	1,572.32	1,858.20	2,144.06	2,572.88
Cranage	821.74	958.69	1,095.65	1,232.61	1,506.53	1,780.44	2,054.35	2,465.22
Crewe	830.13	968.49	1,106.84	1,245.20	1,521.91	1,798.63	2,075.33	2,490.40
Crewe Green	831.69	970.31	1,108.92	1,247.54	1,524.77	1,802.01	2,079.23	2,495.08
Disley	850.27	991.98	1,133.70	1,275.41	1,558.84	1,842.26	2,125.68	2,550.82
Dodcott-cum-Wilkesley	827.84	965.81	1,103.79	1,241.76	1,517.71	1,793.66	2,069.60	2,483.52
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	817.61	953.88	1,090.15	1,226.42	1,498.96	1,771.50	2,044.03	2,452.84
Eaton	820.30	957.01	1,093.73	1,230.45	1,503.89	1,777.32	2,050.75	2,460.90
Gawsworth	830.85	969.33	1,107.80	1,246.28	1,523.23	1,800.19	2,077.13	2,492.56
Goostrey	837.96	977.62	1,117.28	1,256.94	1,536.26	1,815.58	2,094.90	2,513.88
Great Warford	817.20	953.40	1,089.60	1,225.80	1,498.20	1,770.60	2,043.00	2,451.60
Handforth	836.77	976.23	1,115.70	1,255.16	1,534.09	1,813.01	2,091.93	2,510.32
Hankelow	826.70	964.48	1,102.27	1,240.05	1,515.62	1,791.19	2,066.75	2,480.10
Haslington	825.80	963.44	1,101.07	1,238.71	1,513.98	1,789.25	2,064.51	2,477.42
Hassall	823.21	960.41	1,097.62	1,234.82	1,509.23	1,783.63	2,058.03	2,469.64
Hatherton, Walgherton	816.90	953.05	1,089.20	1,225.35	1,497.65	1,769.95	2,042.25	2,450.70
Haughton	816.79	952.92	1,089.06	1,225.19	1,497.46	1,769.72	2,041.98	2,450.38
Henbury	823.92	961.25	1,098.57	1,235.89	1,510.53	1,785.18	2,059.81	2,471.78
High Legh	820.42	957.16	1,093.90	1,230.64	1,504.12	1,777.60	2,051.06	2,461.28
Higher Hurdfield	819.20	955.73	1,092.27	1,228.80	1,501.87	1,774.94	2,048.00	2,457.60
Holmes Chapel	840.87	981.02	1,121.16	1,261.31	1,541.60	1,821.90	2,102.18	2,522.62
Hough, Chorlton	825.90	963.56	1,101.21	1,238.86	1,514.16	1,789.47	2,064.76	2,477.72
Hulme Walfield & Somerford Booths	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Kettleshulme	841.40	981.64	1,121.87	1,262.11	1,542.58	1,823.05	2,103.51	2,524.22
Knutsford	837.60	977.21	1,116.81	1,256.41	1,535.61	1,814.82	2,094.01	2,512.82
Little Bollington	819.10	955.61	1,092.13	1,228.65	1,501.69	1,774.72	2,047.75	2,457.30
Little Warford	815.28	951.17	1,087.05	1,222.93	1,494.69	1,766.46	2,038.21	2,445.86
Lower Peover	823.67	960.95	1,098.23	1,235.51	1,510.07	1,784.63	2,059.18	2,471.02
Lower Withington	817.59	953.86	1,090.12	1,226.39	1,498.92	1,771.46	2,043.98	2,452.78
Lyme Handley	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Macclesfield	811.84	947.14	1,082.45	1,217.76	1,488.38	1,758.99	2,029.60	2,435.52
Macclesfield Forest / Wildboarclough	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Marbury-cum-Quoisley, Norbury Wirswall	824.12	961.47	1,098.83	1,236.18	1,510.89	1,785.60	2,060.30	2,472.36
Marton	829.73	968.02	1,106.31	1,244.60	1,521.18	1,797.76	2,074.33	2,489.20
Mere	821.54	958.46	1,095.39	1,232.31	1,506.16	1,780.01	2,053.85	2,464.62

LOCAL COUNCIL TAX (BOROUGH + PARISH AND CHARTER TRUSTEES)

	VALUATION BAND							
	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Middlewich	855.13	997.65	1,140.18	1,282.70	1,567.75	1,852.79	2,137.83	2,565.40
Millington	818.68	955.13	1,091.58	1,228.03	1,500.93	1,773.83	2,046.71	2,456.06
Minshull Vernon, Leighton, Woolstanwood	821.66	958.61	1,095.55	1,232.50	1,506.39	1,780.28	2,054.16	2,465.00
Mobberley	830.51	968.93	1,107.35	1,245.77	1,522.61	1,799.45	2,076.28	2,491.54
Moston	833.63	972.57	1,111.51	1,250.45	1,528.33	1,806.21	2,084.08	2,500.90
Mottram St Andrew	820.31	957.03	1,093.75	1,230.47	1,503.91	1,777.35	2,050.78	2,460.94
Nantwich	870.72	1,015.84	1,160.96	1,306.08	1,596.32	1,886.56	2,176.80	2,612.16
Nether Alderley	837.18	976.71	1,116.24	1,255.77	1,534.83	1,813.89	2,092.95	2,511.54
Newbold Astbury-cum-Moreton	826.50	964.25	1,102.00	1,239.75	1,515.25	1,790.75	2,066.25	2,479.50
Newhall	815.64	951.59	1,087.53	1,223.47	1,495.35	1,767.24	2,039.11	2,446.94
North Rode	825.20	962.74	1,100.27	1,237.81	1,512.88	1,787.95	2,063.01	2,475.62
Odd Rode	837.43	977.00	1,116.58	1,256.15	1,535.30	1,814.44	2,093.58	2,512.30
Ollerton with Marthall	824.94	962.43	1,099.92	1,237.41	1,512.39	1,787.37	2,062.35	2,474.82
Over Alderley	817.30	953.51	1,089.73	1,225.95	1,498.39	1,770.82	2,043.25	2,451.90
Peckforton	820.51	957.26	1,094.02	1,230.77	1,504.28	1,777.78	2,051.28	2,461.54
Peover Superior	828.62	966.73	1,104.83	1,242.94	1,519.15	1,795.36	2,071.56	2,485.88
Pickmere	834.97	974.13	1,113.30	1,252.46	1,530.79	1,809.11	2,087.43	2,504.92
Plumley with Toft and Bexton	830.22	968.59	1,106.96	1,245.33	1,522.07	1,798.81	2,075.55	2,490.66
Pott Shrigley	827.02	964.85	1,102.69	1,240.53	1,516.21	1,791.88	2,067.55	2,481.06
Poynton with Worth	850.64	992.41	1,134.19	1,275.96	1,559.51	1,843.06	2,126.60	2,551.92
Prestbury	826.75	964.54	1,102.34	1,240.13	1,515.72	1,791.30	2,066.88	2,480.26
Rainow	822.36	959.43	1,096.49	1,233.55	1,507.67	1,781.80	2,055.91	2,467.10
Rope	820.68	957.46	1,094.24	1,231.02	1,504.58	1,778.14	2,051.70	2,462.04
Rostherne	832.29	971.01	1,109.72	1,248.44	1,525.87	1,803.31	2,080.73	2,496.88
Sandbach	850.74	992.53	1,134.32	1,276.11	1,559.69	1,843.27	2,126.85	2,552.22
Shavington-cum-Gresty	831.59	970.19	1,108.79	1,247.39	1,524.59	1,801.79	2,078.98	2,494.78
Siddington	820.16	956.86	1,093.55	1,230.25	1,503.64	1,777.03	2,050.41	2,460.50
Smallwood	816.60	952.70	1,088.80	1,224.90	1,497.10	1,769.30	2,041.50	2,449.80
Snelson	825.67	963.28	1,100.90	1,238.51	1,513.74	1,788.96	2,064.18	2,477.02
Somerford	835.68	974.97	1,114.25	1,253.53	1,532.09	1,810.66	2,089.21	2,507.06
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	820.04	956.72	1,093.39	1,230.07	1,503.42	1,776.77	2,050.11	2,460.14
Spurstow	817.87	954.18	1,090.50	1,226.81	1,499.44	1,772.06	2,044.68	2,453.62
Stapeley, Batherton	827.78	965.74	1,103.71	1,241.67	1,517.60	1,793.53	2,069.45	2,483.34
Stoke, Hurleston	821.84	958.82	1,095.79	1,232.77	1,506.72	1,780.67	2,054.61	2,465.54
Styal	825.86	963.51	1,101.15	1,238.80	1,514.09	1,789.38	2,064.66	2,477.60
Sutton	821.95	958.94	1,095.94	1,232.93	1,506.92	1,780.90	2,054.88	2,465.86
Swettenham	826.06	963.73	1,101.41	1,239.09	1,514.45	1,789.80	2,065.15	2,478.18
Tabley	818.05	954.39	1,090.74	1,227.08	1,499.77	1,772.45	2,045.13	2,454.16
Tatton	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Twemlow	828.66	966.78	1,104.89	1,243.00	1,519.22	1,795.45	2,071.66	2,486.00
Wardle	823.98	961.31	1,098.64	1,235.97	1,510.63	1,785.29	2,059.95	2,471.94
Warrington	828.00	966.01	1,104.01	1,242.01	1,518.01	1,794.02	2,070.01	2,484.02
Weston, Basford	823.52	960.78	1,098.03	1,235.29	1,509.80	1,784.31	2,058.81	2,470.58
Willaston	820.48	957.22	1,093.97	1,230.72	1,504.22	1,777.71	2,051.20	2,461.44
Wilmslow	825.19	962.72	1,100.26	1,237.79	1,512.86	1,787.92	2,062.98	2,475.58
Wincle	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Wistaston	822.34	959.39	1,096.45	1,233.51	1,507.63	1,781.74	2,055.85	2,467.02
Worleston, Poole, Aston Juxta Mondrum	816.67	952.78	1,088.90	1,225.01	1,497.24	1,769.46	2,041.68	2,450.02
Wrenbury-cum-Frith	819.67	956.28	1,092.90	1,229.51	1,502.74	1,775.96	2,049.18	2,459.02
Wybunbury	823.34	960.56	1,097.79	1,235.01	1,509.46	1,783.91	2,058.35	2,470.02

TOTAL COUNCIL TAX

VALUATION BAND

	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Acton, Edleston, Henhull	977.46	1,140.37	1,303.28	1,466.19	1,792.01	2,117.83	2,443.65	2,932.38
Adlington	969.72	1,131.34	1,292.96	1,454.58	1,777.82	2,101.06	2,424.30	2,909.16
Agden	966.06	1,127.07	1,288.08	1,449.09	1,771.11	2,093.13	2,415.15	2,898.18
Alderley Edge	989.94	1,154.93	1,319.92	1,484.91	1,814.89	2,144.87	2,474.85	2,969.82
Alraham	974.89	1,137.37	1,299.86	1,462.34	1,787.31	2,112.27	2,437.23	2,924.68
Alsager	1,000.22	1,166.93	1,333.63	1,500.34	1,833.75	2,167.16	2,500.56	3,000.68
Arclid	968.10	1,129.45	1,290.80	1,452.15	1,774.85	2,097.55	2,420.25	2,904.30
Ashley	972.24	1,134.29	1,296.33	1,458.37	1,782.45	2,106.54	2,430.61	2,916.74
Aston-by-Budworth	962.77	1,123.23	1,283.70	1,444.16	1,765.09	2,086.01	2,406.93	2,888.32
Audlem	987.48	1,152.07	1,316.65	1,481.23	1,810.39	2,139.56	2,468.71	2,962.46
Barthomley	969.66	1,131.27	1,292.88	1,454.49	1,777.71	2,100.93	2,424.15	2,908.98
Betchton	965.78	1,126.74	1,287.71	1,448.67	1,770.60	2,092.53	2,414.45	2,897.34
Bickerton, Egerton	967.98	1,129.31	1,290.64	1,451.97	1,774.63	2,097.29	2,419.95	2,903.94
Bollington	997.09	1,163.27	1,329.46	1,495.64	1,828.01	2,160.37	2,492.73	2,991.28
Bosley	970.40	1,132.14	1,293.87	1,455.61	1,779.08	2,102.55	2,426.01	2,911.22
Bradwall	970.58	1,132.34	1,294.11	1,455.87	1,779.40	2,102.93	2,426.45	2,911.74
Brereton	981.24	1,144.79	1,308.33	1,471.87	1,798.95	2,126.04	2,453.11	2,943.74
Brindley, Faddiley	968.61	1,130.05	1,291.48	1,452.92	1,775.79	2,098.67	2,421.53	2,905.84
Buerton	969.07	1,130.58	1,292.10	1,453.61	1,776.64	2,099.66	2,422.68	2,907.22
Bulkeley, Ridley	967.69	1,128.97	1,290.26	1,451.54	1,774.11	2,096.67	2,419.23	2,903.08
Bunbury	979.88	1,143.19	1,306.51	1,469.82	1,796.45	2,123.08	2,449.70	2,939.64
Burland	968.28	1,129.66	1,291.04	1,452.42	1,775.18	2,097.94	2,420.70	2,904.84
Calveley	980.24	1,143.61	1,306.99	1,470.36	1,797.11	2,123.86	2,450.60	2,940.72
Chelford	971.06	1,132.91	1,294.75	1,456.60	1,780.29	2,103.98	2,427.66	2,913.20
Cholmondeley, Chorley	974.33	1,136.72	1,299.11	1,461.50	1,786.28	2,111.06	2,435.83	2,923.00
Cholmondeston, Wettenhall	965.38	1,126.27	1,287.17	1,448.07	1,769.87	2,091.66	2,413.45	2,896.14
Chorley	970.74	1,132.54	1,294.33	1,456.12	1,779.70	2,103.29	2,426.86	2,912.24
Church Lawton	964.98	1,125.82	1,286.65	1,447.48	1,769.14	2,090.81	2,412.46	2,894.96
Church Minshull	974.68	1,137.12	1,299.57	1,462.02	1,786.92	2,111.81	2,436.70	2,924.04
Congleton	1,005.82	1,173.46	1,341.10	1,508.74	1,844.02	2,179.30	2,514.56	3,017.48
Cranage	969.94	1,131.59	1,293.25	1,454.91	1,778.23	2,101.54	2,424.85	2,909.82
Crewe	978.33	1,141.39	1,304.44	1,467.50	1,793.61	2,119.73	2,445.83	2,935.00
Crewe Green	979.89	1,143.21	1,306.52	1,469.84	1,796.47	2,123.11	2,449.73	2,939.68
Disley	998.47	1,164.88	1,331.30	1,497.71	1,830.54	2,163.36	2,496.18	2,995.42
Dodcott-cum-Wilkesley	976.04	1,138.71	1,301.39	1,464.06	1,789.41	2,114.76	2,440.10	2,928.12
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	965.81	1,126.78	1,287.75	1,448.72	1,770.66	2,092.60	2,414.53	2,897.44
Eaton	968.50	1,129.91	1,291.33	1,452.75	1,775.59	2,098.42	2,421.25	2,905.50
Gawsworth	979.05	1,142.23	1,305.40	1,468.58	1,794.93	2,121.29	2,447.63	2,937.16
Goostrey	986.16	1,150.52	1,314.88	1,479.24	1,807.96	2,136.68	2,465.40	2,958.48
Great Warford	965.40	1,126.30	1,287.20	1,448.10	1,769.90	2,091.70	2,413.50	2,896.20
Handforth	984.97	1,149.13	1,313.30	1,477.46	1,805.79	2,134.11	2,462.43	2,954.92
Hankelow	974.90	1,137.38	1,299.87	1,462.35	1,787.32	2,112.29	2,437.25	2,924.70
Haslington	974.00	1,136.34	1,298.67	1,461.01	1,785.68	2,110.35	2,435.01	2,922.02
Hassall	971.41	1,133.31	1,295.22	1,457.12	1,780.93	2,104.73	2,428.53	2,914.24
Hatherton, Walgherton	965.10	1,125.95	1,286.80	1,447.65	1,769.35	2,091.05	2,412.75	2,895.30
Haughton	964.99	1,125.82	1,286.66	1,447.49	1,769.16	2,090.82	2,412.48	2,894.98
Henbury	972.12	1,134.15	1,296.17	1,458.19	1,782.23	2,106.28	2,430.31	2,916.38
High Legh	968.62	1,130.06	1,291.50	1,452.94	1,775.82	2,098.70	2,421.56	2,905.88
Higher Hurdsfield	967.40	1,128.63	1,289.87	1,451.10	1,773.57	2,096.04	2,418.50	2,902.20
Holmes Chapel	989.07	1,153.92	1,318.76	1,483.61	1,813.30	2,143.00	2,472.68	2,967.22
Hough, Chorlton	974.10	1,136.46	1,298.81	1,461.16	1,785.86	2,110.57	2,435.26	2,922.32
Hulme Walfield & Somerford Booths	959.09	1,118.94	1,278.79	1,438.64	1,758.34	2,078.04	2,397.73	2,877.28
Kettleshulme	989.60	1,154.54	1,319.47	1,484.41	1,814.28	2,144.15	2,474.01	2,968.82
Knutsford	985.80	1,150.11	1,314.41	1,478.71	1,807.31	2,135.92	2,464.51	2,957.42
Little Bollington	967.30	1,128.51	1,289.73	1,450.95	1,773.39	2,095.82	2,418.25	2,901.90
Little Warford	963.48	1,124.07	1,284.65	1,445.23	1,766.39	2,087.56	2,408.71	2,890.46
Lower Peover	971.87	1,133.85	1,295.83	1,457.81	1,781.77	2,105.73	2,429.68	2,915.62
Lower Withington	965.79	1,126.76	1,287.72	1,448.69	1,770.62	2,092.56	2,414.48	2,897.38
Lyme Handley	959.09	1,118.94	1,278.79	1,438.64	1,758.34	2,078.04	2,397.73	2,877.28
Macclesfield	960.04	1,120.04	1,280.05	1,440.06	1,760.08	2,080.09	2,400.10	2,880.12
Macclesfield Forest / Wildboarclough	959.09	1,118.94	1,278.79	1,438.64	1,758.34	2,078.04	2,397.73	2,877.28
Marbury-cum-Quoisley, Norbury								
Wirswall	972.32	1,134.37	1,296.43	1,458.48	1,782.59	2,106.70	2,430.80	2,916.96
Marton	977.93	1,140.92	1,303.91	1,466.90	1,792.88	2,118.86	2,444.83	2,933.80
Mere	969.74	1,131.36	1,292.99	1,454.61	1,777.86	2,101.11	2,424.35	2,909.22

TOTAL COUNCIL TAX

VALUATION BAND

	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Middlewich	1,003.33	1,170.55	1,337.78	1,505.00	1,839.45	2,173.89	2,508.33	3,010.00
Millington	966.88	1,128.03	1,289.18	1,450.33	1,772.63	2,094.93	2,417.21	2,900.66
Minshull Vernon, Leighton, Woolstanwood	969.86	1,131.51	1,293.15	1,454.80	1,778.09	2,101.38	2,424.66	2,909.60
Mobberley	978.71	1,141.83	1,304.95	1,468.07	1,794.31	2,120.55	2,446.78	2,936.14
Moston	981.83	1,145.47	1,309.11	1,472.75	1,800.03	2,127.31	2,454.58	2,945.50
Mottram St Andrew	968.51	1,129.93	1,291.35	1,452.77	1,775.61	2,098.45	2,421.28	2,905.54
Nantwich	1,018.92	1,188.74	1,358.56	1,528.38	1,868.02	2,207.66	2,547.30	3,056.76
Nether Alderley	985.38	1,149.61	1,313.84	1,478.07	1,806.53	2,134.99	2,463.45	2,956.14
Newbold Astbury-cum-Moreton	974.70	1,137.15	1,299.60	1,462.05	1,786.95	2,111.85	2,436.75	2,924.10
Newhall	963.84	1,124.49	1,285.13	1,445.77	1,767.05	2,088.34	2,409.61	2,891.54
North Rode	973.40	1,135.64	1,297.87	1,460.11	1,784.58	2,109.05	2,433.51	2,920.22
Odd Rode	985.63	1,149.90	1,314.18	1,478.45	1,807.00	2,135.54	2,464.08	2,956.90
Ollerton with Marthall	973.14	1,135.33	1,297.52	1,459.71	1,784.09	2,108.47	2,432.85	2,919.42
Over Alderley	965.50	1,126.41	1,287.33	1,448.25	1,770.09	2,091.92	2,413.75	2,896.50
Peckforton	968.71	1,130.16	1,291.62	1,453.07	1,775.98	2,098.88	2,421.78	2,906.14
Peover Superior	976.82	1,139.63	1,302.43	1,465.24	1,790.85	2,116.46	2,442.06	2,930.48
Pickmere	983.17	1,147.03	1,310.90	1,474.76	1,802.49	2,130.21	2,457.93	2,949.52
Plumley with Toft and Bexton	978.42	1,141.49	1,304.56	1,467.63	1,793.77	2,119.91	2,446.05	2,935.26
Pott Shrigley	975.22	1,137.75	1,300.29	1,462.83	1,787.91	2,112.98	2,438.05	2,925.66
Poynton with Worth	998.84	1,165.31	1,331.79	1,498.26	1,831.21	2,164.16	2,497.10	2,996.52
Prestbury	974.95	1,137.44	1,299.94	1,462.43	1,787.42	2,112.40	2,437.38	2,924.86
Rainow	970.56	1,132.33	1,294.09	1,455.85	1,779.37	2,102.90	2,426.41	2,911.70
Rope	968.88	1,130.36	1,291.84	1,453.32	1,776.28	2,099.24	2,422.20	2,906.64
Rostherne	980.49	1,143.91	1,307.32	1,470.74	1,797.57	2,124.41	2,451.23	2,941.48
Sandbach	998.94	1,165.43	1,331.92	1,498.41	1,831.39	2,164.37	2,497.35	2,996.82
Shavington-cum-Gresty	979.79	1,143.09	1,306.39	1,469.69	1,796.29	2,122.89	2,449.48	2,939.38
Siddington	968.36	1,129.76	1,291.15	1,452.55	1,775.34	2,098.13	2,420.91	2,905.10
Smallwood	964.80	1,125.60	1,286.40	1,447.20	1,768.80	2,090.40	2,412.00	2,894.40
Snelson	973.87	1,136.18	1,298.50	1,460.81	1,785.44	2,110.06	2,434.68	2,921.62
Somerford	983.88	1,147.87	1,311.85	1,475.83	1,803.79	2,131.76	2,459.71	2,951.66
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	968.24	1,129.62	1,290.99	1,452.37	1,775.12	2,097.87	2,420.61	2,904.74
Spurstow	966.07	1,127.08	1,288.10	1,449.11	1,771.14	2,093.16	2,415.18	2,898.22
Stapeley, Batherton	975.98	1,138.64	1,301.31	1,463.97	1,789.30	2,114.63	2,439.95	2,927.94
Stoke, Hurlleston	970.04	1,131.72	1,293.39	1,455.07	1,778.42	2,101.77	2,425.11	2,910.14
Styal	974.06	1,136.41	1,298.75	1,461.10	1,785.79	2,110.48	2,435.16	2,922.20
Sutton	970.15	1,131.84	1,293.54	1,455.23	1,778.62	2,102.00	2,425.38	2,910.46
Swettenham	974.26	1,136.63	1,299.01	1,461.39	1,786.15	2,110.90	2,435.65	2,922.78
Tabley	966.25	1,127.29	1,288.34	1,449.38	1,771.47	2,093.55	2,415.63	2,898.76
Tatton	959.09	1,118.94	1,278.79	1,438.64	1,758.34	2,078.04	2,397.73	2,877.28
Twemlow	976.86	1,139.68	1,302.49	1,465.30	1,790.92	2,116.55	2,442.16	2,930.60
Wardle	972.18	1,134.21	1,296.24	1,458.27	1,782.33	2,106.39	2,430.45	2,916.54
Warmingham	976.20	1,138.91	1,301.61	1,464.31	1,789.71	2,115.12	2,440.51	2,928.62
Weston, Basford	971.72	1,133.68	1,295.63	1,457.59	1,781.50	2,105.41	2,429.31	2,915.18
Willaston	968.68	1,130.12	1,291.57	1,453.02	1,775.92	2,098.81	2,421.70	2,906.04
Wilmslow	973.39	1,135.62	1,297.86	1,460.09	1,784.56	2,109.02	2,433.48	2,920.18
Wincle	959.09	1,118.94	1,278.79	1,438.64	1,758.34	2,078.04	2,397.73	2,877.28
Wistaston	970.54	1,132.29	1,294.05	1,455.81	1,779.33	2,102.84	2,426.35	2,911.62
Worleston, Poole, Aston Juxta Mondrum	964.87	1,125.68	1,286.50	1,447.31	1,768.94	2,090.56	2,412.18	2,894.62
Wrenbury-cum-Frith	967.87	1,129.18	1,290.50	1,451.81	1,774.44	2,097.06	2,419.68	2,903.62
Wybunbury	971.54	1,133.46	1,295.39	1,457.31	1,781.16	2,105.01	2,428.85	2,914.62

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COUNCIL MEETING – 27 FEBRUARY 2014**Extract from the Minutes of the Cabinet Meeting on 4 February 2014****127 PAY POLICY STATEMENT 2014/15**

Cabinet considered the recommendations of the Staffing Committee regarding the draft Pay Policy Statement for 2014/15.

The draft Pay Policy Statement for 2014/15, which reflected the position as at 1st April 2014, was attached at Appendix 1 to the report. The Statement had been updated to reflect the changes following the senior management review.

The Staffing Committee had considered the draft Statement at its meeting on 16th July and had recommended two minor amendments to the draft Pay Policy Report as follows:

- § Section 8: Publication and Access to Information - the Council should publish the data relating to employees with a salary of £50,000 and above.
- § Section 12: Re-Employment/Re-Engagement of Former Employee – delete “truly” so that it read “...not be re-employed or re-engaged in any capacity, except in exceptional circumstances ...”

RESOLVED

That it be recommended to Council that

1. Section 8 of the draft Pay Policy Statement be amended in accordance with the recommendation of the Staffing Committee, but the wording of Section 12 remain unchanged; and
2. the draft Pay Policy Statement as amended be approved.

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 4th February 2014
Report of: Head of People and Organisational Development
Subject/Title: Pay Policy Statement 2014/15
Portfolio Holder: Councillor Barry Moran, Performance

1.0 Report Summary

- 1.1 Section 38 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement 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* Pay Policy Statement for 2014/15, which reflects the position as at 1st April 2014, is attached at Appendix 1. For information the current Pay Policy Statement for 2013/14 is also attached at Appendix 2.

2.0 Recommendation for Cabinet

- 2.1 That the recommendations made by Staffing Committee on Thursday 16th January 2014 be considered and the draft Pay Policy Statement for 2014/15 be recommended to Council for approval on the 27th February 2014.

3.0 Reasons for Recommendation

- 3.1 A Pay Policy Statement is required to be produced annually from 2012/2013 under Section 38 of the Localism Act. Local Authorities must have their Pay Policy Statement 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 Pay Policy Statement 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

- 7.1 There are no direct financial implications associated with approving the updated Pay Policy Statement 2014/15 and no budgetary adjustments are proposed specifically in relation to this report. Changes to the Senior Management Structure have been taken into account in setting the budget for 2014/15.

8.0 Legal Implications

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

9.0 Risk Management

- 9.1 None.

10.0 Draft Pay Policy Statement 2014 – Updates

- 10.1 The draft Pay Policy Statement for 2014/15 has been updated to reflect the changes following the Senior Management Review. These changes are detailed below:
- 10.1.1 The job titles of the Council's Senior Managers (defined as Chief Officers and Deputy Chief Officers for the purposes of the Pay Policy Statement) have been updated in Section 1 (pages 5 – 6).
- 10.1.2 The Council's Senior Management Structure following the Senior Management Review, is included at Appendix 2 of the Pay Policy Report (Page 24).
- 10.1.3 Section 3, Senior Manager Pay (pages 7 – 8) has been updated to reflect the move to spot salaries (achieving rate pay) and the introduction of a performance related pay (Exceeding rate pay). Appendix 1 of the Pay Policy Statement (page 22) provides detail of the pay rates at each level.
- 10.1.4 Following the Senior Management Review, the number of bands / grades has reduced significantly and this is reflected in Table 1 on page 8.

10.2 Additional changes to the draft Pay Policy Statement have also been made as follows:

10.2.1 In Section 6 (pages 12 - 13), reference has been made to changes in the Local Government Pension Scheme, which reflects the work that has been completed under the Automatic Enrolment Regulations 2012 and changes to pension bandings and actuarial rate, effective from 1 April 2014.

10.2.3 Section 8 (page 18) has been updated to reflect the latest advice and guidance from Central Government about the requirements regarding transparency and the requirement to publish data on Senior Pay. The commitments in this section comply with the new guidance. Staffing Committee has made a recommendation to update this section, as per the note below.

10.2.4 Section 9 (page 19) has updated pay multiples. These reflect a change to the number of Chief Officers along with the move to spot salaries. They also reflect the 1% nationally agreed pay rise for NJC staff in 2013 and an increase to the National Minimum Wage rates effective from October 2013. Our multipliers continue to be consistent with the 'mean' multiplier rate across Local Government.

10.2.5 Section 10 (pages 20) has been simplified and confirms that recruitment and selection of Corporate Leadership Board members is undertaken by Staffing Committee.

10.3 For information, Appendix 3 of this report is a summary of the content and information a Pay Policy Statement should include.

11.0 Recommendations from Staffing Committee:

11.1 Staffing Committee recommended two minor amendments to the draft Pay Policy Report as follows:

i. Section 8 – Publication and Access to Information

In the interests of openness and transparency, that the Council commit to publishing on its web site **all** posts in the structure with salaries of £50,000 and above, rather than adhering to the criteria provided (see page 18 the Pay Policy Statement at Appendix 1).

ii. Section 12 –Re-employment / re-engagement of former Employees

The removal of the word 'truly' when referring to the exceptional circumstances in which the Council may wish to reemploy / reengage employees (See page 21 of the Pay Policy Statement at Appendix 1).

11.0 Recommendations

11.2 Cabinet are requested to consider the recommendations made by Staffing Committee and agree amendments to the Pay Policy Statement 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:

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Appendix 1: DRAFT Pay Policy Statement 2014/2015



PAY POLICY STATEMENT 2014/2015

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 senior 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”, as defined by the Local Government and Housing Act 1989, 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”:

Head of Paid Service

Chief Executive (also Returning Officer)

Statutory Chief Officers

Chief Operating Officer (151 Officer)

Director of Public Health

Director of Adult Social Care and Independent Living

Director of Children’s Services

Monitoring Officer and Head of Legal Services

Non-Statutory Chief Officers

Director of Strategic Commissioning

Director of Economic Growth and Prosperity

Deputy Chief Officers

Head of Early Intervention and Prevention

Head of Environmental Protection and Enhancement

Head of Public Protection and Enforcement

Head of Democratic Services and Governance

Head of Local Communities

Head of Integrated Safeguarding

Head of Corporate Resources and Stewardship (Deputy Sec 151 Officer)

Media manager

Head of Human Resources (currently seconded)

Head of People and Organisational Development

The senior management structure and relevant grades for these posts (including any vacancies) is attached at Appendix 1.

Once approved by the full Council, this policy statement will come into effect from 1 April 2014 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 2014/15 will be bound by and must comply with this Statement.

The Chief Executive and the Head of People 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 and the application of key criteria, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. PAY STRUCTURE

3.1 Principles

There are a number of overriding principles which govern the Council's senior management reward policy:

- The policy will be affordable, with reward will now be commensurate with individual and corporate performance.
- Reward policy for senior post-holders will be transparent, clearly defined and readily understood.
- The policy will offer the flexibility to reward for job size, capability, performance (objectives and behaviour), and market rates (where relevant, with evidence).
- Reward for senior roles will be fair and proportionate to reward for the wider workforce.

3.2 Reward Components

Reward will comprise basic salary, an annual incentive and a range of benefits. The components are described as follows:

Basic salary: this is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual.

'Exceeding' Performance Related Pay: this is paid monthly with basic salary for the previous year's performance. After the year it is withdrawn unless re-earned. This element is pensionable.

Benefits: the Council provides a range of benefits, many of which are guaranteed and form a part of the contract of employment. The principal benefits are holidays and pension scheme membership.

3.3 Job Evaluation and Banding

The Council uses the Hay Group Job Evaluation to position roles into the new Cheshire East Senior Management bands. The new bands are linked to Hay Job Evaluation points ranges which have been determined as part of the new operating model.

There are fewer grades than before, reflecting broader pay bands and a reduction in the number of management layers in the new operating model:

Table 1

Previous Grading Structure	Cheshire East 2014/15 *
Grade 13	Manager
Grade 14	Senior Manager
Grade 15	Director
Grade 16	Executive Director
Grade 17	
Grade 18	
Director 1	
Director 2	
Director 3	
Director 4	
CE	

**Please note these are not equivalent grades*

This defined pay structure determines the salaries of senior managers on NJC (National Joint Council for Local Government Services). All other jobs are evaluated under the national Job Evaluation Scheme and the evaluated job scores will equate to a pay band on the Council's salary scale which is attached at Annex 1.

3.4 Pay Structure

Each grade within the senior management population has a range of pay, within which each role.

Achieving Rate

The principal spot salary for each role will be referred to as the achieving rate, where an employee will need to demonstrate that they are performing all aspects of the role. The achieving rate reflects the rate for the job, relative to the grade, as determined by job evaluation and are set based on a number of considerations set out in the Pay Policy.

The achieving rate will be set within the parameters for each grade as set out in Table 1 in Appendix 1.

Exceeding rate (performance pay)

The exceeding rate, which has been introduced to reflect and reward performance above the normal high expectations for posts at this level, will only be paid to individuals who take on significant additional responsibilities (including statutory responsibilities), or those that can clearly demonstrate exceptional performance e.g. through the achievement of stretch objectives in relation to particular major projects or initiatives. This additional payment, over and above the substantive spot salary for the role, will be non-consolidated and must be reviewed each year (in other words it is not a permanent salary

addition, and must be earned). Where it is agreed and awarded, it will be paid in 12 monthly instalments as part of regular salary and will be pensionable.

Any changes to existing posts or additional posts created, with an achieving salary above £100,000 and/or where the post holder 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.

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

The Director of Public Health whose salary is negotiated by the British Medical Association.

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

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.

The Council adopts the national pay bargaining arrangements in respect of cost of living adjustments as 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.

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.

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*** 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***.

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 developing rate for the grade, although this can be varied on an exceptional basis where necessary to secure the best candidate 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.

5. ADDITIONS TO SALARY OF CHIEF OFFICERS

5.1 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 has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity he is 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 Leads the electoral process for the Authority.

There are no scheduled Borough or Parish Elections during the 2014/15 financial year.

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.

5.2 Travel Allowances and Expenses

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.

5.3 '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 lower banding 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.

5.4 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.

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.

5.5 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.

6. LOCAL GOVERNMENT PENSION SCHEME

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 has complied with the new pensions duties under the Automatic Enrolment Regulations 2012 as follows:

- All new Cheshire East employees from 1 March 2013 have automatically been 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 have been 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.

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 Employee Contributions
More than £150,000	12.5%
100,01 – 150,000	11.4%
85,001 – 100,000	10.5%
60,001 – 85,000	9.9%
43,001 – 60,000	8.5%
34,001 – 43,000	6.8%
£21,001 – 34,000	6.5%
£13,501 – 21,000	5.8%
Up to £13,501	5.5%

This is the banding rate applicable at 1st April 2014. 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 22.3% however there has been a shift in the way future employer contributions are expressed, so that we now have a certified rate for the future service contributions (16.4%) and an certified monetary amount which needs to be paid to the Fund to cover the past service deficit. This effectively means that there is no real equivalent to the 22.3% rate set at the last valuation, although the notional equivalent (based on the Actuary's assumed pensionable payroll) would be 24.3%, rising to 28.3% by 2017.

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*** 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.

7. REDUNDANCY PAYMENTS AND PAYMENTS ON TERMINATION

7.1 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 May 2014. 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**.

7.2 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 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.

7.3 Settlement Agreements

The Council uses settlement agreements as a matter of course for all voluntary redundancies/severances and this applies to all employees, including Chief Officers. The use of standard settlement 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 settlement 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 settlement 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 settlement 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 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.

8. PUBLICATION AND ACCESS TO INFORMATION

Upon approval by full Council, this statement will be published on the Council's Website. In addition, in line with Code of Practice and Accounts & Audit Regulations, salary, allowances and bonus compensation and employer's pension contributions will be published for:

- a) Senior employees whose salary is £150,000 or more (who will also be identified by name)
- b) Senior employees whose salary is £50,000 who meet the following criteria:- statutory officers and any person having responsibility for the

management of the Council, to the extent that the person has power to direct or control the major activities of the Council.

Those included in this are therefore the Chief Executive, who is named, together with CLB and their direct reports. The publishing of individual 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 Appendix 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

9. 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.

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 1st October 2013, this was £12,435 per annum, Grade 1 Spinal Column Point (SCP 5). There are 116 employees / 36.36 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 2013) are:-

- £6.31 - the main rate for placements aged 21 and over
- £5.03 - the 18-20 rate (equivalent to Spinal Column Point 3 –£ 9608)
- £3.72 - the 16-17 rate for placements above school leaving age but under 18

Apprentice Specific Pay: £2.68 - 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 £12,435 FTE salary at SCP 5

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 (£22,037.35) and the highest paid Chief Officer, the Chief Executive (£150,000) as 6.81.

Additionally, the multiple between the lowest paid employee (£12,435) and average Chief Officer salary (£86,881.11) is 6.99.

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 pay multiples have increased slightly this year and, as such, the Council will be extra vigilant in monitoring these during the year to ensure they remain acceptable. 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.

10. 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.

Recruitment of Corporate Leadership Board (CLB) members shall be undertaken only via **Staffing Committee**, including the approval of job descriptions and person specifications.

Once a candidate has been selected and agreed, this is then communicated to Cabinet.

Cabinet 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.

For all Statutory posts and those with salaries above £100,000, Full Council then vote on the appointment of the successful candidate, following the recommendation made by Staffing Committee.

CLB Members comprise of:

Head of Paid Service
Chief Executive

Statutory Chief Officers

Chief Operating Officer (151 Officer)
Director of Public Health
Director of Adult Social Care and Independent Living
Director of Children's Services
Monitoring Officer and Head of Legal Services

Non-Statutory Chief Officers

Director of Strategic Commissioning
Director of Economic Growth and Prosperity
Head of People and Organisational Development / Head of HR & OD

All posts below CLB level

CLB Members are authorised to deal with the full range of employment and staff management issues, below CLB level including but not limited to appointments, terms and conditions (other than those negotiated nationally).

11. 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.

12. 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 People 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:	Head of People and Organisational Development
Date:	January 2014
Review Date:	January 2015

Appendix 1 –

Table 1 – Senior Manager Pay

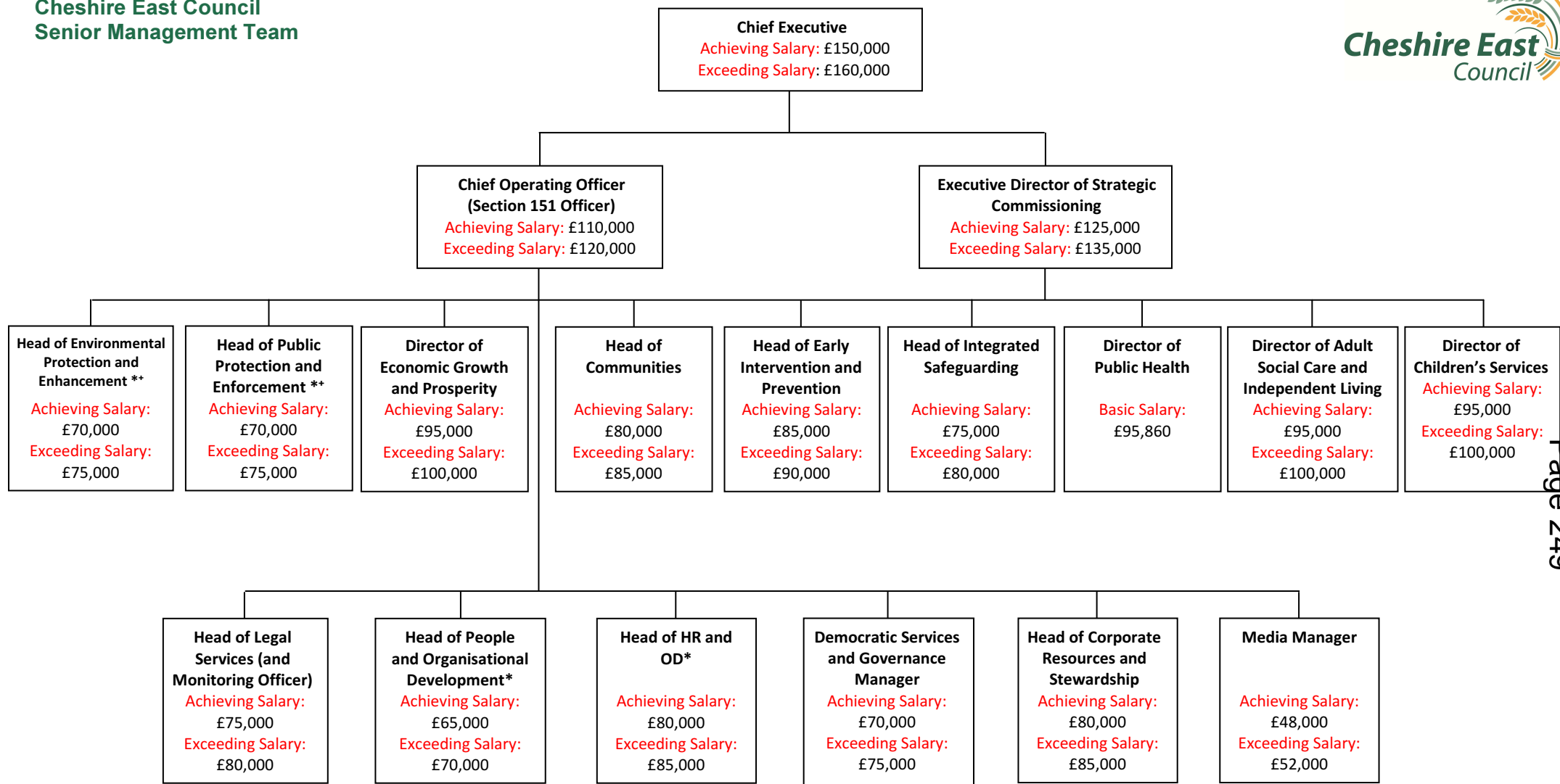
Cheshire East 2013	Achieving Rate set between	Exceeding rate opportunity set at
Manager	£48,000 - £58,000	Achieving rate plus £4000
Senior Manager	£55,000 - £70,000	Achieving rate plus £5000
Director	£75,000 - £95,000	Achieving rate plus £5000
Executive Director	£110,000 - £125,000 (Chief Executive salary set separately)	Achieving rate plus £10,000

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		45	40741
	7	12787		46	42014
	8	13189		46	42014
	9	13589		47	43294
3	9	13589	12	48	44771
	10	13874		49	46251
	11	14733		50	47227
	12	15039		51	48200
	13	15444			
4	13	15444			
	14	15725			
	15	16054			
	16	16440			
5	17	16830			
	17	16830			
	18	17161			
	19	17802			
	20	18453			
6	21	19126			
	21	19126			
	22	19621			
	23	20198			
7	24	20858			
	25	21519			
	25	21519			
	26	22221			
8	27	22958			
	28	23708			
	29	24646			
	29	24646			
	30	25472			
9	31	26276			
	32	27052			
	33	27849			
	34	28636			
	33	27849			
10	34	28636			
	35	29236			
	36	30011			
	37	30851			
	37	30851			
	38	32012			
	39	33167			
	40	34501			

Annex 2 - Senior Management Team (12th Jan 2013)

Cheshire East Council Senior Management Team



*: Head of HR and OD assigned to lead HR and OD matters for new Alternative Service Delivery Vehicles with Head of People and Organisational Development now supporting remaining organisation.

** : Subject to review in line with the ASDV programme.

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](#)

For those trying to access copies of policies via www.cheshireeast.gov.uk please contact HREnquiries@cheshireeast.gov.uk to request copies of the policies.

Appendix 2: Pay Policy Statement 2013/2014



PAY POLICY STATEMENT 2013/2014

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”:

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

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.

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.

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.

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 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 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 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 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.

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**

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.

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

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.

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 21.8% 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 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 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

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.

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 1st 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>Posts: 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 style="padding-left: 40px;">Strategic Director Places and Organisational Capacity</p> <p style="padding-left: 40px;">Strategic Director (Children, Families and Adults)</p> <p>Plus any other officers on JNC Chief Officer conditions reporting directly to the Chief executive.</p>	<p>Staffing Committee 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>Cabinet 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>
<p>Non Statutory Chief Officers and any Chief Officers / Deputy Chief Officers not included above.</p>	<p>Staffing Committee 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>Cabinet 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>

	Subject to no material or well founded objection being put forward, the appointment is then confirmed.
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.

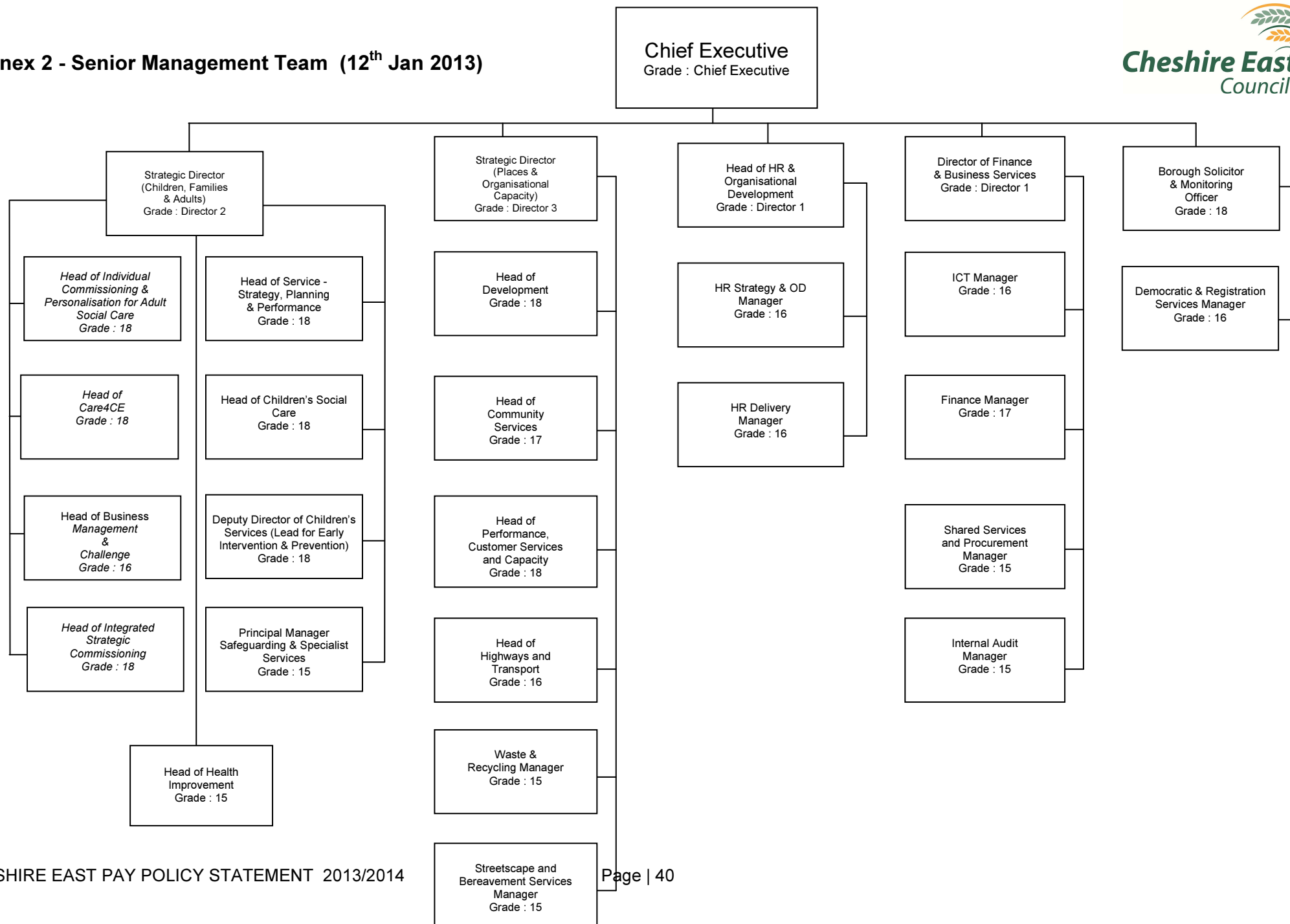
Prepared by: HR Strategy and Policy Team
Date: 11 January 2013
Review Date: January 2014

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		45	40741
	7	12787		46	42014
	8	13189		46	42014
	9	13589		47	43294
3	9	13589	12	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			

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

Annex 2 - Senior Management Team (12th 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](#)

For those trying to access copies of policies via www.cheshireeast.gov.uk please contact HREnquiries@cheshireeast.gov.uk to request copies of the policies.

Appendix 3 – Guidance on what must be included in a Pay Policy Statement

A pay policy statement must set out the Authority's policies for the financial year relating to:

- The level and elements of remuneration for each Chief Officer
- Remuneration of Chief Officers on recruitment
- Increases and additions to remuneration for each Chief Officer
- The use of performance related pay for Chief Officers
- The use of bonuses for Chief Officers
- The remuneration of the lowest paid employees
- The relationship between Chief Officer's remuneration and that of other Officers.
- The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the Authority, and
- The publication of and access to information relating to remuneration of Chief Officers.

For clarity, the term 'remuneration' includes the following:

- Basic salary or, in the case of Chief Officers engaged by the Authority under a contract for services, payments made by the Authority to the chief officers for those services
- Any bonuses payable by the authority to the Chief Officers
- Any charges, fees or allowances payable by the Authority to the Chief Officers
- Any benefits in kind to which the Chief Officers are entitled as a result of the Chief Officer's office or employment
- Any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of a resolution of the Authority, and
- Any amounts payable by the Authority to the Chief Officers on the Chief Officers ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

A pay policy statement must also set the Authority's policies for the financial year relating to the other terms and conditions applying to the Chief Officers.

The policy should explain the severance payment(s) to Chief Officers as part of a decision to terminate a contract for any reason as well as the Council's approach towards the reward of employees previously employed by the authority who, on ceasing to be employed, are in receipt of a severance or redundancy payment from that authority.

COUNCIL MEETING – 27TH FEBRUARY 2014

**Extract from the Minutes of the Constitution Committee Meeting on
23rd January 2014**

**27 SCHEME OF MEMBERS' ALLOWANCES: REPORT OF THE
INDEPENDENT REMUNERATION PANEL**

The Committee considered the report of the Independent Remuneration Panel on its review of Members' allowances.

The Chairman of the Panel, Mrs. Janet Rushbrooke, attended the meeting and presented the report. She then responded to Members' questions regarding the Panel's report and the process the Panel had adopted in carrying out its review.

At the conclusion of the discussion, the Chairman thanked Mrs Rushbrooke for attending the meeting and addressing Members' questions.

RESOLVED

That the report of the Independent Remuneration Panel be noted and referred to Council for consideration, together with a summary of the questions asked by Members and answers provided by the Chairman of the Panel at the meeting.

Note: The summary of questions asked by Members, and answers provided by the Chairman of the Independent Remuneration Panel at the meeting are appended, immediately after the report and its appendix.

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CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting: 23rd January 2014
Report of: Head of Governance and Democratic Services
Subject/Title: Scheme of Members' Allowances: Report of the Independent Remuneration Panel

1.0 Report Summary

- 1.1 This report appends the Independent Remuneration Panel's 2013 review of Cheshire East Council's Scheme of Members' Allowances.

2.0 Recommendation

- 2.1 That the Constitution Committee note the Independent Remuneration Panel's report and refer the report to full Council.

3.0 Wards Affected

- 3.1 All

4.0 Local Ward Members

- 4.1 None

5.0 Policy Implications

- 5.1 None

6.0 Legal Implications

- 6.1 The Council is empowered to pay a range of allowances to its elected Members in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 in respect of their roles and responsibilities.
- 6.2 In accordance with the Regulations, the Council is required to appoint an Independent Remuneration Panel ('the Panel') to offer advice and make recommendations in respect of the Members' Allowances Scheme to Council. The appended report contains the advice of the Panel.

7.0 Background

- 7.1 In accordance with its roles and responsibilities, the Independent Remuneration Panel has decided to conduct a review of the current Scheme of Members' Allowances.

- 7.2 The outcomes of the review are appended, and Members are invited to consider the recommendations contained therein.

8.0 Access to Information

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

Name: Brian Reed
Designation: Head of Governance and Democratic Services
Tel No: 01270 686 670
Email: brian.reed@cheshireeast.gov.uk

Scheme of Members' Allowances 2013 Review



Report of The Independent Remuneration Panel

December 2013

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Forward by the Chairman of the Independent Remuneration Panel

At its meeting on 22 October 2012 the Independent Remuneration Panel (the 'Panel') agreed the scope of its review of Cheshire East Council's Scheme of Members' Allowances for 2013, confirming its intention to carry out an in-depth 'root and branch' review. To achieve this, the Panel has met on 11 occasions in 2013; namely 26 February, 2 April, 30 April, 11 June, 16 July, 27 August, 17 September, 8 October, 22 October, 5 November and 11 November.

The Panel wishes to record its thanks to those elected Members who took the time to share their views, both at the meeting on 22 October and throughout the review via the mailbox; also to those Chairmen who accepted Panel members as observers at their meetings. The Panel also met with the Leader of the Council, Councillor Michael Jones on 16 July 2013 to hear about issues emerging from the Council's new operating model of a Commissioning Council, which will impact on the Scheme and would like to thank him for his time.

Having concluded its review, the Panel continues to hold to the belief that every elected Member of Cheshire East Council should be expected to provide leadership and take on additional responsibility during the course of their term of office and that the basic allowance recognises this commitment. In addition, the Panel considers that the basic allowance should be regarded as being reflective of an elected Member's formal governance responsibilities and not their community representational role which, in line with current government thinking, should be regarded as voluntary.

The Panel also believes that, in certain situations, the level of additional responsibility is significant enough to lead to further recognition in the form of a Special Responsibility Allowance (SRA) but the Panel expects the Council to demonstrate that Councillors are being efficient and effective in their working practices and that the level of each allowance is justified. It is the view of the Panel that there is a difference between those who carry responsibility and those with full diaries, who are busy but have no defined responsibilities.

The Panel therefore considers that payment of a Special Responsibility Allowance can only be regarded as appropriate if the post requires significant additional responsibility over and above that expected of every elected Member, its criteria being constitutional responsibility, legislative responsibility, decision making powers, accountability to the public and delivery of projects within a defined period. As such, Chairmen and Vice Chairmen of advisory groups without decision making powers or constitutional responsibilities would not normally attract an SRA.

In carrying out the review the Panel has sought to measure each allowance against the criteria stated above and has found the current arrangements to be wanting. Having continued to have cognisance of the difficult financial environment within the country the Panel has made a number of recommendations through which it seeks to put right the situation.

The Panel wishes to ensure that the methodology and reasoning behind the award of each of the allowances is recorded in a clear fashion so as to aid understanding of its reasoning and enable better structured consideration of any changes in the future. To this end a great deal of work has gone into setting down the factors that influenced the recommendations in this report.

Finally, in the course of the review, a view was expressed by an elected Member that the recommendations of the Panel should be binding on the Council. In 2013, the Panel was able to contribute to the Communities and Local Government Select Committee report entitled "Councillors on the Frontline" which recommended to Government that the powers to make decisions on allowances should be removed from Councils and transferred to an independent body whose recommendations would be mandatory upon Councils.

This is a view which the Panel supports.

Janet Rushbrooke, Chairman of the Independent Remuneration Panel

Panel Members: **Khumi Burton**
 Alan Edgeworth
 Robin Lord
 Cynthia Speed

SECTION 1: BACKGROUND TO THE REVIEW

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003, Cheshire East Council is required to appoint an Independent Remuneration Panel to consider and make recommendations on its Scheme of Members' Allowances, which the Council must have regard to.

Having been appointed in the spring of 2012 for a three year term, the Cheshire East Independent Remuneration Panel's ('the Panel') membership has remained as it was, namely:

- ◆ Mrs Janet Rushbrooke (Chairman)
- ◆ Mrs Khumi Burton
- ◆ Mr Alan Edgeworth
- ◆ Mr Robin Lord
- ◆ Mrs Cynthia Speed

The Panel met on 22 October 2012 to scope out its 2013 review of the Council's Scheme of Members' Allowances. As a result of its discussions the following work programme was agreed -

A 'root and branch' review divided into the following blocks -

- ◆ Block 1 Basic allowance
- ◆ Block 2 Special responsibility allowances
- ◆ Block 3 Travel and subsistence
- ◆ Block 4 Housekeeping (any other allowance contained within the scheme)

The Panel confirmed its intention not to review Civic Allowances in 2013, nor did it wish to reopen the debate in relation to elected Members joining the Local Government Pension Scheme (LGPS), in light of a government consultation exercise on the subject. However, it did agree that consideration should be given as to whether Councillors should be permitted access to the Scheme from 2015, pending the outcome of the government's reforms to the LGPS.

SECTION 2: COMMUNICATIONS

Background

Throughout the period covered by this report (February to November), the Panel has been working to extend the ways in which elected Members can contribute their thoughts and comments to them, to inform the review. This work arose in response to comments made to the Chairman of the Panel at a meeting of the Council's Constitution Committee held in November 2012.

The Panel has concentrated on three main areas:-

- i) Providing a means for Councillors to know when meetings of the Panel are to take place so they may submit comments and contribute to the debate;
- ii) Ensuring that the Panel is aware of any major changes to the Council's governance arrangements as soon as is possible to avoid unnecessary work on the Members' Allowances Scheme; and
- iii) Creating a specific presence for the Independent Remuneration Panel on the Cheshire East website.

♦ Communication with Councillors

The Panel requested and was provided with its own mailbox in the Cheshire East e-mail system in July 2013. Prior to this, comments from elected Members were collated by Democratic Services on behalf of the Panel. The mailbox is monitored by the Chairman of the Panel on a daily basis during the working week. Through the mailbox Councillors are advised of meeting dates and are invited to contribute their thoughts and comments on the topic under review. An acknowledgement is sent to each of those doing so and their contribution is shared with all members of the Panel.

Whilst it is unfortunately not practical for the Panel to meet individually with each of Cheshire East's 82 elected Members, where appropriate, Councillors are invited to attend meetings to expand on their comments.

♦ Changes to the Council's governance arrangements that might impact on the Members' Allowances Scheme

This year the Panel has been advising the Leader of the Council of the dates of each of its meetings. In addition, it has extended an invitation to the Leader to attend a meeting of the Independent Remuneration Panel on occasions when changes to the Council's governance arrangements are being proposed that might impact on the Members' Allowances Scheme. By being made aware that such changes may happen, the Panel hopes to avoid the possibility of carrying out work which then has to be aborted due to a change in the governance arrangements.

It is important to note that such meetings are undertaken for information gathering purposes only.

♦ **Creating a specific presence for the Independent Remuneration Panel on the Cheshire East website**

At the start of the year the only references to the Independent Remuneration Panel on Cheshire East Council's website were as part of the Constitution and in the minutes of the Council meeting when its 2012 report was discussed. Examination of a sample of the websites of other Councils showed that, Independent Remuneration Panels had a specific presence on the sites, often by way of a page dedicated to the Panel.

The current Panel felt that such a specific presence should be created for the Cheshire East Independent Remuneration Panel in order to raise its profile and to this end; the Panel has been working with the Council's web-team to implement this.

It is expected that the webpage will be live before the end of the year.

SECTION 3: METHODOLOGY

In accordance with its wish to carry out a 'root and branch' review, the Panel was provided with a series of reports with accompanying research which, to provide a framework for the review, followed the same format:

- ◆ Appropriate paragraphs from the Local Authorities (Members' Allowances) (England) Regulations 2003 pertaining to the allowance 'block' under review
- ◆ The 'legacy' position outlining current practice at Cheshire East Council together with information used by the 2009 Independent Remuneration Panel (where known) which may have shaped its recommendations to Council in respect of the scheme
- ◆ Matters for consideration by the Panel
- ◆ A summary of the budgetary position at Cheshire East Council
- ◆ Views and perceptions submitted by elected Members and public bodies

To aid the Panel's understanding of the roles held by elected Members who received a Special Responsibility Allowance, the Panel considered that it might be useful for Panel members to attend specific committee meetings to observe Chairmen and Vice Chairmen in action.

Having decided that they wished to observe the Policy Development Groups (PDG's), which met in private, the Panel was grateful to be extended an invitation to attend a PDG meeting(s) by the Chairmen. Subsequently, meetings of the Health and Adult Social Care Policy Development Group and Finance Policy Development Group were attended on 7 and 14 October 2013 respectively.

A summary list of all the background documents provided to and considered by the Panel in the course of its review is provided at Section 11 of this report, the specific documents considered at each stage being listed accordingly in sections four to eight.

SECTION 4: BASIC ALLOWANCE

4.1 Questions Considered by the Panel

- § *What is the purpose of the basic allowance?*
- § *What monetary value is considered appropriate recompense?*
- § *Should basic allowance be used as a tool to promote local democracy?*
- § *How should basic allowance be calculated?*
- § *How does Cheshire East compare with its Cipfa family/neighbouring authorities?*

4.2 Review of Allowance

The Panel began by noting that, in accordance with Part 2, Paragraph 4(1) of the Local Authorities (Members' Allowances) (England) Regulations 2003, an authority '*shall make a scheme in accordance with the regulations which **shall** provide for the payment of an allowance in respect of each year to each member of an authority and the amount of such an allowance shall be the same for each such member....*'.

Panel members had been asked to consider, via mailbox submissions, varying the amount of basic allowance according to the attendance level of the elected Member which the regulations did not permit; or providing the opportunity for elected Members to forgo allowances if they wished, which the regulations already allowed i.e. Part 3, paragraph 13 "*The scheme shall provide that a person may, by notice in writing given to the proper officer of the authority, elect to forgo his entitlement or any part of his entitlement to allowances*".

As part of its review, the Panel was invited to determine what it was the basic allowance was intended to cover. Having considered a number of statements from a variety of organisations including the Councillors Commission, House of Commons Communities and Local Government Select Committee, the Taxpayers Alliance and Central Government, the Panel concluded that the role could not and should not be compared to a full time post, as stated by the Secretary for State for Communities and Local Government in paragraph 4 of the Government's response to the House of Commons Communities and Local Government Select Committee's report 'Councillors on the Front Line' "*Councillors are and should fundamentally be volunteers, and (there should be no) move towards professionalizing the role through Councillors becoming full time salaried staff.*"

Nor did the Panel consider that it was within its remit to set a rate for basic to attract a wide range of candidates; rather national government or the political parties should take responsibility for removing any such barriers, although it accepted that individuals should not be out of pocket when standing for office.

This therefore, was the basis for its deliberation; the Panel stating that the allowance needed to balance adequate recompense against public expectation. The key issues were summarised as being

- § Achieving affordability for the tax payer *whilst*
- § ensuring no elected Member suffered hardship as a result of taking office

4.2.1 Calculating Basic – Examples

The Panel looked at basic over two meetings and reflected on i) the various methods used by other Councils; and ii) the elements which could be applied in its calculation.

Method 1: Local Government Group (LGG) average hours undertaken by elected Members in carrying out Council business¹ multiplied by national minimum wage

Method 2: Gross average weekly wage for public sector workers based on employees working 30 hours or more per week x 52 weeks, divided by 2

Method 3: LGG average hours/employee hours per week x annual regional salary x 100% less 33% voluntary element reduction x working weeks per year/weeks per year

Accordingly, the Panel considered that the following calculation should apply at Cheshire East –

Average salary less 50 % voluntary contribution x working weeks per year/weeks per year

4.2.2 Calculating Basic – Cheshire East Council

The Panel decided that figures from the North West region in respect of salaries should be used in any calculation as it would have more relevance to the local electorate **[Average Salary]**.

Panel members had been provided with a selection of reports from Independent Remuneration Panels across the country by way of background reading and the Chairman drew the Panel's attention to the report of Birmingham City Council's IRP published in March 2012 which stated that basic allowance should be regarded as being *"reflective of members' formal governance responsibilities and not their community representational role"*.

Following a lengthy discussion the Panel, having mind to the above and given that it concurred with the Secretary of State's position; arrived at a consensus - that the role of an elected Member should be divided equally between their formal governance role (50%) and their community representational role (50%) **[Voluntary Contribution]**.

In recognising the voluntary element of the role and that the role of a Councillor was not full time, the value attributed to working weeks had then to be considered. Based on examples from other authorities, the Panel considered that this factor should be set at 46 weeks to reflect holidays, bank holidays and the August recess which Cheshire East Council still observes **[Working Weeks per Year]**.

Resultant calculation

Average salary North West (2012) less 50% voluntary contribution x 46/52 weeks

$$\pounds 24435 - 50\% \times 46/52 = \pounds 10,808$$

¹ As per the National Census of Local Authority Councillors 2010 published in October 2011

Although the basic calculation indicated that a reduction to the allowance may be appropriate and mindful of the fact that the Council was operating in austere financial times, the Panel took into account comments from elected Members before recommending no change to the current level of basic allowance.

Recommendation 1: That a) the calculation - average salary North West less 50 % voluntary contribution x working weeks per year/weeks per year be adopted forthwith as the formula for calculating basic allowance at Cheshire East Council; and b) notwithstanding the outcome of the calculation at paragraph 4.2.2, the basic allowance of £11,200 remain unchanged for 2014-2015.

[Note 1: Having considered data from Cheshire East Council's fifteen nearest neighbour authorities, the Panel was of the opinion that Cheshire East continued to compared favourably with its CIPFA (Chartered Institute of Public Finance and Accountancy) family.]

4.3 Reasons for the Recommendation:

- a) The Panel agreed with the conclusions of both the Secretary of State for Communities and Local Government and Birmingham City Council i.e. that Councillors are and should fundamentally be regarded as volunteers and that basic allowance should be reflective of members' formal governance responsibilities and not their community representational role.
- b) Following lengthy discussions the Panel arrived at a consensus that the role of an elected Member should be divided equally between their formal governance role and their community representational role.
- c) Although the basic calculation adopted indicated that a reduction to the allowance may be appropriate and mindful of the fact that the Council was operating in austere financial times, the Panel concluded that no change should be made to the current level of basic allowance payable.

4.4 Evidence Considered:

- § Be a Councillor Campaign www.beacouncillor.org.uk 'Could I be a Councillor?' accessed 8 February 2013 (Note: the page has since been refreshed and the text used is no longer on the site)
- § Birmingham Independent Remuneration Panel: Annual Report 2011-2012 published March 2012
- § Chartered Institute of Public Finance and Accountancy Information Services (CIPFA): family group comparator information (aka nearest neighbour data) 2013
- § Cheltenham Independent Remuneration Panel: Report on Members' Allowances March 2007
- § Cheshire East Council: Council Constitution dated 11 September 2012
- § Cheshire East Council: Draft Guide to Members' Allowances 2013-2014
- § Cheshire East Council: Report to Cabinet/Council 'Becoming a Strategic Council – Review of Management Roles and Responsibilities' 4 February 2012 21 February 2013
- § Cheshire East Council: Summary of Budgetary Position 2013-2014
- § Councillors Commission: Representing the future - The report of the Councillors Commission published December 2007
- § Elected Member representations
- § Government: Response to House of Commons Communities and Local Government Select Committee: Councillors on the Frontline - Sixth report of session 2012-2013 Volume One 17 December 2013
- § Gov UK: National Minimum Hourly Wage as at 9 January 2013
- § Gov.UK: National Minimum Hourly Wage as at 1 October 2013
- § House of Commons Communities and Local Government Select Committee: Councillors on the Frontline - Sixth report of session 2012-2013 Volume One 17 December 2013
- § Independent Remuneration Panel: Mid Year Review of Scheme of Members' Allowances 27 January 2011
- § Independent Remuneration Panel: 'What is the usefulness of Councillors and who to' report 30 April 2013
- § Institute for Volunteering: Volunteer Investment and Value Audit (VIVA) Research published January 2011
- § Local Authorities (Members' Allowances) (England) Regulations 2003
- § Local Government Association: Guide to being a Councillor 2012-2013
- § Local Government Association: Local Government Pay Award 2013 dated 22 October 2012
- § Local Government Association: National Census of Local Authority Councillors 2010 published October 2011
- § Office for National Statistics: Statistics Bulletin 2012 Annual Survey of Hours and earnings published 22 November 2012
- § Taxpayers Alliance: Councillors' Allowances Research Note 116 published 29 August 2012
- § Taxpayers Alliance: Chief Executive's response to Select Committee's Findings 10 January 2013

SECTION 5: SPECIAL RESPONSIBILITY ALLOWANCES

5.1 Questions Considered by the Panel

- § Does each allowance in the Cheshire East scheme comply with the regulations?
- § Is the SRA reflective of the Council's governance arrangements?
- § What defines an allowance as special?
- § What value/relevance does an SRA have to the Council?

5.2 Review of Allowances

The Panel's consideration of Special Responsibility Allowances (SRA's) was divided into four areas - compliance with the regulations, governance arrangements, defining allowances (governance and political) and remuneration (governance and political).

5.2.1 Compliance with the Regulations

The payment of SRA's is discretionary under Part 2, paragraph 5(1) and 5(2) of the Local Authorities (Members' Allowances) (England) Regulations 2003 (i.e. a Council may provide...), the exception being paragraph 5(2) (b) which requires an authority to pay an SRA to 'at least one person who is not a member of the controlling group and has special responsibilities described in paragraph (1)(a) or (f) of the regulations; provided that (i) the Members of an authority are divided into at least two political groups; and (ii) a majority of members of the authority belong to the same political group ("the controlling group").'

Notwithstanding the above, allowances paid under the scheme had to fall within one of the categories prescribed therein. Having considered the regulations, the Panel was of the opinion that the SRA's paid by Cheshire East Council were compliant, classifying them as follows i.e.

Table 1:

Post	Relevant Paragraph 5...	Classification agreed by the Panel ² 5...
Council Leader	1a	1a
Deputy Council Leader	1a	1a
Cabinet Member/Portfolio Holder	1b	1b
Cabinet Support Member	1b	1i
Committee Chairman	1c	1c
Committee Vice Chairman	1c	1i
Main Opposition Group Leader	2bii	2bii & 1a
Main Opposition Group Deputy Leader	2bii	2bii & 1a
Opposition Group Leaders	2bii	2bii
Administration Whip	1i	1i
Deputy Administration Whip	1i	1i
Opposition Whips	1i	1i

² Those in bold being changed by the Panel from the proposed classification set out in the report

The Panel was also of the opinion that those allowances paid under paragraph 5(1) (i) *“carrying out such other activities in relation to the discharge of the authority’s functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned in sub-paragraphs (a) to (h) (whether or not that activity is specified in the scheme)”* warranted particular scrutiny due to the “catch all” nature of this paragraph.

5.2.2 Governance Arrangements

Whilst the roles currently set out in the scheme were reflective of the governance arrangements at Cheshire East, there were a number of bodies which did not attract an SRA payment for the Chairman/Vice Chairman. For completeness; the Panel was asked to confirm if it wished to consider these bodies as part of its ‘root and branch’ review i.e.

- § Lay Members Appointments Committee
- § Local Authority School Governor Appointments Panel
- § Appeals sub-committee
- § Civic sub-committee
- § Licensing sub-committee
- § Community Governance Review sub-committee
- § Polling Arrangements Review sub-committee
- § Outside Organisations sub-committee
- § Local Service Delivery Committee Macclesfield
- § Health and Wellbeing Board

Having considered the constitutional standing of the bodies concerned, the Panel was satisfied that the majority of the above committees/sub-committees/panels did not meet its qualifying criteria of constitutional responsibility, legislative responsibility, decision making powers, accountability to the public and delivery of projects within a defined period and should not be included, two possible exceptions being Health and Wellbeing Board and Licensing sub-committees.

The Health and Wellbeing Board had been established in accordance with the Health and Social Care Act 2012, and although its terms of reference had not yet been formally agreed by Council, a draft document was shared with the Panel in order for it to make a determination. In the Panel’s opinion, the Board did not sufficiently meet its responsibility criteria as it was considered an advisory body with limited powers. On balance, the Panel concluded that it should not be added to the scheme.

The Panel requested further information on how it’s nearest and local neighbouring authorities remunerated members who sat on Licensing sub-committees with a view to determining whether there was merit in awarding an SRA or meeting allowance to the Chairman of a Licensing sub-committee in recognition of the role.

It was reported that there was no common approach in respect of payments to the Chairman/Vice Chairman i.e. 16 authorities paid an SRA to the Licensing Committee only; 3 to Licensing sub committee only with 6 making payments to Licensing Committee and Licensing sub-committee; Bedford being the only authority paying a meeting allowance.

Having discussed the matter and gained a better understanding of how an elected Member might come to chair a Licensing sub-committee; the Panel was minded not to recommend the awarding of an SRA or meeting allowance within the scheme.

5.2.3 Defining an Allowance as ‘Special’

The Panel considered that every member of Cheshire East Council should be expected to provide leadership and take on additional responsibility during the course of their term of office. On this basis, the payment of a Special Responsibility Allowance could only be regarded as appropriate if the post required significant additional responsibility over and above that expected of every elected Member.

Furthermore, whilst acknowledging some elected Members’ views that the payment of more than one allowance should be permitted; the Panel remained of the view, stated by the 2009 Independent Remuneration Panel and adopted by Council, that only one special responsibility allowance should be paid to any individual Councillor and where two or more positions were held which attracted an SRA the highest amount only should be paid.

5.2.4 Defining Responsibility – Governance Bodies

To help identify elected Members’ responsibilities, a matrix was developed by the Panel in which it compared the responsibilities of the decision making bodies as described in the Council’s Constitution against its own responsibility criteria i.e. constitutional, legislative, decision making powers, accountability to the public and delivery of projects to deadlines; the test being applied across the Panel’s lengthy considerations in respect of SRA’s. Once again, the Panel took care not to confuse those with full diaries and no responsibility, with those who met the criteria.

Having completed this exercise, the Panel went on to review the matrix (**Appendix 1**), to determine which SRA’s should be retained and which should be recommended for removal:-

Table 2:

Committee	Meets criteria?	SRA(s) to be retained
Planning Committees (Southern, Northern and Strategic Planning Board)	In full	Chairman/Vice Chairman
Public Rights of Way	In full	Chairman only
Staffing	In part	Chairman only
Scrutiny Committees	In part	Chairman only
Policy Development Groups	No	None
Licensing Committee	In full	Chairman/Vice Chairman
Constitution Committee	In part	Chairman/Vice Chairman
Audit and Governance Committee	In part	Chairman/Vice Chairman
Cabinet	In full	Portfolio Holders
Cabinet Support Member	No	None

[Note 2: Positions which did not meet the criteria in full, or had a narrow remit were subject to further discussion.]

Audit and Governance/Constitution Committees: Key words in the Panel's criteria did not match the Committees' terms of reference. In recognising their role in ensuring the smooth running of the Council's corporate governance, audit and administrative business the Panel felt that an SRA for the Chairman and Vice Chairman should be retained.

Cabinet Support Members: Having evaluated the role against the matrix and noting the evidence supplied as part of the 2012 review, the Panel concluded that in the absence of a job description or terms of reference, a Cabinet Support Member did not appear to have any individual *responsibility* in order to qualify for an SRA under its criteria. In the Panel's opinion, their role was to provide *support* to the Portfolio Holder and accordingly recommended that the allowance be removed.

Policy Development Groups (PDG's): The Panel first considered the payment of an SRA to the PDG's as part of its 2012 review. Having considered the evidence placed before it at that time, the Panel had concluded that there was a significant workload for the Chairmen and Vice Chairmen in establishing the groups in their inaugural year, which would support the awarding of an interim SRA. However, the Panel reserved final judgement until there was a historical record of the work of the Groups which could be reviewed.

The Panel was informed by the Council that a planned internal review of the PDG/Scrutiny arrangements had not taken place and in light of this, the Panel attended and observed two PDG meetings. In the Panel's opinion, some of the PDG's had not moved forward since they were first considered in 2012 and had failed to rate highly on the responsibility matrix. The Panel therefore felt that it would be impossible to recommend payment to one PDG and not to another and it did not consider that payment of an SRA should continue beyond Annual Council 2014.

Scrutiny Committees: Section 21 of the Local Government Act 2000 required the Council to maintain a scrutiny function under its strong Leader and Cabinet model of governance but it was felt that, as these were advisory rather than decision making bodies, an SRA should be paid to the Chairman only to reflect the Committees' role in holding the executive to account via the call-in procedure.

Staffing/Public Rights of Way: These bodies were both considered to have a narrow remit, therefore the level of responsibility was not considered to be so significant as to warrant payment of an SRA to both the Chairman and Vice Chairman; the Chairman only to retained.

5.2.5 Remuneration – Governance Bodies

The matrix format lent itself to the placing of allowances into bands as roles of similar responsibility levels could be grouped together. The Panel placed each retained role into one of four bands based on its findings and its discussions. The Panel acknowledged that whilst some Committees had limited responsibility but met frequently; others had a significant constitutional role but met less often.

Table 3:

Band (High to Low)	Post
One	Cabinet Member
Two	Licensing Committee, Audit and Governance Committee, Southern Planning Committee, Northern Planning Committee, Strategic Planning Board
Three	Constitution Committee , Scrutiny Committees, Staffing Committee
Four	Public Rights of Way Committee

In 2012-2013 and 2013-2014, Vice Chairmen received a flat rate of £1000 per annum and were entitled to claim £50 for each meeting chaired in the absence of the Chairman. In light of its deliberations, the Panel considered that this arrangement should be discontinued and that the Vice Chairmen of the Committees shown in bold in Table 3 should receive a percentage of the figure payable to their respective Chairman.

After a discussion, the Panel concluded that this percentage figure should be set at 15%, to reflect the responsibilities held and the probable number of times a Vice Chairman would be required to chair a meeting of the full Committee.

The Panel then moved on to consider the level of remuneration for the posts recommended for retention within the scheme. After much deliberation, the Panel decided that in this austere financial climate, the current levels of payment were neither sustainable nor justifiable when set against the background of continued savings to services provided in the community, cuts in government funding and the contraction of elected Members' responsibilities as services were transferred as part of the new governance arrangements.

Taking all the above into account, the Panel considered that the special responsibility allowances payable to the governance bodies retained should be reduced, the percentage reduction agreed being in the region of 10%, a figure widely used in industry at present where reductions were deemed to be necessary.

Table 4:

Band (High to Low)	Post	Current Allowance £	Proposed Allowance £	Proposed Vice Chairs ³ £
One	Cabinet Member	14000	12500	
Two	Chairman of Licensing Committee/ Audit and Governance Committee/ Southern Planning Committee/ Northern Planning Committee/ Strategic Planning Board	7280	6500	£975
Three	Chairman of Constitution Committee/ Scrutiny Committees/Staffing Committee	7280	5000	£750
Four	Public Rights of Way Committee	5600	3000	

[Note 3: It should be noted that, as it is not within the Panel's remit to make recommendations on budgetary matters, it is unable to make a recommendation as to any alternative use of savings achieved.]

Recommendation 2: That a) the roles and proposed allowances payable set out in Table 4 be adopted within Schedule 1 of the 2014-2015 Scheme of Members' Allowances; and b) the posts of Cabinet Support Member and Policy Development Committee Chairman and Vice Chairman be removed from the 2014-2015 scheme.

5.2.6 Defining Responsibility - Political Posts

A list of the 'political' SRA's payable under Cheshire East's scheme was provided for the Panel together with the nearest neighbour comparator data, the roles currently recognised within the Cheshire East scheme being Leader, Deputy Leader, main Opposition Group Leader, main Opposition Group Deputy Leader, minority Group Leader, main Group Whip, main Group Deputy Whip and minor Group Whip.

a) Leader of the Council/Deputy Leader

The current mechanism used in the calculation of allowances at Cheshire East was gearing, where posts were allocated a percentage of the allowance paid to the Leader of the Council. Panel members discussed, whether having been minded to recommend a move towards the banding of allowances for governance bodies, the same arrangements should apply to the political posts, a proposal which was supported.

³ Applies only to those Committees shown in bold in Table 4.

b) Main Opposition Group Leader

In accordance with Part 2, paragraph 5(1) and 5(2) of the Local Authorities (Members' Allowances) (England) Regulations 2003, authorities were required to pay an SRA to 'at least one person who is not a member of the controlling group and has special responsibilities described in paragraph (1)(a) or (f) of the regulations; provided that (i) the Members of an authority are divided into at least two political groups; and (ii) a majority of members of the authority belong to the same political group ("the controlling group")'.

As this was the position at Cheshire East, the Panel noted the requirement in its deliberations.

c) Main Opposition Group Deputy Leader/Minority Group Leaders

The Panel debated whether any form of restriction should apply to political roles; expressing particular concern that minority Group Leaders received the same allowance as the majority group irrespective of the number of elected Members they were responsible for.

d) Group Whips

In considering the nearest neighbour data, comment was made as to the absence of payments to Group Whips across the 15 authorities with only Cheshire West and Chester and East Riding still including these posts in their Scheme of Allowances. Without sight of the corresponding IRP reports, it was difficult for the Panel to establish the reasons for this.

Questions were raised as to the role of a Whip which, on face value, seemed to the Panel to be purely political. It was explained that whilst the role could be perceived as being primarily of benefit to the political groups, the Whips were a point of interface between Council officers and the political parties with regard to Council matters, committee appointments and code of conduct issues; these same points being expressed by elected Members during their representations.

5.2.7 Remuneration – Political Posts

Having applied a banding system to the governance bodies, the Panel agreed that the same arrangement should be applied to the political posts.

After much deliberation, the Panel again decided that in this austere financial climate, the current levels of payment were neither sustainable nor justifiable when set against the background of continued savings to services provided in the community, cuts in government funding and the contraction of elected Members' responsibilities as services were transferred as part of the new governance arrangements.

Taking all the above into account, the Panel considered that special responsibility allowances payable to these political posts should be reduced, the percentage reduction agreed being in the region of 10%, a figure widely used in industry at present where reductions were deemed to be necessary.

a) Leader of the Council/Deputy Leader

Although the remainder of the political posts within the scheme would be placed within bands, the Panel did not wish to 'band' the Leader and Deputy Leader roles, preferring to deal with them separately, in line with the reduction proposed i.e.

Table 5:

	Current Allowance £	Proposed Allowance £
Leader of the Council	28000	26000
Deputy Leader of the Council	16800	15000

b) Main Opposition Group Leader

In accordance with the regulations, the Panel retained the SRA for the main Opposition Group Leader, setting it within band three.

Table 6:

Band (High to Low)	Post	Current Allowance £	Proposed Allowance £
Three	Main Opposition Group Leader	7280	5000

c) Main Opposition Group Deputy Leader/Minority Group Leaders

To rebalance these allowances in line with responsibility, the Panel agreed that an SRA should be paid to the main Opposition Group Deputy Leader provided that the total number of members within their group exceeds 20% of the Council's total membership.

With regard to Minority Group Leader(s), the same arrangements would apply provided that the total number of members within their group exceeds 10% of the Council's total membership.

Table 7:

Band (High to Low)	Post	Current Allowance £	Proposed Allowance £
Four	Minority Group Leader	5600	3000
	Main Opposition Group Deputy Leader	3640	

Recommendation 3: That a) the roles and proposed allowances payable set out in Tables 5, 6 and 7 be adopted within Schedule 1 of the 2014-2015 Scheme of Members' Allowances; and b) from 2014-2015, a Special Responsibility Allowance only be paid to i) the main Opposition Group Deputy Leader provided that the total number of members within their group exceeds 20% of the Council's total membership; and ii) to Minority Group Leader(s) provided that the total number of members within their group exceeds 10% of the Council's total membership.

d) Group Whips

On balance, and based on the evidence considered, the Panel was not persuaded that the role's value to the Council outweighed its value to the political group, nor that the level of responsibility was significant enough to attract an SRA.

Recommendation 4: That, on the basis of the evidence considered, the posts of main Group Whip, main Group Deputy Whip and minor Group Whip be removed from the 2014-2015 Scheme of Members' Allowances.

5.3 Reasons for the Recommendations:

Defining Special Responsibility: The Panel wished to develop criteria against which additional responsibility could be measured. Following lengthy discussions, its defined criteria of constitutional responsibility, legislative responsibility, decision making powers, accountability to the public and delivery of projects to deadlines was applied to each governance and political post attracting a special responsibility allowance in the 2013 scheme for the purpose of identifying which roles should be taken forward.

Remunerating Posts: Banding allowances allowed posts to move more freely between bands as roles changed and elected Members' responsibilities contracted as services were transferred as part of the new operational model.

Since the allowances had been last examined thoroughly, much had changed in respect of how the Council operates. The Panel considered that allowances were no longer reflective of the posts to which they were being applied.

In this austere financial climate, the current levels of special responsibility allowance payable were neither sustainable nor justifiable when set against the background of continued savings to services provided in the community and cuts in government funding.

Opposition Group Deputy Leader/Minority Group Leader: The Panel considered that the level of responsibility was proportionate to the number of members in a group, therefore with a higher number of members the responsibility became such that an SRA should be paid.

Group Whips: As the role's primary value was to the political groups and not to Council, the level of responsibility was not considered significant enough to attract an SRA.

5.4 Evidence Considered:

- § Chartered Institute of Public Finance and Accountancy Information Services (CIPFA): Family group comparator information (aka nearest neighbour data) 2013
- § Cheshire East Council: Council Constitution dated 11 September 2012
- § Cheshire East Council: Health and Wellbeing Board 27 August 2013
- § Cheshire East Council: Scheme of Members' Allowances 2013-2014
- § Cheshire East Council: Summary of Budgetary Position 2013-2014
- § Elected Member representations
- § HMRC: Office of Deputy Prime Minister Local Government Councillors and Civic Dignitaries in England Guidance (definition of special responsibility allowance)
- § Independent Remuneration Panel: Observations of PDG meetings 30 October 2013
- § Independent Remuneration Panel: Responsibilities Matrix created 27 August 2013
- § Local Government Act 2000 Chapter 22 Part II Section 21 Overview and Scrutiny Committees
- § Local Government Association: Finding Your Way – A Guide to New Councillors 2013/2014 published May 2013 (extract key roles)
- § Local Authorities (Members' Allowances) (England) Regulations 2003
- § Middlesbrough Independent Panel: Annual Report on Allowances 2013-2014 published 7 May 2013
- § Peterborough Telegraph: Post submitted to article "*Councillors vote for pay freeze*" published 31 January 2013

SECTION 6: TRAVEL EXPENSES

6.1 Questions Considered by the Panel

- § *Do the approved duties set out in schedule 3 of the Cheshire East scheme comply with the regulations?*
- § *Are current mileage rates appropriate or should they be amended?*
- § *Should any changes be made to arrangements for rail travel, bicycles, motorcycles, air travel, taxis and other expenditure?*

6.2 Review of Allowances

In accordance with Part 2, paragraph 8 of the Local Authorities (Members' Allowances) (England) Regulations 2003, the payment of travel and subsistence allowances for the performance of an approved duty is discretionary, which allows local authorities to approve their own travel and subsistence arrangements as part of an overall scheme.

Amongst the views expressed by elected Members, comment was made that all expenses should be included in the basic allowance to save administrative costs. The Panel felt that the varied nature of an elected Member's personal circumstances made such an arrangement inequitable and did not consider it further.

6.2.1 Approved Duties

Travel allowances could only be claimed for attendance at an approved duty and the Panel agreed that Schedule 3 of the Scheme, which listed the qualifying events, was compliant with the regulations. For the avoidance of doubt as to what was permissible by way of claims, the Panel suggested that elected Members be reminded of the content of the list.

6.2.2 Car Mileage

In the past three years, Cheshire East had given consideration to varying its mileage rates to equalise claims i.e. introducing a single rate of 40p per mile, or payment of a lump sum, neither of which had been adopted.

Despite having looked at it last year, the Panel reviewed this issue afresh. Whilst it acknowledged an elected Member's concerns that the present cost of motoring was probably higher than the current mileage rates payable in the scheme, it could see no argument for moving away from the present arrangements and did not consider that the rates of 45p (HMRC rate), 46.9p and 52.2p per mile should be amended (this to include the 1p per mile claimable for additional passengers up to 4 people).

Scrutiny of the nearest neighbour data had indicated a trend towards paying allowances for travel outside of the authority's area only but as these Councils tended to be metropolitan boroughs which were significantly smaller than Cheshire East, the Panel did not consider it a feasible option for this authority to consider.

Following an invitation from the Chairman to elected Members to submit comments on the issue of travel, the Panel had been asked to consider whether car breakdown cover for elected Members should be included in the scheme. The Panel considered that this aspect was already covered in the basic allowance and no further consideration was given to the matter.

Recommendation 5: That no change be made to the car mileage and passenger rates set out in the 2013-2014 Scheme of Members' Allowances.

6.2.3 Rail Travel

Members (and officers) were expected to travel standard class when travelling to a meeting or conference and the Panel was of the opinion that this should remain the case. It also considered that elected Members should be reminded of the need to inform the Business Support Unit (BSU) at the earliest opportunity of their travel needs in order to take advantage of lower cost fares.

Recommendation 6: That the following wording be inserted into the Guide to Members' Allowances *"Elected Members who have need to make travel arrangements, should inform BSU at the point their attendance at an event or notice of the meeting to be attended is confirmed"*.

6.2.4 Bicycles

Bicycle rates had been brought into line with those paid to employees as part of the 2012 review, which had been adopted by Council. As it was this Panel which had made the recommendation, and as the Cycle to Work scheme was still in place, it did not wish to make any changes to the current arrangements.

6.2.5 Motorcycles

Rates for motorcycles had also been brought into line with those paid to employees but no claims had been received under this provision. The Panel was invited to consider whether there was merit in its retention within the scheme.

Section 174 of the Local Government Act 1972 allowed elected Members to travel to meetings either inside or outside of the UK by *"any reasonable means"*. Although the legislation had been repealed, the "reasonableness" test was still considered to be relevant. On these grounds, the Panel made no changes to the current arrangements.

6.2.6 Other Expenditure

Expenditure on car parking, tolls, ferries and overnight garaging (where the elected Member was absent overnight) was reimbursed at actual cost paid on production of receipts as these were 'out of pocket' expenses. As the Panel had, at the beginning of its review stated that Councillors should not be out of pocket in the performance of their duties, the Panel made no changes to the current arrangements.

6.2.7 Air Travel

The option to travel by air could be considered inappropriate, due to the perceived cost of travel but, anecdotal evidence had indicated that fares from Manchester to London were often cheaper than the same journey by rail. On the grounds that air travel was only permitted provided that the cost was lower than the equivalent rail fare for the journey and providing the journey met the “reasonableness” test, the Panel concluded that this mode of transport should be retained in the scheme.

6.2.8 Taxis

The occasional use of taxis was regarded as an ‘out of pocket expense’ reimbursable on production of receipts. For all other claims, a ‘business case’ was required to be completed before short or long term use of taxis was permitted. As any arrangements agreed were regularly reviewed by officers, the Panel was satisfied that appropriate steps were being taken to ensure that use of this facility was reasonable and appropriate.

Recommendation 7: That the current arrangements and levels of recompense in respect of bicycles, motorcycles, car parking, tolls, ferries, overnight garaging, air travel and taxis in the 2013-2014 Scheme of Members’ Allowances remain unchanged.

6.3 Reasons for the Recommendations:

Car Mileage/Passenger Rates: Having considered the matter afresh, the Panel found no strong case for changing the current arrangements.

Rail Travel: Strengthening the wording in the Guide to Members’ Allowance emphasises that elected Members are expected to take all possible advantage of advance and reduced fares to keep costs down.

Travel Expenses: The Panel accepts that individuals should not be out of pocket when performing their duties as a Councillor provided that the costs incurred could be considered reasonable, the same principle to apply in respect of approving business cases submitted for short-long term taxi use.

6.4 Evidence Considered:

- § Automobile Association: Car Running costs 2013-2014 as at 30 April 2013
- § Automobile Association: Motoring Costs 2013 Diesel and Petrol Cars as at 11 September 2013
- § Chartered Institute of Public Finance and Accountancy Information Services (CIPFA): Family group comparator information (aka nearest neighbour data) 2013
- § Cheshire East Council: Cycle to Work Scheme 2013
- § Cheshire East Council: Draft Guide to Members' Allowances 2013-2014
- § Cheshire East Council: Scheme of Members' Allowances 2013-2014
- § Cheshire East Council: Summary of Budgetary Position 2013-2014
- § Crewe Chronicle: CEC members claim £1.3m in expenses article published 3 September 2013
- § Elected Member representations
- § HMRC: Mileage and Fuel Allowances 2011-2012
- § HMRC: Tax Relief for Travel and Subsistence 2013
- § Independent Remuneration Panel: Cheshire East Council Allowances Scheme 1 April 2009
- § Local Authorities (Members' Allowances) (England) Regulations 2003
- § National Joint Council: Car Allowances Technical Advisors report issued March 2010
- § Office of National Statistics: UK Counties and Authorities Map 2011
- § Taxpayers Alliance: West Midlands Research Note 1 - Mileage Allowances and HMRC

SECTION 7: SUBSISTENCE ALLOWANCE

7.1 Questions Considered by the Panel

- § *Is the current level of subsistence reasonable or should it be amended?*
- § *Should the 'four hour' requirement be retained, amended or abolished?*
- § *Should accommodation costs be limited on bookings made by the Council?*
- § *Should elected Members be permitted to stay overnight when attending a one day conference?*

7.2 Review of Allowance

The Panel was invited to consider current arrangements for the payment of subsistence allowance, which for ease of consideration was separated into two distinct areas i) food and refreshments; and ii) accommodation.

7.2.1 Food and Refreshments

Amongst the views expressed by elected Members, comment had been made that subsistence should only apply when Councillors were '*away from home*' and that when attending meetings at Council venues, individuals should make their own arrangements, a suggestion which found some support amongst the Panel. An extension of this view, again expressed by elected Members, was that lunch should not be claimable as subsistence.

Limits had been imposed in the scheme up to which claims could be submitted for breakfast, lunch and dinner. Panel members initially considered that the rates were high but some were not aware that it covered claims for both hot and cold meals. As monies were only reimbursed on actual cost incurred, the Panel concluded that, other than to round the figures up/down to the nearest pound, no change be made as it was felt reasonable for elected Members who were away from home for a significant period of time to claim back the cost of a meal.

The scheme also stipulated that claims could only be made where an elected Member was away from home for a period exceeding four hours. Whilst time limits had once been common practice in the civil service/local government, this no longer seemed to be the case as evidenced by the nearest neighbour data. Nevertheless, the Panel considered that it was reasonable for a limit to be applied and proposed that the four hour test be retained, given that this was in line with similar standards applied in industry and commerce.

Recommendation 8: That from 2014-2015 a) the subsistence rates set out in the 2013-2014 Scheme of Members' Allowances be amended to breakfast £8.00, Lunch £11.00, Dinner outside London £17.00, Dinner London and abroad £35.00; and b) the four hour limit described in the scheme be retained.

7.2.2 Accommodation

As there were numerous issues which could influence the choice of overnight accommodation at conference or other events, the Panel considered that it was unreasonable to impose cost limits on ad-hoc/planned bookings but that elected Members and the Council should be reminded, via the Guide to Members' Allowances, of the need to select accommodation which gave the best value for money.

In light of its recommendation in respect of food and refreshments, the Panel concluded that, other than to round the figures up/down to the nearest pound, no change be made.

Recommendation 9: That from 2014-2015, the rates for accommodation set out in the 2013-2014 Scheme of Members' Allowances be amended to i) overnight accommodation outside London (to include breakfast) £120; ii) overnight accommodation in London (to include breakfast) £145.

7.3 Reasons for the Recommendations:

Food/Refreshments: Having mind to rising commodity costs and that monies were only reimbursed based on actual costs incurred, the Panel considered that the present rates were not unreasonable.

Accommodation: As it was impracticable to impose a cost limit to cover all circumstances, the inclusion of appropriate wording in the Guide to Members' Allowances would reinforce the need to achieve value for money for the Council when booking accommodation.

7.4 Evidence Considered:

- § Chartered Institute of Public Finance and Accountancy Information Services (CIPFA): Family group comparator information (aka nearest neighbour data) 2013
- § Cheshire East Council: Summary of Budgetary Position 2013-2014
- § Cheshire East Council: Travel and Expenses Policy, HR Policy and Strategy Team June 2013
- § Elected Member representations
- § HMRC: Employment Income- scale of expenses, subsistence table of benchmark scale rates as at 6 April 2009
- § HMRC: Tax Relief for Travel and Subsistence 2013
- § Independent Remuneration Panel: Cheshire East Council Allowances Scheme 1 April 2009
- § Local Authorities (Members' Allowances) (England) Regulations 2003
- § Local Government Association: National Joint Council Green Book Frequently Asked Questions published October 2012

SECTION 8: HOUSEKEEPING ALLOWANCES

8.1 Questions Considered by the Panel

- § *Should the Council continue to impose a limit of £6100 for Dependants' Carers' allowance claims or should it be amended?*
- § *Is there any merit in moving to an hourly rate?*
- § *Should any distinction be made between child care and adult care?*
- § *Should co-optees be able to claim travel and subsistence in line with other non-elected individuals e.g. School Appeal/Independent Persons/Independent Remuneration Panel members?*
- § *Should the Council continue to reimburse out of pocket expenses such as surgeries, IT sundries and broadband or should payment be made as part of the basic allowance?*

8.2 Review of Allowances

The term 'housekeeping' allowances had been used to draw together the remaining allowances payable under the scheme i.e. dependants' carers' allowance, co-optees and out of pocket expenses which, together with Local Government Pension Scheme arrangements for elected Members, did not fall under any other category.

8.2.1 Local Government Pension Scheme (LGPS)

The Department for Communities and Local Government was undertaking a consultation exercise on future arrangements for the LGPS which could result in elected Members no longer having access to the fund from 2014. In light of this, the Panel confirmed its position that it would not review this element of the scheme pending the outcome of the consultation but would note elected Members' comments in this regard for future consideration.

8.2.2 Dependants' Carers' Allowances

Dependants' Carers allowance was paid for a "*child, spouse or parent*" up to £6,100 per annum on production of receipts and satisfactory evidence of care provided. The Panel considered whether this was reasonable or whether payment at an hourly rate was more appropriate. Information relating to child care costs in the North West region was provided, Panel members noting that whilst there was a plethora of information relating to adult care, no financial statistics were immediately available.

The Panel considered that the two types of care were sufficiently different to warrant separation and that the imposition of an hourly rate would be too restrictive. On the basis that care provision would only be sought to enable elected Members to undertake an approved duty, the current per annum figure was considered high based on an average of 4 hours care a day over a 46 week period⁴. The Panel considered that, in relation to child care, this figure should be lowered to a maximum of £4000 per annum. However, as adult and specialist services tended to cost more, the Panel proposed that this limit be set at £6000 to include children with disabilities and special needs. The Panel also agreed that supporting evidence of the care provided should continue to be requested when the allowance was first claimed.

⁴ Page 10, basic allowance, paragraph 4.2.2. refers

Recommendation 10: That from 2014-2015, a) the Dependants' Carers' Allowance as set out in the 2013-2014 Scheme of Members' Allowances be divided into i) child care and ii) adults/children with disabilities and/or special needs; and b) the limits be set at £4000 for (i) and £6000 for (ii) respectively.

8.2.3 Co-optees

Under the Local Government Act 2000, which had introduced the Executive/Scrutiny model of governance, Councils were allowed to co-opt representatives to sit on Scrutiny Committees which dealt with educational matters, Cheshire East co-opting two faith representatives. Following the introduction of Policy Development Groups at Cheshire East in 2012, the two co-optees who had originally been appointed to the Children and Families Scrutiny Committee now sat on Corporate Scrutiny Committee but did not receive any payment for this role.

In noting the above, the Panel considered that co-optees should be alerted to the fact that they were able to claim travel and subsistence in line with other non-Council individuals and it was agreed that suitable wording be included in the Scheme of Members' Allowances and in the Guide to Members' Allowances to acknowledge this.

Recommendation 11: That the following wording be included in the 2014-2015 Scheme of Members' Allowances and Guide to Members' Allowances "*individuals co-opted onto a Council Committee are entitled to claim travel and subsistence allowances in accordance with the scheme*".

8.2.4 Out of Pocket Expenses

Out of pocket expenses typically covered such matters as surgery fees and payment of emergency IT sundries. The Panel agreed to retain these elements in the scheme with the existing provisions i.e. that reasonable expenses could be reclaimed on the production of receipts.

Recommendation 12: That no change be made to the 2014-2015 Scheme of Members' Allowances in respect of claims for out of pocket expenses.

8.2.5 Members' Broadband

To assist elected Members in their Council duties, I T equipment was provided following their election (aka 'I T offer'). The Panel noted that some Councillors chose not to host additional equipment in their home and in these circumstances, the cost of broadband line rental/calls made when conducting Council business was reimbursed.

The Panel was strongly of the opinion that claims for the cost of using a private broadband line for Council business should only be permitted in exceptional circumstances and that elected Members should be required to accept Council equipment. Given that an internal review of the I T offer was currently underway, the Panel asked that its opinion be conveyed to those carrying out the review. Notwithstanding this, no changes to the current arrangements were proposed.

Recommendation 13: That no change be made to the 2014-2015 Scheme of Members' Allowances in respect of claims for broadband expenses pending the outcome of the internal review.

8.3 Reasons for the Recommendations:

Dependants' Carers': Setting separate per annum limits recognised the diverse cost structures associated with the different types of care.

Co-optees: The inclusion of the suggested wording would provide consistency across the scheme.

Out of Pocket Expenses: The Panel accepted that individuals should be refunded for any incidental expenses incurred when performing their duties as a Councillor.

Broadband: Whist feeling strongly that, to ensure the integrity and standardisation of Council IT, elected Members should be required to accept Council equipment, the Panel wished to wait until the internal review was concluded before deciding if it would be appropriate to make a recommendation in this regard.

8.4 Evidence Considered:

- § Age UK: Paying for Care and Support at Home Fact Sheet 46 published April 2013
- § Chartered Institute of Public Finance and Accountancy Information Services (CIPFA): Family group comparator information (aka nearest neighbour data) 2013
- § Cheshire East Council: Scheme of Members' Allowances 2013-2014
- § Cheshire East Council: Summary of Budgetary Position 2013-2014
- § Daycare Trust: Childcare Costs Survey 2013 published February 2013
- § Elected Member representations
- § Gov UK: National Minimum Hourly Wage as at 9 January 2013
- § Gov.UK: National Minimum Hourly Wage as at 1 October 2013
- § Health and Social Services and Social Security Adjudications Act 1983: Section 17 Charges for Local Authority Services in England and Wales
- § Local Authorities (Members' Allowances) (England) Regulations 2003
- § Localism Act 2011 Chapter 7 Paragraph 7: Independent Person
- § Oxford Dictionary Online: definition of Co-opt 4 October 2013
- § School Appeals (Admission Arrangements) (England) Regulations 2012: Regulation 6
- § Schools Standards and Framework Act 1998: Regulation 7 Section 94 (5A) Payment of Allowances to School Appeals Panel Members
- § Volunteering England: Thinking about Volunteering Information Sheet 2011 last reviewed May 2011

SECTION 9: SUMMARY OF RECOMMENDATIONS

Recommendation 1: That a) the calculation - average salary North West less 50 % voluntary contribution x working weeks per year/weeks per year be adopted forthwith as the formula for calculating basic allowance at Cheshire East Council; and b) notwithstanding the outcome of the calculation at paragraph 4.2.2, the basic allowance of £11,200 remain unchanged for 2014/2015;

Recommendation 2: That a) the roles and proposed allowances payable set out in Table 4 be adopted within Schedule 1 of the 2014-2015 Scheme of Members' Allowances; and b) the posts of Cabinet Support Member and Policy Development Committee Chairman and Vice Chairman be removed from the 2014-2015 scheme;

Recommendation 3: That a) the roles and proposed allowances payable set out in Tables 5, 6 and 7 be adopted within Schedule 1 of the 2014-2015 Scheme of Members' Allowances; and b) from 2014-2015, a Special Responsibility Allowance only be paid to i) the main Opposition Group Deputy Leader provided that the total number of members within their group exceeds 20% of the Council's total membership; and ii) to Minority Group Leader(s) provided that the total number of members within their group exceeds 10% of the Council's total membership;

Recommendation 4: That, on the basis of the evidence considered, the posts of main Group Whip, main Group Deputy Whip and minor Group Whip be removed from the 2014-2015 Scheme of Members' Allowances;

Recommendation 5: That no change be made to the car mileage and passenger rates set out in the 2013-2014 Scheme of Members' Allowances;

Recommendation 6: That the following wording be inserted into the Guide to Members' Allowances *"Elected Members who have need to make travel arrangements, should inform BSU at the point their attendance at an event or notice of the meeting to be attended is confirmed"*;

Recommendation 7: That the current arrangements and levels of recompense in respect of bicycles, motorcycles, car parking, tolls, ferries, overnight garaging, air travel and taxis in the 2013-2014 Scheme of Members' Allowances remain unchanged;

Recommendation 8: That from 2014-2015 a) the subsistence rates set out in the 2013-2014 Scheme of Members' Allowances be amended to breakfast £8.00, Lunch £11.00, Dinner outside London £17.00, Dinner London and abroad £35.00; and b) the four hour limit described in the scheme be retained;

Recommendation 9: That from 2014-2015 the rates for accommodation set out in the 2013-2014 Scheme of Members' Allowances be amended to i) overnight accommodation outside London (to include breakfast) £120; ii) overnight accommodation in London (to include breakfast) £145;

Recommendation 10: That from 2014-2015 a) the Dependants' Carers' Allowance as set out in the 2013-2014 Scheme of Members' Allowances be divided into i) child care and ii) adults/children with disabilities and/or special needs; and b) the limits be set at £4000 for (i) and £6000 for (ii) respectively;

Recommendation 11: That the following wording be included into the 2014-2015 Scheme of Members' Allowances and Guide to Members' Allowances "*individuals co-opted onto a Council Committee are entitled to claim travel and subsistence allowances in accordance with the scheme*";

Recommendation 12: That no change be made to the 2014-2015 Scheme of Members' Allowances in respect of claims for out of pocket expenses;

Recommendation 13: That no change be made to the 2014-2015 Scheme of Members' Allowances in respect of claims for broadband expenses pending the outcome of the internal review.

SECTION 10: ELECTED MEMBER CONSULTATIONS

Twelve elected Members contributed comments towards the Panel's discussions via the group mailbox during the review (July to November) with 28 separate comments being submitted in total. All comments and views were both acknowledged to the correspondent and discussed by the Panel.

The Panel met with the Leader of the Council on 16 July 2013 for the purpose of gathering information on the Council's new operating model of a Commissioning Council.

Based on their contributions, five elected Members (a Committee Vice Chairman, Group Whip, Cabinet Support Member, Policy Development Chairman and a Ward Member) were invited to attend a meeting of the Panel on 22 October 2013 to expand on their views. These meeting were most constructive and interesting. The Panel wishes to thank those who were prepared to spend the time to speak to them.

SECTION 11: LIST OF BACKGROUND DOCUMENTS

- § Age UK www.ageuk.org.uk: Paying for Care and Support at Home Fact Sheet 46 published April 2013
- § Automobile Association www.theaa.com: Car Running costs 2013-2014 as at 30 April 2013
- § Automobile Association www.theaa.com: Motoring Costs 2013 Diesel and Petrol Cars as at 11 September 2013
- § Be a Councillor Campaign www.beacouncillor.org.uk 'Could I be a Councillor?' Accessed 8 February 2013 (Note: the page has been refreshed and the text used is no longer on the site)
- § Birmingham Independent Remuneration Panel: Annual Report 2011-2012 published March 2012
- § Chartered Institute of Public Finance and Accountancy Information Services (CIPFA): Family group comparator information (aka nearest neighbour data) 2013
 - Bath and North East Somerset Council
 - Bedford Borough Council
 - Central Bedfordshire Council
 - Cheshire West and Chester Council
 - East Riding of Yorkshire Council
 - Herefordshire Council
 - North Somerset Council
 - Shropshire Council
 - Solihull Metropolitan Borough Council
 - South Gloucestershire Council
 - Stockport Council
 - Trafford Council
 - Warrington Borough Council
 - Wiltshire Council
 - York City Council
- § Cheltenham Independent Remuneration Panel: Report on Members' Allowances March 2007
- § Cheshire East Council: Report to Cabinet/Council 'Becoming a Strategic Council – Review of Management Roles and Responsibilities' 4 February 2012 21 February 2013
- § Cheshire East Council: Council Constitution dated 11 September 2012
- § Cheshire East Council: Cycle to Work Scheme 2013
- § Cheshire East Council: Draft Guide to Members' Allowances 2013-2014
- § Cheshire East Council: Health and Wellbeing Board 27 August 2013
- § Cheshire East Council: Scheme of Members' Allowances 2013-2014
- § Cheshire East Council: Summary of Budgetary Position 2013-2014
- § Cheshire East Council: Travel and Expenses Policy, HR Policy and Strategy Team June 2013
- § Councillors Commission: Representing the future - The report of the Councillors Commission published December 2007
- § Crewe Chronicle: CEC members claim £1.3m in expenses article published 3 September 2013
- § Daycare Trust www.daycaretrust.org.uk: Childcare Costs Survey 2013 published February 2013

Background Documents (continued)

- § Elected Member Representations received via www.CECIRP@cheshireeast.gov.uk between 5 April 2013 and 25 October 2013
- § Government: Response to House of Commons Communities and Local Government Select Committee: Councillors on the Frontline - Sixth report of session 2012-2013 Volume One 17 December 2013
- § Gov UK www.gov.uk: National Minimum Hourly Wage as at 9 January 2013
- § Gov.UK www.gov.uk: National Minimum Hourly Wage as at 1 October 2013
- § Health and Social Services and Social Security Adjudications Act 1983: Section 17 Charges for Local Authority Services in England and Wales
- § HM Revenues and Customs www.hmrc.gov.uk: Employment Income- scale of expenses, subsistence table of benchmark scale rates as at 6 April 2009
- § HM Revenues and Customs www.hmrc.gov.uk: Mileage and Fuel Allowances 2011-2012
- § HM Revenues and Customs www.hmrc.gov.uk: Office of Deputy Prime Minister Local Government Councillors and Civic Dignitaries in England Guidance
- § HM Revenues and Customs www.hmrc.gov.uk: Tax Relief for Travel and Subsistence 2013
- § House of Commons Communities and Local Government Select Committee: Councillors on the Frontline - Sixth report of session 2012-2013 Volume One 17 December 2013
- § Independent Remuneration Panel: CEC Allowances Scheme 1 April 2009
- § Independent Remuneration Panel: Mid Year Review of Scheme of Members' Allowances 27 January 2011
- § Independent Remuneration Panel: Observations of PDG meetings 30 October 2013
- § Independent Remuneration Panel: Responsibilities Matrix created 27 August 2013
- § Independent Remuneration Panel: 'What is the usefulness of Councillors and who to' report 30 April 2013
- § Institute for Volunteering Research www.ivr.org.uk: Volunteer Investment and Value Audit (VIVA) Research published January 2011
- § Local Authorities (Members' Allowances) (England) Regulations 2003
- § Local Government Act 2000 Chapter 22 Part II Section 21 Overview and Scrutiny Committees
- § Local Government Association www.local.gov.uk: Finding Your Way – A Guide to New Councillors 2013/2014 published May 2013
- § Local Government Association www.local.gov.uk: Guide to being a Councillor 2012-2013
- § Local Government Association www.local.gov.uk: Local Government Pay Award 2013 dated 22 October 2012
- § Local Government Association: National Census of Local Authority Councillors 2010 published October 2011
- § Local Government Association www.local.gov.uk: National Joint Council Green Book Frequently Asked Questions published October 2012
- § Localism Act 2011 Chapter 7 Paragraph 7: Independent Person
- § Middlesborough Independent Panel: Annual Report on Allowances 2013-2014 published 7 May 2013
- § National Joint Council: Car Allowances Technical Advisors report issued March 2010

Background Documents (continued)

- § Office for National Statistics www.ons.gov.uk: Statistics Bulletin 2012 Annual Survey of Hours and earnings published 22 November 2012
- § Office of National Statistics www.ons.gov.uk: UK Counties and Authorities Map 2011
- § Oxford Dictionary Online www.oxforddictionaries.com: definition of 'co-opt' accessed 4 October 2013
- § Peterborough Telegraph www.peterboroughtoday.co.uk: Post submitted in response to article "*Councillors vote for pay freeze*" published 31 January 2013
- § School Appeals (Admission Arrangements) (England) Regulations 2012: Regulation 6
- § Schools Standards and Framework Act 1998: Regulation 7 Section 94 (5A) Payment of Allowances to School Appeals Panel Members
- § Taxpayers Alliance www.taxpayersalliance.com: Councillors' Allowances Research Note 116 published 29 August 2012
- § Taxpayers Alliance www.taxpayersalliance.com: Chief Executive's response to Select Committee's Findings 10 January 2013
- § Taxpayers Alliance www.taxpayersalliance.com: West Midlands Research Note 1 - Mileage Allowances and HMRC
- § Volunteering England www.volunteering.org.uk: Thinking about Volunteering Information Sheet 2011 last reviewed May 2011

**RESPONSIBILITY MATRIX:
THE PANEL'S CRITERIA COMPARED TO PART 3 OF CHESHIRE EAST COUNCIL'S
CONSTITUTION – RESPONSIBILITIES AND FUNCTIONS**

Panel's criteria	Approx no. of meetings per year	Constitutional responsibility	Legislative responsibility	Decision making powers	Accountability to public	Delivery of projects within defined period	Decision
Committee/Post							
Strategic Planning Board Chair	13	Y	Y	Y	Y	Y	Y
Strategic Planning Board Vice-Chair	13	Y	Y	Y	Y	Y	Y
Southern/Northern Planning Chair	13	Y	Y	Y	Y	Y	Y
Southern/Northern Planning Vice-Chair	13	Y	Y	Y	Y	Y	Y
Public Rights of Way Chair	4	Y	Y	Y	Y	Y	Y
Public Rights of Way Vice-Chair	4	Y	Y	Y	Y	Y	Y
Staffing Chair	4	Y	Y	Y	N	Y	Y
Staffing Vice-Chair	4	Y	Y	Y	N	Y	N
Scrutiny Chair	12	Y	Y	N	N	N	Y
Scrutiny Vice-Chair	12	Y	N	N	N	N	N
Policy Development Group Chair	10	N	N	N	N	N	N
Policy Development Group Vice-Chair	10	N	N	N	N	N	N
Licensing Chair	6	Y	Y	Y	Y	Y	Y
Licensing Vice-Chair	6	Y	Y	Y	Y	Y	Y
Constitution Chair	6	Y	N	Y	N	N	Y
Constitution Vice-Chair	6	Y	N	Y	N	N	Y
Audit & Governance Chair	5	Y	Y	Y	N	Y	Y
Audit & Governance Vice-Chair	5	Y	Y	Y	N	Y	Y
Cabinet Member/Portfolio Holder	13	Y	Y	Y	Y	Y	Y
Cabinet Support Member	13	N	N	N	N	N	N

Constitution Committee meeting on 23rd January 2014

A summary of questions posed to and answers provided by the Chairman of the Independent Remuneration Panel

The following is a brief summary of the key questions posed to and answers provided by the Chairman of the Independent Remuneration Panel in respect of the report of the Panel, which was considered by the Constitution Committee on 23rd January 2014.

It should be noted that the following is not a verbatim account and the questions have been abbreviated.

It should also be noted that members of the Committee made many individual comments, but these are not reproduced in this document, which is confined to the questions posed, and the answers provided.

PG: Why was a draft of the report not issued in advance, so as to allow comment/correction of errors, and do you think that this would have been useful?

Response: This was not done in the past by us. We spent a long time preparing the report. We are totally independent and have our own ways of doing things. We took a very long time in our investigations.

Sending out a draft didn't occur to us. It was not suggested to us that we should do this. We did not wish to issue the report until we felt it was right.

PG: The "sub-header" on your report is dated 1st December 2013. When was the report given to the Council?

Response: 9th January 2014. The 1st December 2013 date was the date when we finished our work.

PG: Why was there a 5 week gap?

Response: We knew it would be coming to this meeting at the end of January and there was no reason to front-load things.

PG: In seeking a reduction in allowances, do you agree that nothing is being done to encourage the young, and to address the need to attract younger people into local government work?

Response: We considered this issue but believed that it was not our role, or the role of the Basic Allowance to address this. We appreciate that it is a big problem but believe it is the role of central government to address.

PG: Do you consider that the recommendations disenfranchise a group of people from local politics?

Response: We discussed the issue but it wasn't a recommendation of the Panel.

GW: How was the Leader advised of the meeting dates of the Panel?

Response: There wasn't a formal letter. We advised the team to do so.

GB: It is disappointing that the Panel has not looked at making an allowance for disabled Councillors to use taxis where needed in order to attend meetings and to help meet the cost of carers.

Response: Taxis are in general allowances. We have had a lot to do this year, and can look at this next year.

DN: Why did the Panel choose the NW formula for average wages? This would produce the lowest figure. There are others, but these aren't included. Why?

Do you think that SRA responsibilities have changed since they were last recognised in the Allowances Scheme? If not, how do you justify the notion of a reduction?

Have Cabinet and Support responsibilities changed also? If not, why are they being reduced?

Have you considered the role of the Whip? This is the Council's interface with the political machinery and without it, the Council would struggle to function.

Why have you chosen a 10% reduction for SRAs, as opposed to any other percentage?

Response: I am a volunteer. It has been hard to analyse/ascribe values to roles. We met with Whips, Cabinet Support members, some other Members. There was no consistency in what we heard. They have no job descriptions etc. We advised last time that this was an issue. We didn't get evidence. We interviewed people and went to PDGs.

It is hard to say that responsibilities changed. Hard to say without a baseline.

The North West standard would have reduced the Basic Allowance, but we decided not to reduce it.

In terms of austerity, my role is to represent people who are having services cut. People are tightening belts.

Regarding mileage; the Borough is long, geographically. Some Members travel a considerable distance to attend meetings and consequently pay more for driving. Mileage allowances are one way of compensating members for what they actually

do. Members can claim what they want (ie choose to claim less) so we believe that the higher rates should remain.

DN: The role of councillors is not analogous to that of volunteers and the comparison is a false one. There is a need to consider value in addition to affordability. Furthermore, whilst noting the notion of austerity underlined the report, why should this lead to a reduction in allowances as opposed to a standstill?

PG: Regarding the role of the Whip. We are sorry that no Job Description was given to you. We were not aware of that. I was given 9 minutes to explain my role. I would have produced a Job Description for you within 48 hours if requested.

Response: We saw the source for this as being the Council in organisational terms. We would expect HR to have them.

CA: With regard to the assumption that 50% of the role of Members is representational, how did you arrive at 50%?

At 4.2, paragraph 3, you paraphrased what the select committee said. What about the Government response?

Response: We firmly agree the quote on page 9 regarding volunteers. We had a lengthy discussion re page 10 and believe that Councillors have “two heads”: governance and electorate. Our best estimate was a 50/50 split.

CA: Average hours same as in method 1?

Response: I would need to look at the paperwork.

GB: Did you survey the time spent by Councillors on their work?

JR: No

PW: In assessing the roles listed in 5.2.2/qualification criteria, what did committees have to be responsible for (tick all of the boxes)?

Paragraph 14 is confusing. 15 comparators and 3 others, but you quote 25. Who are they?

There is no common approach, but a common approach is there for all 25. Why is Cheshire East different?

Re the criteria applied, did you speak to Chairs/Vice Chairs?

Response: (Brief comment on the matrix)

Re page 14, we're saying 16 do it, 3 others etc. It could have been better laid out. We used CIPFA figures.

There must be legislation underlying the existence of decision-making responsibilities. Some bodies are advisory only.

Any licensing member may chair a licensing sub-committee. Therefore, there is no long-term commitment to chair.

PW: In applying the criteria, we were not consulted?

Response: We saw a chair and a vice chair (not licensing).

BM: You allowed members to write to you but remuneration isn't top of their agenda. I would expect Group Leaders to be invited to see you and there is a strong argument that a draft of the report should have been circulated.

This work should be done every 4 years when people stand for election, to give certainty throughout the period.

With regard to decision-making responsibilities, many decisions are taken collectively; it is for the Council to decide what is affordable; the Panel should address the issue of wholly-owned arms-length companies.

Response: One objective was to put in place a record of how the figures were arrived at. We struggled through lack of evidence as to why previous panels arrived at the figures they recommended. We now have a framework to work from.

A report would be out of date in 4 years. This report was a snapshot in time. It is what we found.

BL: Why is there evidence of an out of date Constitution (September 2013)?

Response: We did the work in question in July. The piece referred to would have been done when we asked for BRs team to do research.

BL: Did you realise that the work of portfolio holders had grown?

Response: the matrix was based on the terms of reference within the Constitution and not on discussions with chairmen and vice-chairmen.

SH: Why did the Panel assume that Members work for only 46 out of 52 weeks; why should Councillors not be entitled to paid holidays and is the calculation contrived to match £11,200?

Response: It is not contrived.

SH: Did you see a Job Description for Whips (quite some time ago, I supplied a Labour Group JD to officers)?

Response: No. Personally and as chair, I wanted to see a JD agreed by Cheshire East Council to set these up. We only asked for a Cheshire East agreed JD.

SH: There is no mention of the use of buses?

Response: No. We can look at this next year.

SH: Why decide to cut the maximum allowance for child care? and why is there a limit if the purpose is to reimburse for payments actually made?

Response: The limit is there to encourage value for money in provision for care. Based on the average number for care per day.

SH: Broadband: Would it be cheaper for me to have another broadband line or to be refunded for using my existing line?

Response: We have stepped back from that as I understand there is an internal review.

DM: I am disappointed that no draft report was made available. When I came to see the Panel, I wasn't asked a single question. I said what I wanted. I would have sought evidence. I was a vice-chairman who attended your meeting. In your answers you have suggested that vice-chairmen were involved in evidence giving. I did not see that we had much of an opportunity to do that.

Why were Birmingham etc chosen?

Response: We used all data from all CIPFA basket but looked closely at some which seemed helpful.

DM: You didn't look at the IRP reports from the CIPFA basket. If CIPFA think that the 16 are comparators, why not look at those IRP reports? and why pick these three in particular?

Response: Each individual council is different: metro/district etc. I cannot say without looking at the detailed background data.

DM: The Panel said that a 10% cut was "widely used by industry". Where is the evidence? Give one example.

Response: I cannot do so off the top of my head.

DM: Regarding the 46/52 weeks, which local authorities have you looked at? Are there any comparators other than Cheltenham?

Response: We didn't do it by looking at others. We made our own decision. We are looking at Cheshire East and making decisions for Cheshire East.

DM: Re the Basic Allowance 50% multiplier; did any other local authorities use this calculation?

Response: The IRP decided to use this multiplier. This is how we arrived at these numbers.

AM: Constitution Committee is in Band 3 and the Audit and Governance Committee is in Band 2. Your reasoning was that there are no legislative responsibilities for the Constitution Committee and no responsibility for projects. But the Constitution embodies the way in which we meet all of our legislative responsibilities. And the Crewe Community Governance Review was a project. Why did you reach these conclusions?

Response: It came down to finding a way of looking at every committee. We are still struggling to do that. The Constitution has since been superseded. I have no idea of what it looks like now or whether it would have changed our opinion. We felt it gave us a good idea. We knew the recommendations would be disappointing. We can look at it again this year.

We looked at the Constitution and at the terms of reference. However, we need to find a mechanism for identifying what each committee actually does.

Final general comment: 'My job was to pull together the views of five individuals based on the evidence provided.'

COUNCIL MEETING – 27TH FEBRUARY 2014**Extract from the Minutes of the Constitution Committee Meeting on 23rd January 2014****28 CALENDAR OF MEETINGS FOR 2014-15**

The Committee considered the draft Calendar of Meetings for 2014-15.

Whilst the Constitution Committee would be undertaking further work to establish whether changes should be made to the scheduling of meetings and other matters relating to meeting arrangements, the proposed frequency of meetings had followed the practice previously adopted. Dates had been included for financial briefing/budget engagement events. August 2014 had been retained as a recess period except for planning meetings.

Those consulted over the production of the Calendar had included the Corporate Leadership Board, Cabinet, Committee Chairmen, Group Leaders and Group Whips.

RESOLVED

That the draft Calendar of Public Meetings for Cheshire East Council 2014-2015 be recommended to Council for approval.

Post meeting note: the following changes have been made to the Calendar of Meetings since the Constitution Committee –

Shared Services Joint Committee – Cheshire West and Chester Council have requested that the date of the November meeting be changed to Friday 28 November 2014.

Cabinet – it was requested that the meeting on Tuesday 24 June 2014 be rescheduled to Tuesday 1 July 2014 to accommodate Cabinet members' diaries. As a result of this change, the Corporate Scrutiny Committee has been moved from Monday 23 June 2014 to Monday 30 June 2014.

The Appendices to the report have been updated to include these changes.

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CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting:	23 rd January 2014
Report of:	Head of Governance and Democratic Services
Subject/Title:	Calendar of Meetings for 2014-15

1.0 Report Summary

- 1.1 This report includes a draft Calendar of Meetings for Cheshire East Council for 2014 - 2015.
- 1.2 The Committee is invited to recommend the draft calendar to Council for approval.

2.0 Recommendation

- 2.1 That the Committee resolve that the draft Calendar of Public Meetings for Cheshire East Council 2014-2015 be recommended to Council for approval.

3.0 Reasons for Recommendations

- 3.1 The Council is required to give public notice of its meetings in order to fulfil its legal obligations under the Access to Information Rules set out in the Constitution and to meet its obligations under the Local Government Act 1972. The Calendar will assist the Council in meeting these requirements.

4.0 Wards Affected

- 4.1 All Wards

5.0 Local Ward Members

- 5.1 All Ward Members

6.0 Policy Implications

- 6.1 None identified.

7.0 Financial Implications

- 7.1 None identified.

8.0 Legal Implications

- 8.1 There are no specific legal implications other than those identified in the main body of the report.

9.0 Risk Management

- 9.1 A published calendar of meetings enables effective business planning and decision making procedures.

10.0 Background and Options

- 10.1 As set out in its Constitution (Part 4 – Council Procedure Rule 1) the Borough Council is required to decide when its meetings will take place and these will be contained in a calendar of meetings.

It is for full Council to approve the calendar.

- 10.2 Under Part 3 of the Constitution, the Constitution Committee is responsible for:

“overseeing, monitoring, co-ordinating and implementing the Council’s administrative and political business, including....administrative arrangements forthe Council and other meetings.”

10.3 Calendar

Attached at Appendix 1 and Appendix 2 are a summary timetable and a more detailed month-by-month calendar.

10.4 Scheduling of Meetings

Whilst the Constitution Committee will be undertaking further work in order to establish whether changes should be made to the scheduling of meetings and other matters relating to meeting arrangements, the frequency of meetings has followed the practice previously adopted. As far as possible, only one Committee per day has been scheduled and where possible, meetings of each Committee have been scheduled on the same weekday. Where possible Fridays have been avoided for Committee meetings; these are to be used for Member development sessions as and when required.

Scheduling of meetings has taken into account the business planning/performance reporting cycles. In addition, dates have been scheduled for financial briefing/budget engagement events.

Meetings which do not form part of the formal decision-making process will be omitted from the public calendar but will be added to the Members’ diary for convenience. These include Policy Development Groups, financial briefings/budget consultation events, Member development sessions and meetings of the Fire Authority.

The Corporate Leadership Board (CLB) meets on Wednesday morning and where possible no meetings have been scheduled on this morning in order to ensure that CLB members are available to attend.

No meetings have been scheduled on the Tuesday afternoons when the Cabinet pre-agenda briefing is scheduled to take place.

August has been retained as a recess except for Planning Meetings.

10.5 Council

Meetings of full Council have been scheduled so as not to fall during school holidays.

Council will meet at venues around the Borough.

10.6 Cabinet Meetings

Cabinet meetings have been scheduled for Tuesday afternoons and will take place in the Committee Suite at Westfields to enable the meetings to be webcast. Other venues do not have the requisite ICT connectivity.

No meeting of Cabinet has been scheduled for August.

10.7 Portfolio Holder Meetings

Portfolio Holder meetings have not been scheduled into specific dates, but for ease Committee Suite 1+2 at Westfields has been reserved on Monday mornings between 9 am and 11 am to allow them to take place when required. However, meetings will be arranged at the most appropriate venue, following consultation with Portfolio Holders.

10.8 Planning Committees

Strategic Planning Board, Northern Planning Committee and Southern Planning Committee are scheduled on a four weekly cycle of meetings on Wednesday; with any site visits taking place the Friday before the meeting.

The Strategic Planning Board will commence at 10.30 am, with the Northern Planning Committee at 2.00 pm and Southern Planning Committee commencing at 1.00 pm.

10.9 Sub-Committees

There are a number of sub-committees and other bodies which meet on an ad-hoc basis and are therefore not included in the calendar.

10.10 Consultation

The following have been consulted:

- Corporate Management Team
- Cabinet
- Committee Chairmen
- Group Leaders
- Group Whips

10.11 Subject to any additional recommendations which Members may wish to make, the Committee is asked to refer the calendar to Council at its meeting to be held on 27th February 2014 for approval.

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: Democratic Services Officer

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COMMITTEE	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY
Council (Thursday)	14		17			16		11		26		23	20
Cabinet Bodies													
Cabinet (Tuesday 2 pm)	27		1 22		16	14	11	9	6	3	3 31	28	
Portfolio Holders (Monday am)	Monday mornings have been identified as an option for Portfolio Holder meetings but notice will be given as and when these meetings are arranged												
Shared Services Joint (Friday, Winsford)	23		25		26		28		23		27		
Corporate Bodies													
Constitution Committee (Thursday 2 pm)		19			25		27		29		26		
Audit and Governance Committee (Thursday 2 pm)		26			18		20		22		19		
Staffing Committee (Tuesday or Thursday 2 pm)			24			23			15			21	
Appeals Sub Committee (Various)	1	5	3, 31		4	2	13	12	26	24	23	30	
Regulatory Bodies													
Licensing Committee (Monday 2 pm)		9			8		17		19		9		
Public Rights of Way Committee (Monday 2 pm)		16			15			8			16		
Strategic Planning Board (Wednesday 10.30 am)	28	25	23	20	17	15	12	10	21	18	18	15	
Southern Planning (Wednesday 1 pm)	7	4	2 30	27	24	22	19	17	28	25	25	22	

COMMITTEE	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY
Northern Planning (Wednesday 2 pm)	21	11	9	6	3	1 29	26		7	4	4	1 29	
Scrutiny Bodies													
Corporate (Mon, Tue or Thu 2 pm)	6	30	21		11	7	10	2	5	2	2 30	27	
Health and Wellbeing (Thursday 10 am)	8	12	10		11	9	6	4	8	5	5	2	
Community Safety (Thursday 10.30 am)	29	26	24		25	23	20	18	22	19	26	30	
Others													
Health and Wellbeing Board (Tuesday 2 pm)	29		29		23		18		27		24		
Local Authority School Governor Appointments Panel (Friday 10.30 am)		6				24				6			
Policy Development Groups													
Children and Families		2	3		1 29		3	1	29	12	10		
Environment and Prosperity		5	7		4	2	6	4	8	5	5		
Health and Adult Social Care		3	15		9	13	24	18	13	10	19		
Finance		12	10		22	6	4	15	12	9	12		
Communities		19	14		18	9	13	15	15	12	12		

Member Training Sessions		13	11,16 23		5 10	3 8	5 28	3	7, 8, 9 14	11	6 11		
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CALENDAR OF MEETINGS 2014-15

MAY 2014	
1	2.00 pm Appeals Sub Committee
2	(Planning Site Visits)
3	
4	
5	Bank Holiday
6	2.00 pm Corporate Scrutiny
7	1.00 pm Southern Planning Committee
8	10.00 am Health and Wellbeing Scrutiny Committee
9	
10	
11	
12	
13	
14	11.00 am Annual Council
15	
16	(Planning Site Visits)
17	
18	
19	
20	
21	2.00 pm Northern Planning Committee
22	European Parliament Elections
23	(Planning Site Visits) 1.30 pm Shared Services Joint Committee
24	
25	
26	Bank Holiday
27	2.00 pm Cabinet
28	10.30 am Strategic Planning Board
29	10.30 am Community Safety Scrutiny Committee 2.00 pm Health and Wellbeing Board
30	(Planning Site Visits)
31	

Note: School Holidays 26 – 30 May 2014

JUNE 2014	
1	
2	2.00 pm Children and Families PDG
3	2.00 pm Health and Adult Social Care PDG
4	1.00 pm Southern Planning Committee
5	10.30 am Environment and Prosperity PDG 2.00 pm Appeals Sub Committee
6	(Planning Site Visits) 10.30 am LA School Governors Appointment Panel
7	
8	
9	2.00 pm Licensing Committee
10	
11	2.00 pm Northern Planning Committee
12	10.00 am Health and Wellbeing Scrutiny Committee 2.00 pm Finance PDG
13	(Member Training)
14	
15	
16	2.00 pm Public Rights of Way Committee
17	
18	Cheshire Fire Authority
19	10.30 am Communities PDG 2.00 pm Constitution Committee
20	(Planning Site Visits)
21	
22	
23	
24	
25	10.30 am Strategic Planning Board
26	10.30 am Community Safety Scrutiny Committee 2.00 pm Audit and Governance Committee
27	(Planning Site Visits)
28	
29	
30	2.00 pm Corporate Scrutiny Committee

Note: Cheshire Show 17 and 18 June 2014

JULY 2014	
1	2.00 pm Cabinet
2	1.00 pm Southern Planning Committee
3	10.30 am Children and Families PDG 2.00 pm Appeals Sub Committee
4	(Planning Site Visits)
5	
6	
7	2.00 pm Environment and Prosperity PDG
8	
9	2.00 pm Northern Planning Committee
10	10.00 am Health and Wellbeing Scrutiny Committee 2.00 pm Finance PDG
11	(Member Training)
12	
13	
14	2.00 pm Communities PDG
15	2.00 pm Health and Adult Social Care PDG
16	(Member Training)
17	4.00 pm Council
18	(Planning Site Visits)
19	
20	
21	2.00 pm Corporate Scrutiny Committee
22	2.00 pm Cabinet
23	10.30 am Strategic Planning Board (Member Training)
24	10.30 am Community Safety Scrutiny Committee 2.00 pm Staffing Committee
25	(Planning Site Visits) 1.30 pm Shared Services Joint Committee
26	
27	
28	
29	2.00 pm Health and Wellbeing Board
30	1.00 pm Southern Planning Committee
31	2.00 pm Appeals Sub Committee

Note: Tatton Flower Show: 24-27 July 2014
 Nantwich Show: 30 July 2014
 School Holidays 24 July – 29 August 2014

AUGUST 2014	
1	(Planning Site Visits)
2	
3	
4	
5	
6	2.00 pm Northern Planning Committee
7	
8	
9	
10	
11	
12	
13	
14	
15	(Planning Site Visits)
16	
17	
18	
19	
20	10.30 am Strategic Planning Board
21	
22	(Planning Site Visits)
23	
24	
25	Bank Holiday
26	
27	1.00 pm Southern Planning Committee
28	
29	(Planning Site Visits)
30	
31	

Note: School Holidays 24 July – 29 August 2014

SEPTEMBER 2014	
1	2.00 pm Children and Families PDG
2	
3	2.00 pm Northern Planning Committee
4	10.30 am Environment and Prosperity PDG
	2.00 pm Appeals Sub Committee
5	(Member Training)
6	
7	
8	2.00 pm Licensing Committee
9	2.00 pm Health and Adult Social Care PDG
10	(Member Training)
11	10.00 am Health and Wellbeing Scrutiny Committee
	2.00 pm Corporate Scrutiny Committee
12	(Planning Site Visits)
13	
14	
15	2.00 pm Public Rights of Way Committee
16	2.00 pm Cabinet
17	10.30 am Strategic Planning Board
18	10.30 am Communities PDG
	2.00 pm Audit and Governance Committee
19	(Planning Site Visits)
20	
21	
22	2.00 pm Finance PDG
23	2.00 pm Health and Wellbeing Board
24	Cheshire Fire Authority
	1.00 pm Southern Planning Committee
25	10.30 am Community Safety Scrutiny Committee
	2.00 pm Constitution Committee
26	(Planning Site Visits)
	1.30 pm Shared Services Joint Committee
27	
28	
29	2.00 pm Children and Families PDG
30	

OCTOBER 2014	
1	2.00 pm Northern Planning Committee
2	10.30 am Environment and Prosperity PDG 2.00 pm Appeals Sub Committee
3	(Member Training)
4	
5	
6	2.00 pm Finance PDG
7	2.00 pm Corporate Scrutiny Committee
8	(Member Training)
9	10.00 am Health and Wellbeing Scrutiny 2.00 pm Communities PDG
10	(Planning Site Visits)
11	
12	
13	2.00 pm Health and Adult Social Care PDG
14	2.00 pm Cabinet
15	10.30 am Strategic Planning Board
16	2.00 pm Council
17	(Planning Site Visits)
18	
19	
20	
21	
22	1.00 pm Southern Planning Committee
23	10.30 am Community Safety Scrutiny Committee 2.00 pm Staffing Committee
24	(Planning Site Visits) 10.30 am Local Authority School Governor Appointments Panel
25	
26	
27	
28	
29	2.00 pm Northern Planning Committee
30	
31	

Note: School Holidays 27 – 31 October 2014

NOVEMBER 2014	
1	
2	
3	2.00 pm Children and Families PDG
4	2.00 pm Finance PDG
5	(Member Training)
6	10.00 am Health and Wellbeing Scrutiny
	2.00 pm Environment and Prosperity PDG
7	(Planning Site Visits)
8	
9	
10	2.00 pm Corporate Scrutiny Committee
11	2.00 pm Cabinet
12	10.30 am Strategic Planning Board
13	10.30 am Communities PDG
	2.00 pm Appeals Sub Committee
14	(Planning Site Visits)
15	
16	
17	2.00 pm Licensing Committee
18	2.00 pm Health and Wellbeing Board
19	1.00 pm Southern Planning Committee
20	10.30 am Community Safety Scrutiny Committee
	2.00 pm Audit and Governance Committee
21	(Planning Site Visits)
22	
23	
24	2.00 pm Health and Adult Social Care PDG
25	
26	2.00 pm Northern Planning Committee
27	2.00 pm Constitution Committee
28	(Member Training)
	1.30 pm Shared Services Joint Committee
29	
30	

DECEMBER 2014	
1	2.00 pm Children and Families PDG
2	2.00 pm Corporate Scrutiny Committee
3	(Member Training)
4	10.00 am Health and Wellbeing Scrutiny Committee 2.00 pm Environment PDG
5	(Planning Site Visits)
6	
7	
8	2.00 pm Public Rights of Way Committee
9	2.00 pm Cabinet
10	10.30 am Strategic Planning Board Cheshire Fire Authority
11	2.00 pm Council
12	(Planning Site Visits) 10.30 am Appeals Sub Committee
13	
14	
15	2.00 pm Finance PDG 2.00 pm Communities PDG
16	
17	1.00 pm Southern Planning Committee
18	10.30 am Community Safety Scrutiny Committee 2.00 pm Health and Adult Social Care PDG
19	
20	
21	
22	
23	
24	
25	CHRISTMAS DAY
26	BOXING DAY
27	
28	
29	
30	
31	

Note: School Holidays 22 December 2014 – 2 January 2015

JANUARY 2015	
1	NEW YEAR'S DAY
2	(Planning Site Visits)
3	
4	
5	2.00 pm Corporate Scrutiny Committee
6	2.00 pm Cabinet
7	2.00 pm Northern Planning Committee
8	10.00 am Health and Wellbeing Scrutiny Committee 2.00 pm Environment and Prosperity PDG
9	(Member Training)
10	
11	
12	2.00 pm Finance PDG
13	2.00 pm Health and Adult Social Care PDG
14	(Member Training)
15	10.30 am Communities PDG 2.00 pm Staffing Committee
16	(Planning Site Visits)
17	
18	
19	2.00 pm Licensing Committee
20	
21	10.30 am Strategic Planning Board
22	10.30 am Community Safety Scrutiny Committee 2.00 pm Audit and Governance Committee
23	(Planning Site Visits) 1.30 pm Shared Services Joint Committee
24	
25	
26	2.00 pm Appeals Sub Committee
27	2.00 pm Health and Wellbeing Board
28	1.00 pm Southern Planning Committee
29	10.30 am Children and Families PDG 2.00 pm Constitution Committee
30	(Planning Site Visits)
31	

FEBRUARY 2015	
1	
2	2.00 pm Corporate Scrutiny Committee
3	2.00 pm Cabinet
4	2.00 pm Northern Planning Committee
5	10.00 am Health and Wellbeing Scrutiny Committee 2.00 pm Environment and Prosperity PDG
6	10.30 am Local Authority School Governor Appointments Panel
7	
8	
9	2.00 pm Finance PDG
10	2.00 pm Health and Adult Social Care PDG
11	(Member Training) Cheshire Fire Authority
12	10.30 am Communities PDG 2.00 pm Children and Families PDG
13	(Planning Site Visits)
14	
15	
16	
17	
18	10.30 am Strategic Planning Board
19	10.30 am Community Safety Scrutiny Committee
20	(Planning Site Visits)
21	
22	
23	
24	2.00 pm Appeals Sub Committee
25	1.00 pm Southern Planning Committee
26	2.00 pm Council
27	(Planning Site Visits)
28	

Note: School Holidays 16 – 20 February 2015

MARCH 2015	
1	
2	2.00 pm Corporate Scrutiny Committee
3	2.00 pm Cabinet
4	2.00 pm Northern Planning Committee
5	10.00 am Health and Wellbeing Scrutiny Committee 2.00 pm Environment and Prosperity PDG
6	(Member Training)
7	
8	
9	2.00 pm Licensing Committee
10	2.00 pm Children and Families PDG
11	(Member Training)
12	10.30 am Communities PDG 2.00 pm Finance PDG
13	(Planning Site Visits)
14	
15	
16	2.00 pm Public Rights of Way Committee
17	
18	10.30 am Strategic Planning Board
19	10.30 am Health and Adult Social Care PDG 2.00 pm Audit and Governance Committee
20	(Planning Site Visits)
21	
22	
23	2.00 pm Appeals Sub Committee
24	2.00 pm Health and Wellbeing Board
25	1.00 pm Southern Planning Committee
26	10.30 am Community Safety Scrutiny Committee 2.00 pm Constitution Committee
27	(Planning Site Visits) 1.30 pm Shared Services Joint Committee
28	
29	
30	2.00 pm Corporate Scrutiny Committee
31	2.00 pm Cabinet

APRIL 2015	
1	2.00 pm Northern Planning Committee
2	10.00 am Health and Wellbeing Scrutiny Committee
3	BANK HOLIDAY
4	
5	
6	BANK HOLIDAY
7	
8	
9	
10	(Planning Site Visits)
11	
12	
13	
14	
15	10.30 am Strategic Planning Board
16	
17	(Planning Site Visits)
18	
19	
20	
21	2.00 pm Staffing Committee
22	Cheshire Fire Authority 1.00 pm Southern Planning Committee
23	4.00 pm Council
24	(Planning Site Visits)
25	
26	
27	2.00 pm Corporate Scrutiny
28	2.00 pm Cabinet
29	2.00 pm Northern Planning Committee
30	10.30 am Community Safety Scrutiny Committee 2.00 pm Appeals Sub Committee

Note: School Holidays 7 April – 17 April 2015

MAY 2015	
1	
2	
3	
4	Bank holiday
5	
6	
7	Cheshire East Council Elections
8	
9	
10	
11	Induction for New Councillors
12	Induction for New Councillors
13	Induction for New Councillors
14	Induction for New Councillors
15	Induction for New Councillors
16	
17	
18	
19	
20	11.00am Annual Council
21	
22	
23	
24	
25	Bank Holiday
26	
27	
28	
29	
30	
31	

Note: School Holidays 25 – 29 May 2015

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COUNCIL MEETING – 27TH FEBRUARY 2014**Extract from the Minutes of the Constitution Committee Meeting on 23rd January 2014****29 VENUE FOR MEETINGS OF THE STRATEGIC PLANNING BOARD**

The Committee considered a report reviewing the arrangements for determining the venue for meetings of the Strategic Planning Board following consideration of the matter by the Constitution Member Working Group.

Council at its meeting on 11th October 2012 had approved the following recommendation of the Constitution Committee:

“That the Capesthorpe Room, Macclesfield Town Hall and the Council Chamber, Municipal Buildings, Crewe be reserved in advance for every scheduled meeting of the Strategic Planning Board, with the room that is not required for a particular meeting being released at the appropriate time, the choice of venue to be at the discretion of the Chairman of the Strategic Planning Board in consultation with officers.”

Since then, the Committee had asked the Constitution Member Working Group to review the arrangements following concern expressed by some members about the choice of venue for a particular meeting of the Board. The Working Group had also been asked to undertake a more general review of the planning arrangements in Cheshire East to determine whether they were fit for purpose or whether alternative arrangements should be explored.

As set out in paragraph 4.9 of the report, the Working Group had concluded its review and had recommended the following revised arrangements:

“That the Capesthorpe Room, Macclesfield Town Hall and the Council Chamber, Municipal Buildings, Crewe be reserved in advance for every scheduled meeting of the Strategic Planning Board, with the room that is not required for a particular meeting being released at the appropriate time, the choice of venue to be at the discretion of the Chairman of the Strategic Planning Board in consultation with the Vice-Chairman of the Board and officers, provided that in exercising such discretion, the Chairman will have regard to the following considerations:

- § the number of planning matters which are to be considered at the meeting in question and the proximity of the development sites to the two meeting venues;
- § the scale of the proposed development associated with the applications to be dealt with at the meeting in question; the complexity of issues associated with, or the controversial nature of,

the proposed development, and the likely consequential public interest;

and that, once the Chairman has chosen a venue for the meeting, the Chairman's full reasons in support of that choice shall be summarised and communicated to all members of the Council via the notification email for the meeting."

The Chairman of the Strategic Planning Board had been invited to the meeting but had been unable to attend. He had, however, submitted the following comments which were read out at the meeting:

"I am pleased to see your Working Group has recommended the choice of venue for SPB meetings is at the discretion of myself, in consultation with my vice chairman and officers. I feel this is the most acceptable solution."

The Member Working Group was currently reviewing the terms of reference of the Strategic Planning Board and the Council's wider planning arrangements and a further report would be submitted to a future meeting of the Committee.

RESOLVED

That

1. Council be recommended to approve that
 - a. the revised arrangements for determining the venue for meetings of the Strategic Planning Board as recommended by the Constitution Member Working Group and set out in paragraph 4.9 of the report be approved; and
 - b. the Constitution be amended to incorporate the arrangements into the Committee Procedure Rules and to allow any consequential amendments.
2. the Committee note that the Constitution Member Working Group will report to a future meeting on the outcome of its review of the terms of reference of the Strategic Planning Board and the planning arrangements in general.

CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting:	23 rd January 2014
Report of:	Head of Governance and Democratic Services
Subject/Title:	Venue for Meetings of the Strategic Planning Board

1.0 Report Summary

- 1.1 This report invites Members to review the arrangements for determining the venue for meetings of the Strategic Planning Board following consideration of the matter by the Constitution Member Working Group.

2.0 Recommendations

- 2.1 That the Committee recommend to Council that
- a. the revised arrangements for determining the venue for meetings of the Strategic Planning Board as recommended by the Constitution Member Working Group and set out in Paragraph 4.9 of this report be approved; and
 - b. the Constitution be amended to incorporate the arrangements into the Committee Procedure Rules and to allow any consequential amendments.
- 2.2 That the Committee note that the Constitution Member Working Group will report to a future meeting on the outcome of its review of the terms of reference of the Strategic Planning Board and the planning arrangements in general.

3.0 Reasons for Recommendations

- 3.1 To ensure that the arrangements are practicable and appropriate.

4.0 Background

- 4.1 The Committee originally considered this matter at its meeting on 20th September 2012 following a motion to Council, proposed by Councillor D Brickhill and seconded by Councillor S Hogben, "That when the Strategic Planning Board agenda contains a majority of items from the south of the Borough, the meeting will be held in Crewe or Sandbach". The motion had been referred to the Committee for consideration.
- 4.3 Having considered the matter, the Committee had resolved as follows:

“That Council be recommended to agree that the venue arrangements for meetings of the Strategic Planning Board should be as follows:

That the Capesthorne Room, Macclesfield Town Hall and the Council Chamber, Municipal Buildings, Crewe be reserved in advance for every scheduled meeting of the Strategic Planning Board, with the room that is not required for a particular meeting being released at the appropriate time, the choice of venue to be at the discretion of the Chairman of the Strategic Planning Board in consultation with officers.”

- 4.4 Council at its meeting on 11th October 2012 had approved the recommendation as set out.
- 4.5 Since the revised arrangements came into effect, 10 meetings of the Strategic Planning Board have been held in Macclesfield and 14 have been held in Crewe (figures updated since the Committee’s meeting in November).
- 4.6 The Committee reviewed the arrangements at its meeting on 21st November 2013 following concern expressed by some members about the choice of venue for a recent meeting of the Board.
- 4.7 The Committee also considered whether there was merit in undertaking a more general review of the planning arrangements in Cheshire East.
- 4.8 The Committee resolved that the Constitution Member Working Group be asked to
 1. review the arrangements for determining the venue for meetings of the Strategic Planning Board; and
 2. undertake a more general review of the planning arrangements in Cheshire East to determine whether they are fit for purpose or whether alternative arrangements should be explored.
- 4.9 The Working Group has reviewed the arrangements for determining the venue for meetings of the Strategic Planning Board and has recommended that the arrangements should be amended to the following:

“That the Capesthorne Room, Macclesfield Town Hall and the Council Chamber, Municipal Buildings, Crewe be reserved in advance for every scheduled meeting of the Strategic Planning Board, with the room that is not required for a particular meeting being released at the appropriate time, the choice of venue to be at the discretion of the Chairman of the Strategic Planning Board in consultation with the Vice-Chairman of the Board and officers, provided that in exercising such discretion, the Chairman will have regard to the following considerations:

- § the number of planning matters which are to be considered at the meeting in question and the proximity of the development sites to the two meeting venues;
- § the scale of the proposed development associated with the applications to be dealt with at the meeting in question; the complexity of issues associated with, or the controversial nature of, the proposed development, and the likely consequential public interest;

and that, once the Chairman has chosen a venue for the meeting, the Chairman's full reasons in support of that choice shall be summarised and communicated to all members of the Council via the notification email for the meeting."

- 4.10 At present, the arrangements for determining the venue for meetings of the Strategic Planning Board are not included in the Constitution, although there is reference in the Planning Public Speaking Protocol to the Board usually meeting in Macclesfield. The Committee may wish to recommend to Council that the Constitution be amended to incorporate the revised arrangements into the Committee Procedure Rules and to allow a consequential amendment to the Planning Public Speaking Protocol.
- 4.11 The Member Working Group is currently reviewing the terms of reference of the Strategic Planning Board and the Council's wider planning arrangements and a further report will be submitted to a future meeting.

5.0 Wards Affected

- 5.1 All

6.0 Local Ward Members

- 6.1 All

7.0 Policy Implications

- 7.1 None

8.0 Financial Implications

- 8.1 None

9.0 Legal Implications

- 9.1 The Constitution Committee is responsible for overseeing, monitoring, co-ordinating and implementing the Council's administrative and political

business, including the administrative arrangements for and the conduct of the Council and other meetings.

10.0 Risk Management

10.1 None

11.0 Access to Information

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

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