

Cabinet Agenda

Date: Monday, 19th August, 2013
Time: 2.00 pm
Venue: Council Chamber, Municipal Buildings, Earle Street, Crewe
CW1 2BJ

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

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

1. **Apologies for Absence**

2. **Declarations of Interest**

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

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

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relevant to the work of the meeting. Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding 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 are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

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.

Contact: Paul Mountford, Democratic Services Officer
Tel: 01270 686472
E-Mail: paul.mountford@cheshireeast.gov.uk

4. **Questions to Cabinet Members**

A period of 20 minutes is allocated for questions to be put to Cabinet Members by members of the Council. Notice of questions need not be given in advance of the meeting. Questions must relate to the powers, duties or responsibilities of the Cabinet. Questions put to Cabinet Members must relate to their portfolio responsibilities.

The Leader will determine how Cabinet question time should be allocated where there are a number of Members wishing to ask questions. Where a question relates to a matter which appears on the agenda, the Leader may allow the question to be asked at the beginning of consideration of that item.

5. **Minutes of Previous Meeting** (Pages 1 - 6)

To approve the minutes of the meeting held on 22nd July 2013.

6. **Notice of Motion - Creation of Highway Committees** (Pages 7 - 10)

To consider a response to the Notice of Motion submitted to the Council on 18th July 2013.

7. **Notice of Motion - High Speed Rail 2 (HS2)** (Pages 11 - 16)

To consider a response to the Notice of Motion submitted to the Council on 18th July 2013.

8. **Notice of Motion - Lyme Green DIP Report** (Pages 17 - 20)

To consider a response to the Notice of Motion submitted to the Council on 18th July 2013.

9. **Notice of Motion - Funding of Adult Care** (Pages 21 - 24)

To consider a response to the Notice of Motion submitted to the Council on 18th July 2013.

10. **Early Intervention and Prevention Services (Key Decision Ref CE 13/14-25)**
(Pages 25 - 64)

To consider a report on the retendering of all Early Intervention and Prevention services and the continuation of the Innovation Fund.

11. **Community Right to Bid Policy** (Pages 65 - 96)

To consider proposals to create a revised and strengthened policy by which Cheshire East Borough Council will manage and administer the Community Right to Bid.

12. **Treasury Management Annual Report 2012/13** (Pages 97 - 112)

To consider the Treasury Management Annual Report for 2012/13.

13. **2013/2014 First Quarter Review of Performance** (Pages 113 - 202)

To consider a report on the 2013/2014 First Quarter Review of Performance.

THERE ARE NO PART 2 ITEMS

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Cabinet**
held on Monday, 22nd July, 2013 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors Rachel Bailey, J Clowes, J P Findlow, L Gilbert, B Moran,
P Raynes and D Topping

Members in Attendance

Councillors Rhoda Bailey, L Brown, K Edwards, I Faseyi, R Fletcher,
S Gardiner, M Grant, P Groves, S Hogben, B Livesley, P Mason, R Menlove,
A Moran, D Newton, L Smetham, M Simon, A Thwaite and S Wilkinson.

Officers in Attendance

Caroline Simpson, Director of Economic Growth and Prosperity
Heather Grimbaldeston, Director of Public Health
Suki Binjal, Interim Head of Legal Services and Monitoring Officer
Rachel Musson, Interim Chief Operating Officer
Rachel Graves, Democratic Services Officer

33 DECLARATIONS OF INTEREST

There are no declarations of interest.

34 PUBLIC SPEAKING TIME/OPEN SESSION

There were no questions from members of the public.

35 QUESTIONS TO CABINET MEMBERS

Councillor Rhoda Bailey asked if geothermal energy production would lead to fracking taking place.

Cllr David Brown replied that the geothermal energy and fracking were two different processes – geothermal energy was gained by drilling down to access water at a temperature up to 100°C, which was then pumped to the surface to use directly as a heat supply or for electricity production.

36 MINUTES OF PREVIOUS MEETING**RESOLVED:**

That the minutes of the meeting held on 24 June 2013 be approved as a correct record.

37 CONGLETON TRANSPORT INFRASTRUCTURE - SELECTION OF PREFERRED TRANSPORT SOLUTION (KEY DECISION REF CE 13/14-13)

Cabinet considered a report seeking approval of the transport options to be taken forward for further appraisal using the Congleton Traffic Model.

In line with best practice Department of Transport Guidance, three transport options – ‘Preferred’, ‘Next Best’ and ‘Low Cost’, had been identified to be taken forward for further appraisal.

The ‘Preferred’ option had been identified based upon the scale of transport benefits it was likely to deliver against the endorsed objectives of the study and its key role in facilitating the successful delivery of the Local Plan housing and employment allocations within the Congleton area.

RESOLVED: That

- 1 the Preferred transport solution to be taken forward for further appraisal using the Congleton Traffic Model is a link road connecting the A534 Sandbach Road to the A536 Macclesfield Road;
- 2 the Next Best transport solution to be taken forward for further appraisal using the Congleton Traffic Model is a link road connecting the A54 Holmes Chapel Road to the A34 Manchester Road;
- 3 the Low Cost transport solution to be taken forward for further appraisal using the Congleton Traffic Model is on-line improvements on the A34;
- 4 it be noted that alternative options need to be considered to access certain funding streams; and
- 5 it be noted that public consultation on detailed route options is planned for late 2013/early 2014.

38 CREWE DEEP GEOTHERMAL ENERGY CENTRE (KEY DECISION REF 13/14-31)

Cabinet considered a report which sought approval to progress the Crewe Deep Geothermal Energy Project.

Geothermal energy was widely regarded as a sustainable, renewable and reliable source of heat and energy, with little or no visual, noise or air quality impact once in place.

The Cheshire Basin had been identified as one of only six places in the UK with the potential to supply heat and electricity from geothermal resources. A potential site on Council-owned land had been identified at Leighton West. This site had been identified in the Local Plan Development Strategy as a potential site for geothermal exploration.

The first stage of the project would undertake a feasibility study to test the overall benefits/risks of the opportunity and in particular carry out a site investigation and assess whether any planning and site specific or environmental health constraints might affect delivery and scope out the delivery which would be of optimum benefit to the Council and the local community.

RESOLVED: That

- 1 the Leighton West site be the preferred site;
- 2 it be noted that a viability study will carry out a site investigation and assess whether any planning and site specific or environmental health constraints might affect delivery and to include consideration of the pros and cons of this form of energy; the work to be funded by virement of existing budget; and
- 3 the decision on the route delivery be delegated to the Portfolio Holder, Chief Executive and Director for Economic Growth and Prosperity.

39 HEALTH IMPACT ASSESSMENT POLICY (KEY DECISION REF CE 13/14-33)

Cabinet considered a report on the introduction of a Health Impact Assessment Policy.

The Health and Adults Social Care Policy Development Group had spent some time considering the merits of Health Impact Assessments and how they were used by other Authorities.

The Policy Development Group had noted that one of the recommendations contained in 'Fair Society, Healthy Lives: Strategic Review of Health Inequalities in England post 2010' led by Michael Marmot, was the need to create and develop healthy and sustainable places and communities. In order to achieve this outcome, local areas needed to integrate planning, transport, housing and health policies to address the social determinants of health. Health Impact Assessments allowed these interrelationships to be considered as decisions were being made and also gave an opportunity for potential negative and positive impacts to be identified.

The Policy Development Group had identified a number of areas where Health Impact Assessments could add value, specifically in relation to

changes of use of premises, strategy development, and decisions to commission or decommission services and the Group considered that there was an immediate need for a specific toolkit to be produced in respect of planning decisions.

The Policy Development Group, at its meeting on 15 July 2013, had recommended to Cabinet that a Health Impact Assessment Policy be adopted. Councillor M Simon, as Chairman of the Health and Adults Social Care Policy Development Group, attended the meeting and spoke on the matter.

RESOLVED: That

- 1 the Health Impact Assessment Policy be endorsed and adopted; and
- 2 Officers be authorised to take all necessary actions to implement the Policy.

40 BUDGET SETTING PROCESS 2014/2017

Cabinet considered a report on the Council's Budget Setting process for 2014-17 onwards.

Significant internal changes were taking place within the Council as it moved on from successfully delivering to budget in 2012-13, to implementing the 2013-14 Budget and Capital Programme and considering the requirements for the next three year period 2014-15 to 2016-17.

These changes included the move to a Strategic Commissioning model and a new senior management team and on-going review of all management posts. There were major challenges in managing these changes whilst continuing to deliver the Council's ambitions and deals with reducing levels of funding. A strong Budget Setting framework was required to enable this to happen.

The key steps to achieving a fully updated Budget Report and Medium Term Financial Strategy for Cabinet and Council in February 2014 were detailed in the Appendices to the Report.

RESOLVED

That the Budget Setting Process to develop a Budget Report for 2014-17 be approved.

41 **RISK MANAGEMENT POLICY REVIEW**

Cabinet considered a report on an updated Risk Management Policy.

The Council's Risk Management Policy formed part of the overall internal control framework and corporate governance arrangements. The present Risk Management Policy was last amended and approved by Cabinet in August 2012 and it was agreed that the Policy would be reviewed annually.

The outcome of the review of the Policy was that although the Risk Management Policy remained fit for purpose, a number of minor amendments could be made to strengthen the Policy. The amendments were highlighted in a copy of the Risk Management Policy attached to the Report.

RESOLVED: That

- 1 the updated Risk Management Policy be approved; and
- 2 the Risk Management Policy to be reviewed annually.

42 **POLICY FOR THE ALLOCATION OF COMMUNITY GRANTS**

Cabinet considered a report on the Policy for the Allocation of Community Grants 2013-14.

The Council operated a Community Grants Scheme within the local authority boundaries. The Policy addressed the governance arrangements, procedures and monitoring process to be followed when awarding a Community Grant.

All sections of the Policy had been reviewed and refreshed in order to bring the Policy up to date, in accordance with legal guidance, and provide comprehensive guidance for those Organisations wishing to apply to the Community Grants Scheme.

RESOLVED: That

- 1 the Policy for the Allocation of Community Grants 2013-14 be approved and adopted; and
- 2 the Portfolio Holder for Strategic Communities (or whichever Portfolio Holder has responsibility for Community Grants at the time of making the grants decision) be responsible for the awarding of Community Grants and be given delegated authority to approve applications for grants from local organisations to assist in developing community-based activities and projects in accordance with the Policy.

The meeting commenced at 2.00 pm and concluded at 2.50 pm

M Jones (Chairman)

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	19 th August 2013
Report of:	Head of Development
Subject/Title:	Notice of Motion – Creation of Highway Committees
Portfolio Holder:	Councillor David Topping, Environment

1.0 Report Summary

- 1.1 When the Cheshire East Borough Council was formed in 2009 it adopted the Cabinet style of governance that is promoted by the Local Government Act 2000. The benefits of this Executive model are to be found in:
- Clear leadership
 - Accountability for decision-making
 - Swift and efficient policy-making
- 1.2 Whilst Committees exist under the executive model their role is to make decisions within policy, not to make policy. The Overview and Scrutiny Committee's role is in holding the Cabinet and others to account in discharging their functions and ensures that the democratic checks and balances are maintained.
- 1.3 A request has been made to reintroduce 3 Highway Committees across the Borough with the committees reflecting the old District boundaries.
- 1.4 At the Council meeting held on 18th July 2013 the following Notice of Motion was submitted by Cllr D Brickhill in relation to the formation of Highways Committees.

“That Three Highways Committees be formed to correspond to the three old District boundaries with one Member from each local Ward entitled to sit on them. All highways alterations must first be discussed by the appropriate Committee, which will send a recommendation to the Cabinet Member. All delegated powers to alter or make highways orders, other than temporary closure orders, must first be subjected to this process. That priorities for implementation will be decided by the appropriate Committee if there are budgetary constraints.”

2.0 Recommendations

That Cabinet

1. note the content of the report; and
2. endorse the recommendation not to set up separate Highway Committees.

3.0 Reasons for Recommendations

It is recommended that Cabinet refuse the request for the reinstatement of Highway Committees and that the current arrangements are maintained.

That Cabinet endorses the revised approach to Member briefing that ensures that LAP wide bulletins are issued on a weekly basis by the relevant Local Highways Officer. The bulletins are to contain relevant information that would be of interest to Members and is to include information that is actually outside of the scope of service delivery for Cheshire East Highways, e.g. development control issues etc.

4.0 Wards Affected

All wards are affected

5.0 Local Ward Members

All member are affected

6.0 Policy Implications

There are no policy implications arising from this report.

7.0 Financial Implications

There are no financial implications arising from this report

8.0 Legal Implications

8.1 The Local Government Act 1972 empowers local authorities to set up committees. The Local Government Act 2000 set up a number of governance models from which local authorities could choose and Cheshire East currently operates under the Leader and Cabinet model. Schedule 2 of the Localism Act 2011 amends the 2000 Act to provide, as one of the permitted forms of governance for a local authority, a committee system. There are detailed processes to be undertaken for any change, and this is a choice for each authority to make, and no obligation is included for any of the arrangements which are now permitted.

8.2 The current suggestion to set up a consultative arrangement may be capable of being lawfully set up, but would require further consideration, considerable preparation and resource, and Constitutional change, if ultimately considered to be lawful.

9.0 Risk Management

There are no significant risks arising from this report.

10.0 Background and Options

Regular briefing sessions are held with the Cabinet Member, Cllr David Topping, and his deputy, Cllr Louise Brown. The briefings are attended by the

Head of Service, Kevin Melling, as well as the Service Leader for the Cheshire East Highways Contract, Mark Averill. The briefings are used to share both operational information as well as to discuss strategy and policy issues relating to highways. Where applicable information from the briefing is shared with stakeholders. By adopting this meeting frequency we are able to quickly respond to queries, the most important of recent to note being the final approval of the Highway Investment Programme for this year, allowing the service to deliver to time and to budget.

The teams, particularly the traffic team, do interface with the LAPs on a regular basis and provide local members and stakeholder updates on schemes and projects that affect their areas. It is worthy of note that work that is LAP directed can be subject to delay as a consequence of meeting frequency and the lack of absolute direction from the group. Should Highway Committees be reinstated then it is likely that there will be information duplication, conflicting priorities and added delays to the execution of the programme.

It is recognised that communication with elected Members and other stakeholders could be further improved. As a part of all of the teams' personal development reviews the need to communicate what they are doing and, just as importantly what they are not doing, was included as a personal target. Since the inception of Cheshire East Highways in late 2011 and the introduction of the Local Highways Officers we have found that relationships have been built and, as a consequence, that things have improved, however improvements can still be made.

It is recommended that Cabinet endorses the approach that has been developed for Cllrs Jones and Topping and that Local Highways Offices produce LAP wide bulletins that are sent to Members on a weekly basis. The bulletins are to contain relevant information that would be of interest to Members and is to include information that is actually outside of the scope of service delivery for Cheshire East Highways, e.g. development control issues.

11.0 Access to Information

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

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	19 th August 2013
Report of:	Corporate Manager of Strategic Infrastructure
Subject/Title:	Notice of Motion - High Speed Rail 2 (HS2)
Portfolio Holder:	Cllr David Brown, Strategic Communities

1.0 Report Summary

- 1.1 This report has been prepared in response to a notice of motion proposed by Councillor David Brickhill at Council which states that if HS2 is to be built, Council will only support its construction if, where possible, to avoid agricultural land and buildings, the Cheshire East section is underground.
- 1.2 The Motion draws attention to the fact that the sections through Crewe and Manchester are planned to be underground and that by extending the tunnelling work would save the blight and eventual loss of high quality agricultural land and numerous residential and business properties.
- 1.3 The purpose of this report is to:
 - Update Cabinet on the Government's plans and programme for delivering a high speed rail network in the UK, the next steps and what is being done by HS2 to lessen the impacts of the proposal on land and property.
 - Identify what actions have been taken by the Council to date to ensure these impacts are addressed
 - Provide a response to the Notice of Motion proposed by Councillor David Brickhill.

2.0 Recommendations

- 2.1 That Cabinet note the ongoing activities being undertaken to ensure that the Borough derives maximum economic benefit and minimal harm to land and property from the HS2 proposals.
- 2.2 That Cabinet note the response to Council to the Notice of Motion stating its commitment to continue to work with the local community and HS2 to change the current proposals, wherever possible and prudent to do so, to avoid the loss of agricultural land and buildings.

3.0 Reason for recommendations

- 3.1 HS2 needs to provide a much greater focus and scrutiny on the local impacts and work harder to understand these and resolve them. The Borough needs to

secure the best outcome in terms of maximising the potential economic benefits whilst ensuring the harm caused to its environment and communities is minimised at the local level.

- 3.2 The Council's aim is to secure changes to the proposals for HS2, wherever it is possible and prudent to do so, to increase the amount of tunnelling, cuttings and false cuttings, for example, and to reduce the severance of communities and farms by providing bridges and under bridges along the route. Where such changes can be secured, the Borough would suffer reduced blight, maintain the maximum amount of productive farmland and reduce the loss of property.

4.0 Ward affected

- 4.1 Crewe North, Crewe South, Crewe East, Crewe West, Crewe Central, Leighton, Haslington, Wybunbury, Bunbury, High Legh, Mobberley, Chelford, Brereton Rural.

5.0 Local Ward Members

- 5.1 Councillors Mo Grant, Dorothy Flude, Steve Hogben, Peggy Martin, David Newton, Chris Thorley, Peter Nurse, Michelle Sherratt, Irene Faseyi, Derek Bebbington, John Hammond, David Marren, Janet Clowes, Michael Jones, Steve Wilkinson, Jamie Macrae, George Walton, John Wray.

6.0 Policy Implications

- 6.1 A major national project such as HS2 has national policy objectives (see Section 10.0). Addressing the development impacts of a project of this scale will cover all the Council policy areas within the scope of the emerging Local Plan and would form the policy framework for considering the proposal.

7.0 Financial implications

- 7.1 None

8.0 Legal implications

- 8.1 None

9.0 Risk Management

- 9.1 None

10.0 Background

- 10.1 The Government has made HS2 one of its priority national infrastructure projects, which will aim to deliver key economic and transport objectives. The Government's key policy drivers behind its plan to deliver HS2 are:

- Transforms travel in Britain.
- Keeps Britain competitive.
- Changes the country's economic geography.
- Ensures the investment delivers a sound macro business case.
- Achieve huge increases in rail capacity.
- Slashes journey times between cities.
- Significantly reduces the demand for internal UK flights.
- Promotes long-term and sustainable economic growth.
- Helps to bridge the north south divide.

10.2 The HS2 key specification is:

- New High Speed Trains and new Classic Compatible Trains, the later being capable of running on the existing rail network.
- Maximum speeds of 225miles/hour, enabling a maximum line capacity of 18 trains per hour.
- To operate at maximum speed the track should be on a curve of no greater than 1m in 7200m. The total train length would be 2 units 400m, which can be split, and carry around 1100 passengers.
- Stations would have platforms around 500m long with an approximate 1km to 1.5km widening on each approach and associated roads, parking (up to 4000 spaces) and other access arrangements

10.3 The Government is planning to develop the HS2 network in 2 phases.

- Phase 1 would see the construction of a line from London Euston to the West Midlands with a link back onto the West Coast Main Line (WCML) in the Lichfield area. The line would have a spur off into the centre of Birmingham and a link to HS1 and the Channel Tunnel via the North London Line.

New stations are proposed for Birmingham City Centre, Birmingham International Airport, Old Oak Common (for interchange with Cross Rail, Great Western Line and Heathrow Express) and changes at Euston Station.

Classic Compatible High Speed Trains would operate from Lichfield back onto the WCML to serve destinations in the north west, including within Cheshire East. The target first year of operation is 2026.

- Phase 2 would see the completion of proposed HS2 "Y" network. A branch would be taken from the Phase 1 line north of Birmingham to serve the East Midlands, South Yorkshire and Leeds with a link back onto the East Coast Main Line from this point.

The second branch of the "Y" would see the continuation of the Phase 1 line from the Lichfield area to somewhere either north or south of Preston where it would link back onto the WCML. This would include a spur line to serve a station in the centre of Manchester and at the

Airport. It is proposed that the Classic Compatible Train services would continue to operate in the north west once this Phase 2 is operating, including through Crewe.

Three broad lines of route were considered; ones through the east of the Borough with no station, ones following the M6 corridor and ones following the West Coast Mainline. The West Coast Mainline option has been preferred as it was believed to provide the best balance between economic, environmental and community impacts. The target first year of operation is 2032/33, 6 to 7 years after Phase 1.

For both Phases of the project, the HS2 team has identified potential depot and maintenance site locations to support HS2 operations. These have been strategically placed along the route and would support growth and job opportunities in the areas identified. An Infrastructure Maintenance Depot is proposed at Crewe.

- 10.4 The Secretary of State for Transport, the Rt Hon Patrick McLoughlin MP announced the initial preferred line of route and station options in January this year and the first round of public consultation was launched in July and this will run until the end of January 2014. It is expected that the decision on the final preferred option for Phase 2 will be made toward the end of 2014.
- 10.5 The HS2 project would have significant transport, economic, environmental and social impacts across the Borough. The Council has been and will continue to be engaged with the Government and HS2 Limited at both political and officer levels as to influence the HS2 proposals. A key success to date has been to ensure the initial preferred route is via Crewe, which, if confirmed, would enable access to high speed services to London at a reduced journey time of 55 minutes and boost jobs and economic activity in the Borough.
- 10.6 HS2 Limited did give consideration as to how the strategic impacts can be reduced. By selecting a route that follows the existing national infrastructure corridors of the West Coast infrastructure corridor, major roads and power supply lines, means rural areas currently less affected by major infrastructure remain so. They have also shown the use of bunds, cuttings, tunnels and natural features, as well as soft landscaping and highlighted areas for noise protection and reduction measures all to reduce the impacts.
- 10.7 Having said this, in the south of the Borough at the point where both the Classic Compatible Trains join the HS2 network and the Basford Sidings connects to the West Coast Main Line, the proposals require an extremely high layer of rail connections which would have very significant noise and visual impacts and community severance.
- 10.8 In the north of the Borough, the height at which the route is proposed to cross over the Manchester Ship Canal means the optimum route is to go over the M56 due to line gradients. With the inclusion of the triangular delta junction to provide a spur into Manchester, this means the links on and off the HS2 north

to south route have a more significant impact on its surrounding areas as well as seriously affecting numerous farms.

- 10.9 In total, of the approximate 40km of proposed route proposed through the Borough, there is around 4.4km in a tunnel under Crewe, 12.7km broadly along the line of the West Coast Main Line, 9km in cutting and 4.5km broadly along the line of existing overhead power lines.
- 10.10 Overall for the Borough, it is considered that the HS2 proposal would cause significant detrimental local impacts, particularly in our rural areas during its construction and once completed. This will include the years of blight and eventual potential loss and demolition of many properties, including farms. For others they will be affected by dust, noise pollution and the visual impact of the corridor as well as the impacts of severance of farms and communities as land is divided and local roads diverted, disrupted or even closed.
- 10.11 HS2 needs to provide a much greater focus and scrutiny on the local impacts and work harder to understand these and resolve them. Members and officers have already been working hard to influence HS2 to ensure a better balance is achieved between maximising the potential economic benefits to the Borough whilst ensuring the harm caused to its environment and communities is minimised at the local level.
- 10.12 The quality of our Borough both as a place to live and farm demands the highest standards of design, environmental protection and mitigation and compensation and this needs to be given greater recognition in the HS2 work going forward.
- 10.13 In response to this, the Leader of the Council and officers have attended a number of local engagement events within the local Parish Councils along the proposed route at which the serious concerns of local people, farmers and businesses were heard and relayed to HS2 Limited.
- 10.14 An on line portal has been established on the Borough's web site to enable people to highlight their concerns and these will be used to lobby HS2 through the consultation process.
- 10.15 The Leader of the Council has secured an agreement with HS2 Limited that they meet with a representative from each affected Parish Council to discuss the route proposals in detail ahead of the formal consultation events planned later this year. These meetings will enable a critical review of the local impacts and a discussion about how the proposals might be changed and additional mitigation provided.
- 10.16 Tunnelling would be the best engineering solution to remove the local concerns as expressed in the Notice of Motion. Having said this, the scope to introduce extra or extended tunnels is limited by certain constraints of the current proposal, the major ones of which are described in 10.7 and 10.8 above. Further, it would be a more expensive engineering solution, which could result in the overall project being unaffordable and poor value for money.

- 10.17 Having said this, meetings have already taken place with HS2, and will continue to do so, as to how the proposals can be changed. Wherever possible and prudent to so, our aim should be to increase the amount of tunnelling, cuttings and false cuttings, for example, and to reduce the severance of communities and farms by providing bridges and under bridges along the route. If such changes can be secured the Borough would suffer reduced blight, maintain the maximum amount of productive farmland and reduce the loss of property.
- 10.18 As such, this report recommends that the Cabinet should inform Council of its commitment to continue to work with the local community and HS2 to change the current proposals, wherever possible and prudent to so, to avoid the loss agricultural land and buildings.

11.0 Access to Information

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

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	19 th August 2013
Report of:	Mike Suarez, Chief Executive
Subject/Title:	Notice of Motion – Lyme Green DIP Report
Portfolio Holder:	Councillor Barry Moran, Performance

1.0 Report Summary

- 1.1 Council resolved at its meeting on 18th July 2013 that a motion concerning the Lyme Green DIP report stand referred to Cabinet. This report facilitates Council's referral.

2.0 Recommendation

- 2.1 Given that the Council has already acknowledged its shortcomings in this matter on a number of occasions, it is not considered necessary to say anything further on this.

3.0 Reasons for Recommendation

- 3.1 To enable Cabinet to consider the matter.

4.0 Wards Affected

- 4.1 No wards are directly affected by the referral of the motion to Council.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 None.

7.0 Financial Implications

- 7.1 None arising from this report.

8.0 Legal Implications

- 8.1 None arising from this report.

9.0 Risk Management

9.1 None arising from this report.

10.0 Background and Options

10.1 A motion titled “Lyme Green DIP Report” was proposed to Council at its meeting on 18th July 2013, by Councillor Brendan Murphy and seconded by Councillor Arthur Moran.

10.2 The content of the motion was as follows:

“In the light of the findings of the Designated Independent Person - as published by the former Interim Chief Executive in the matter Lyme Green - and to have this matter finally concluded, the Council requests its Leader to publish on its behalf a formal apology for the following reasons:

1. The matter has caused widespread anxiety and considerable unnecessary and avoidable expense for taxpayers and employees.
2. The handling of the crisis has seriously damaged the reputation of the Council and its employee; furthermore it is undermining public confidence in local democracy.
3. The published report clearly indicates a failure of the Council’s Executive body to maintain due diligence in its oversight of the Council’s affairs.”

10.3 In accordance with the Council Procedure Rules within the Constitution, Council resolved that the matter stand referred to Cabinet.

10.4 The motion laid out three reasons as to why the Leader publish a formal apology on behalf of the Council. The Council in the interest of transparency and in response to clear public interest issued a report publicly on 17th June 2013, which summarised the confidential report of the investigation of the Designated Independent Person into the related actions of Council officers and Elected members. This summary report, which was an extensive document numbering some 28 pages, considered amongst other things the matters raised within the motion.

10.5 The content of the summary report therefore provides clarification on the matter raised in the motion. This clarification is summarised in the following paragraphs.

10.6 The points made in the motion about public confidence and the anxiety, of the public were key reasons as to why this matter was dealt with robustly and a lengthy summary report was made widely available to the public via the media. Indeed the introduction to the report clarifies that, “in recognition of the level of public interest in this matter, a commitment was given by the Leader of the Council to make an

authoritative and accessible summary version of the DIP's report widely available." The robust management of this along with the transparency about how it was managed will have gone some way to helping rebuild public confidence and the Council's reputation.

- 10.7 The summary report clarifies that the net costs to the Council were less than £100,000, including a compensatory payment to the building contractor involved on site. This net figure takes account of the fact that the site preparations and reusable structures at the site can be used to support alternative development opportunities. In this context of further development, the Council has more recently reached an in principle agreement with a well-known, local independent retailer to provide a purpose-built warehouse facility on the Lyme Green depot site. These discussions have been undertaken in close consultation with the local community and Parish Council.
- 10.8 In regards to the assertion in the motion that "The published report clearly indicates a failure of the Council's Executive body to maintain due diligence in its oversight of the Council's affairs", the DIP was asked to look at whether, and to what extent, any Councillors were culpable for the failure of the Lyme Green project.
- 10.9 It was clear, from the DIP's investigation, that the decisions taken on how the project was put into practice were solely those of particular senior Council staff who were responsible for it. The DIP was critical in his comments about the actions of one elected Member, the relevant Cabinet portfolio holder with ultimate responsibility for the Lyme Green project.
- 10.10 Cabinet in receiving the motion need to consider the request that the Leader publish on behalf of the Council a formal apology.

11.0 Access to Information

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

Name:	Paul Bradshaw
Designation:	Head of OD
Tel No:	01270 686027
Email:	paul.bradshaw@cheshireeast.gov.uk

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 19th August 2013
Report of: Brenda Smith, Director of Adult Social Care & Independent Living
Subject/Title: Notice of Motion - Funding of Adult Care
Portfolio Holder: Councillor Janet Clowes

1.0 Report Summary

- 1.1 The Care Bill is currently progressing through Parliament. At present the regulations are being written which give much needed detail on how the Bill will be implemented.
- 1.2 As part of this process, the Government produced a discussion document in June 2013 entitled 'Draft National Minimum Eligibility Threshold for Adult Care and Support'. This document details how the Government proposes to apply national eligibility criteria for adult care and support.

2.0 Recommendation

- 2.1 To note the current position and action being undertaken by Officers.

3.0 Reasons for Recommendations

- 3.1 To respond formally as a Council to the Government's engagement exercise.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 To be identified as part of Council Review of Impact

7.0 Financial Implications

- 7.1 To be identified as part of Council Review of Impact

8.0 Legal Implications

- 8.1 To be identified as part of Council Review of Impact

9.0 Risk Management

- 9.1 To be identified as part of Council Review of Impact

10.0 Background and Options

- 10.1 The discussion document published in June 2013 outlines proposals as to how the eligibility threshold would be defined and applied. This is an important opportunity for the Council to consider the detail and how this may impact before final decisions are reached.

- 10.2 The proposal is that the national threshold is set at a level which will be equivalent to the current 'substantial' level within the Fair Access to Care Services (FACS) eligibility range. This is the level currently applied by Cheshire East Council. The intention is that this will come into place in April 2015, subject to the passing of the Bill.

- 10.3 Although the proposed threshold is identified as being consistent with the current level applied in Cheshire East, we are looking closely at the detail to compare the proposed threshold and how it will be applied within our current practice. In this way, we will be in a position to understand the potential impact. This will inform the Council's response and contribution to the discussion.

- 10.4 The discussion document poses key questions which include:

- Are there any groups currently eligible for care and support not covered by the regulations?
- Do the national eligibility criteria effectively describe the equivalent of 'substantial' as set out in current guidance and interpreted by Local Authorities?
- How will the regulations affect different groups?

The Council will consider in detail these questions and others in order to provide an informed response. Adults Policy Development Group will consider the proposals and contribute towards the Council's response.

- 10.5 The timeframe for responses runs until 29 November 2013. Following this, the Government intends to amend the eligibility regulations which will then be subject to a public consultation in Spring 2014.

11.0 Access to Information

11.1 N/A

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

Name:	Brenda Smith
Designation:	Director of Adult Social Care and Independent Living
Tel No:	01625 374881
Email:	brenda.smith@cheshireeast.gov.uk

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	19 th August 2013
Report of:	Lorraine Butcher, Executive Director of Strategic Commissioning
Subject/Title:	Early Intervention and Prevention Services (Key Decision Ref CE 13/14-25)
Portfolio Holder:	Cllr. Janet Clowes - Health and Adult Social Care

1.0 Report Summary

- 1.1 The Council continues to make a positive, substantial commitment to investment in early intervention and prevention services. It is known that these services, when focused on specific outcomes, reduce demand on social care resources.
- 1.2 In 2012-13 all grants for adult services with Voluntary, Community and Faith Sector (VCFS) providers were commissioned and tendered for the first time to focus on the delivery of outcomes. Bids from organisations which were low in cost and could clearly evidence how through early intervention and prevention they would avoid or delay an individual's entry into the social care system or reduce or maintain current levels of support were prioritised for funding.
- 1.3 An Innovation Fund was also established to make awards of up to £10,000 for innovative solutions which address need through early intervention and prevention approaches.
- 1.4 These contracts are now due to be retendered, together with Children's Early Intervention and Prevention Services. Universal Services (provided by CABs and Healthwatch) are not included within this process.

2.0 Recommendations

- 2.1 That approval be given to a re-tender of all Early Intervention and Prevention services.
- 2.2 A minimum budget of £3,113,840 for Early Intervention and Prevention services be approved for a five year period from 1 April 2014 – 31 March 2019. This enables services to be commissioned for a three year period, with the potential to extend the contract for a further two years if required.
- 2.3 The continuation of the Innovation Fund be approved (see Appendix 2 for Application Form and Guidance and Appendix 3 for Innovation Fund Examples for 2013/2014).

- 2.4 The Executive Director of Strategic Commissioning be delegated authority to award the contracts to the highest scoring bidders, following a legally compliant procurement exercise, and subsequently enter into contracts.

3.0 Background

- 3.1 The previous contracts for adult services with VCFS providers, which pre - dated Local Government Re-organisation (LGR) in April 2009, had been extended over a number of years and had remained largely unchanged. The requirement for providers to tender for contracts therefore represented a significant step change in the council's approach and for this reason the new contracts, which required providers to deliver measurable and clearly specified outcomes, were awarded for one year only from 1 April 2013 – 31 March 2014.
- 3.2 An Innovation Fund was also established to evaluate bids of up to £10,000 to deliver innovative solutions which address need through early intervention and prevention approaches. Applications for the Innovation Fund are accepted throughout the year and multiple applications can be accepted from organisations. All monies must be spent in the year that the award is made and only revenue funding costs are met. Applications are evaluated by a panel on an ad hoc basis, based on the proposed outcomes included within the application. Examples of initiatives funded by the Innovation Fund in the current financial year can be found in Appendix 3.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Ward Members

- 5.1 All ward members.

6.0 Policy Implications

- 6.1 The recommendations within this report support the delivery of priority two and three of the Cheshire East Council Three Year Plan—developing affordable and sustainable local models of care for vulnerable children and adults and focusing services on early intervention and prevention and the Carers Strategy, October 2011.

7.0 Legal Implications

- 7.1 Existing contracts for Early Intervention and Preventions services are due to end on 31 March 2014 and cannot be extended.
- 7.2 Replacement services must be procured by the Council in order to fulfil its statutory duties under the Health and Social Care Act. The Council needs to undertake a competitive tender exercise in

accordance with the Public Contracts Regulations 2006 and the Council's own Finance and Contract Procedure Rules.

- 7.3 As these contracts will potentially be in place for a five year term, the service will need to instruct Legal Service so that suitable termination provisions are included to allow the Council to terminate on notice and provisions allowing the Council to apply appropriate penalties should the providers fail to provide the services to the required standard.

8.0 Financial Implications

- 8.1 Targeted savings of £364k were achieved in 2013/14 through the previous tendering round.
- 8.2 As these services are focused on delaying or even averting entry into the social care system or reducing the need for more costly interventions it is proposed that this funding is maintained at existing levels.
- 8.4 The current funding for the provision of Early Intervention and Prevention Services is £3,113,840 (£1,780,840 for Adults Services and £1,333,000 for Children's Services). This spend is already accounted for through the Strategic Commissioning budget.
- 8.5 Cabinet are therefore requested to commit the current budget of £3,113,840, for a five year period from 1 April 2014 – 31 March 2019 to allow services to be commissioned for a three year period, with the potential to extend the contracts for a further two years if required.
- 8.5 Break clauses will be included within the contract. Payment to providers may also be withheld if Key Performance Indicators within the contract are not achieved.

9.0 Risk Management

- 9.1 Failure to commission the replacement services will mean that no Early Intervention and Prevention Services will be available to residents of Cheshire East from 31 March 2014.
- 9.2 The services provided enable the Council to fulfil its statutory duty under the Health & Social Care Act.
- 9.3 As with all contracts there is a risk that once contracts are awarded the preferred supplier will not be in a position to fulfil the contract. This risk would be mitigated through active contract management but in rare circumstances the service may need to be re-procured.
- 9.4 Some organisations that were previously funded in 2013/14 may not be the highest scoring bidder in the new procurement process and will not therefore be funded for between three and five years when they will have the opportunity to retender for services. These organisations will, however, be free to bid to the Innovation Fund and we will also

support them to access to other avenues of funding where this is appropriate.

10.0 Access to Information

The background papers relating to this report can be inspected by contacting the Officer named below:

Name:	Sarah Smith
Designation:	Corporate Commissioning Manager
Tel No:	07772 866983
Email:	sarah.smith@cheshirecheshireeast.gov.uk

Social Care Voluntary Sector Contracts

Strategic Review Consultation

Cheshire East Council, Children's Families and Adults give financial support for services to a number of different organisations. Examples of the types of provision are support to carers, provision of advice and information and early intervention and prevention services.

A consultation was held in order to gain the views of organisations, service users, and the general public on proposed changes to the way this funding is allocated. This focussed on the themes which contracts and grants will be focussed around and the tendering process for contracts from 01 April 2013. The consultation ran from 7 November - 4 December 2012.

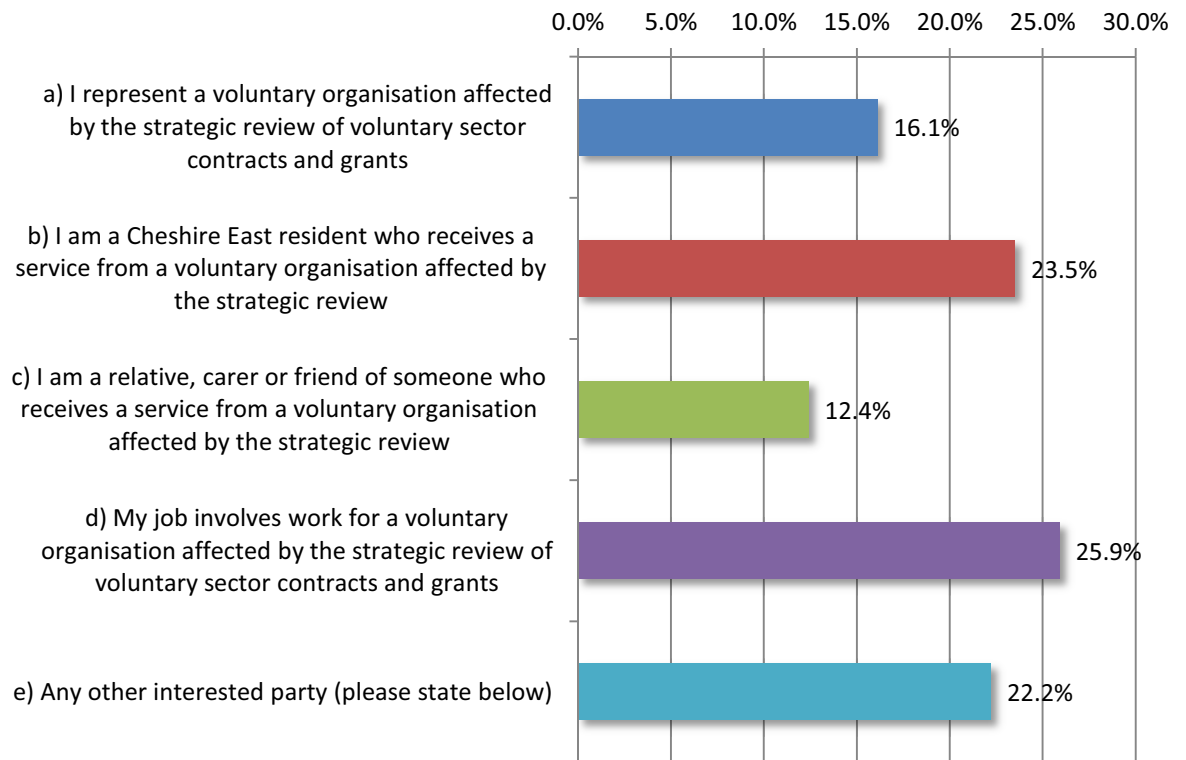
Consultation Methods

A number of methods were used in order to gather feedback from this consultation. These included:

- Two meetings were held (on the 21st November in Macclesfield and the 23rd November in Crewe) with organisations to provide them with information about the proposals and to answer questions
- A booklet was made available in key locations across Cheshire East including main Council Offices and libraries
- Letters were circulated by email to voluntary sector organisations about the consultation. A booklet was also circulated by post.
- An online questionnaire was available on the Council's website
- Voluntary sector organisations were asked to inform and involve their service users in the consultation

Respondents

A total of 88 questionnaires were received from the consultation, these can be categorised as follows: -



Themes for Future Contracts and Grants

The proposed themes and lots were discussed. Of the general comments received a number of arguments were raised about the themes.

- i) Concern was raised that the configuration of the themes by client groups might handicap an organisation which offered 'generic' type services.
- ii) It was felt by one respondent, that it would be harder for a smaller organisation to satisfy the different requirements in order to win a contract.
- iii) Two individuals stated they agreed with the themes, with one commenting the following:

"The selected priorities would seem appropriate, in these difficult economic times it is essential that they are delivered efficiently. The bureaucracy has to go."

- iv) A large number of responses (27) raised concerns about the potential direct impact on individual organisations. 20 of these related to the Citizens Advice Bureau. Typical comments were:

"The CAB provides an essential service of expert advice to people who are unable to understand and gather the legal information for themselves. And that is the majority of the population."

- v) Thirteen respondents (all in support of the Citizens Advice Bureau) put forward the argument that funding was too oriented towards people from social care client groups with a lack of concern for individuals with other needs who did not fit into these categories.

"A lot of our work is preventative and has outcomes that improve the health and wellbeing of our clients, reducing

stress/helping to people to cope etc. But majority of clients do not fit in Adult Social Care defined groups.”

Cheshire East’s Response

Organisations which offer generic services can still bid for contracts for client groups which they feel they can support. There is no restriction on organisations bidding for more than one lot.

It is acknowledged that the universal services provided by the Citizen Advice Bureaus do not necessarily fit into adult social care defined groups, and that this will be given further consideration.

Tendering Process

The greatest number of responses highlighted the potentially time-consuming nature of the tendering process for organisations and the cost it would force them to incur as a result.

It was stated that opening up the market would make it more likely that local voluntary organisations would lose funding. Another response, leading on from this, suggested that its outcome could be a destabilisation of the voluntary sector.

It was stated that the timescales on the procurement process were too short in order for organisations to manage their affairs effectively.

Another respondent stated that making contracts cover all of Cheshire East would penalise smaller organisations that were not able to cover these wide geographic areas.

Two respondents reflected the importance of procurement assessment taking into account an organisation's past performance. As such, they argued criteria should not just focus on price and quality.

One respondent agreed with the greater concentration on targets and outcomes suggested in the proposals. However, they felt it was not always easy to measure the support provided to individuals because help was often transitory.

Cheshire East's Response

It is essential that the tax payer can be assured of receiving value for money in all areas of Council services. Therefore, it is a requirement to ensure that services are contracted for using a formal process.

The Council acknowledges that the timescales for arranging contracts are short, and as such are undertaking a "Request for Quote" process, rather than a tender process for the majority of service areas. The benefit of this reduces the level of documentation required from bidders.

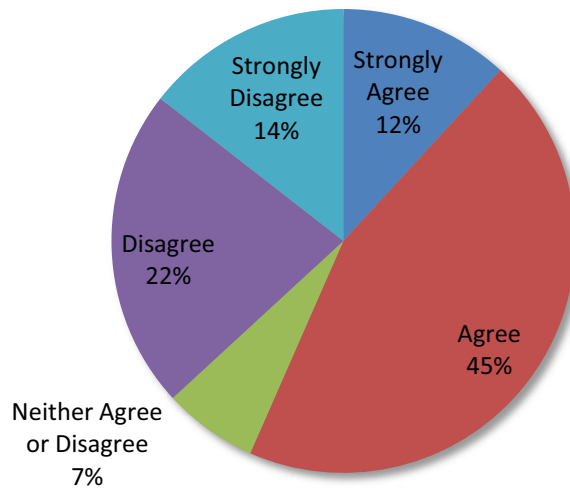
Lots have been broken down into North or South or the whole of Cheshire East and the Innovation Grant Fund will be available and should be attractive to specialist or localised services.

The evaluation criteria against which bids will be assessed is included in the quotation / offer documentation.

Funding Arrangements

The Council asked if it was right to review and prioritise social care related contracts in order to find savings (in the context of a need to make overall savings to its budget).

The majority of respondents did feel that the Council was right to review contracts, with 57%, either agreeing or strongly agreeing with the statement, see chart 1 below.



Opinion was put forward that the Local Authority should be more joined-up in its decision making and that the Local Authority should look at making savings in the way in which it is providing services.

Ten responses were received that argued that the voluntary sector provided value for money in the services that they delivered, for instance, because they often depended on volunteers who were not paid. It was also felt that they offered preventative services which helped to reduce costs incurred by the local authority and health services in the long-run. Representative comments were:

“Funding is clearly an issue, but funding for health groups is essential to minimise cost in the future - spend a little now to prevent needing to spend lots in the future.”

Six responses were received which were broadly in favour of reviewing contracts to look for efficiencies. However, many of these commented that there was a need to focus resources on organisations which delivered real outcomes for people (for instance, care and support services were flagged up as significant for one individual).

“Inevitably you will have no choice but to review and prioritise such things, the trick is how you ensure that those with the greatest need and least ability to help themselves are not adversely affected”

One respondent offered a related argument that there was duplication in some of the services that voluntary organisations were providing in Cheshire East.

One comment put forward was that some contracted voluntary organisations charged for services where others didn’t. As such, it was suggested that those that did charge should not continue to receive funding.

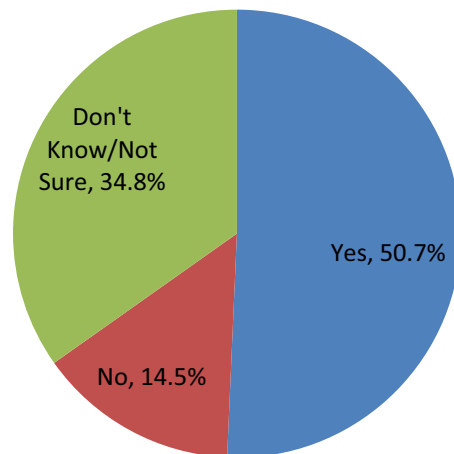
Cheshire East’s Response

We are committed to the purchase of services which will enable people to retain their independence for a longer period, and will contribute to a better quality of life for individuals and carers, thus reducing care costs relating to health and social care.

The Innovation Grant

As part of the consultation, a proposal was put forward to introduce a new grant, which organisations could apply for at any time of the year known as the Innovation Grant. This would look at helping social care and health related organisations get novel new projects off the ground in Cheshire East.

Chart 2: Do you agree that Cheshire East Council should introduce the Innovation Grant?



The next sets of questions related to how the Innovation Grant would work if introduced. The charts summarises the results below.

Chart 3: What should be the maximum given for a single application for an Innovation Grant?

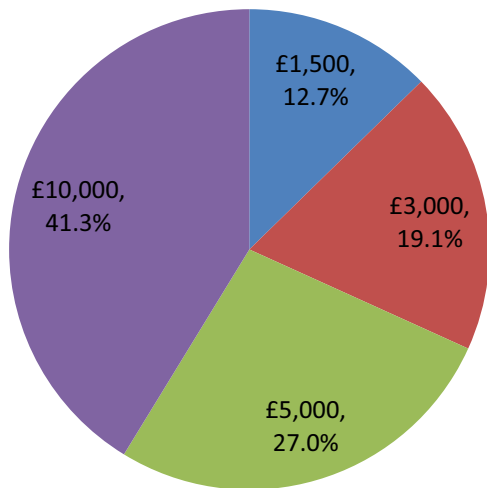


Chart 4: Do you agree that a project should only be allowed to receive an Innovation Grant once?

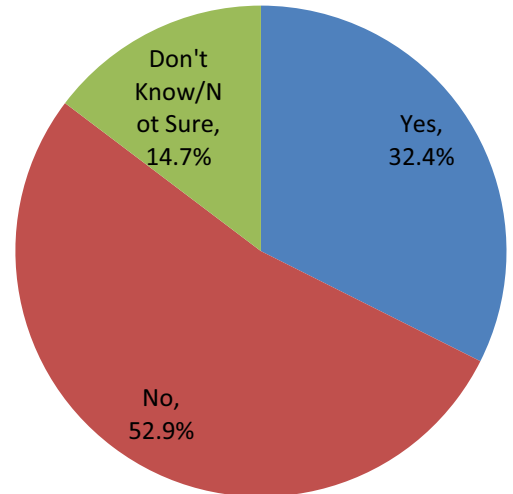


Chart 5: Should we limit the number of Innovation Grants that an organisation can obtain?

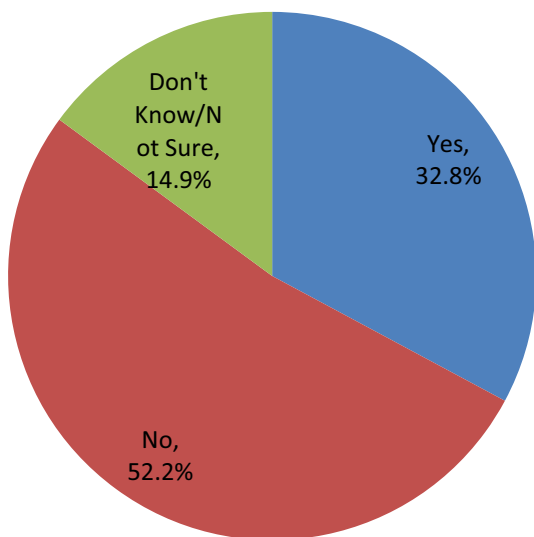
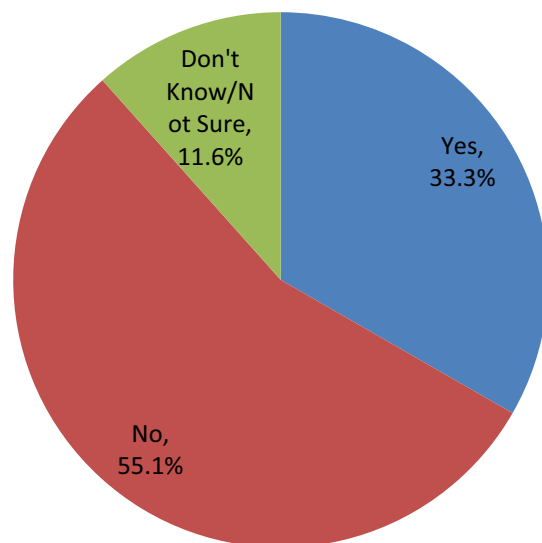


Chart 6: Do you think the grant should take the form of a loan, to be re-paid if the project successfully generates income?



Cheshire East's Response

Cheshire East Council will introduce an innovation grant with a maximum limit of £10,000, allowing multiple applications, on more than one occasion without repayment criteria.

Equality

A question was posed specifically to pick up the impact of the proposals on people of different equality groups. A number of potential groups were listed relating to; age, disability, race, religion or belief, gender, sexual orientation, pregnancy or having children, marriage/civil partnership, being transgender, a carer or having limited means/income.

A wide range of responses were received for this question. Many of the responses again focussed on two particular organisations that might be affected: the Citizens Advice Bureau (CAB) and Body Positive. Many people stated that CAB assisted with welfare benefit advice which was important to the groups of people listed. This would become even more important following the changes to the welfare system that are due to come into effect in 2013. Respondents put forward that if this support was not there it could mean worse health (including mental health), as well as increased levels of debt, homelessness and relationship breakdowns. CAB's work supporting vulnerable people with form filling and paperwork was also noted. There were also a number of similar statements to do with welfare benefit advice which did not refer to the CAB organisation directly.

Respondents stated that the support provided by Body Positive was important to people with HIV/Aids. Comments were also received in support of other organisations such as the Deafness Support Network and the Disability Information Bureau etc.

Issues to do with funding for rural areas was flagged up on a couple of occasions.

Comments also included; that if cuts were applied equally then there would be no disproportionate equality impacts, the assertion that by allowing a greater range of providers to apply for funding a greater range of services could be offered to minority groups and that conducting an Equality Impact Assessment properly should mean a proper risk assessment would take place. Seven responses were received stating that there were no impacts they perceived as a result of the changes.

Cheshire East's Response

As stated previously, the universal services provided by the Citizens Advice Bureaus, will be further considered.

A consultation was also held on voluntary sector contracts from 22 May-31 July 2012. A copy of the consultation report and its associated Equality Impact Assessment, can be found at:

www.cheshireeast.gov.uk/social_care_and_health/adult_social_care/consultation_and_participation/voluntary_sector_grants.aspx

Additional Comments

A number of people took the opportunity to make comments about the consultation process itself.

“I don’t understand this consultation - use the funds for proper causes that are in need rather than this. Not everyone has access to a computer and some of the questions are not exactly straight forward.”

It was also indicated that the consultation followed one held in the same calendar year on voluntary sector funding for 2012/13.

Cheshire East’s Response

These comments have been noted, and will inform future consultation exercises.

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Funding Criteria 2013- 2014



Adult Services Innovation Fund

The government policy document “Putting People First” (DoH 2007) set out the blueprint for a transformed model of Adult Social Care. It identified 4 key areas of change;

- Facilitating greater access to universal services
- Building and making good use of social capital within local communities
- Ensuring people have greater choice and control over meeting their needs
- Making a strategic shift to supporting prevention and early intervention

The focus of this grant fund is the fourth element identified above however there is recognition that all four elements are interdependent and real transformation can only happen with a focus on all four elements.

Given the clear demographic pressures e.g. an ever increasing ageing population, there is an increasing need to identify ways of supporting people to stay well and healthy and reduce the pressure on health and social care budgets. There is increasing evidence that making the strategic shift in resources towards early intervention and prevention results in better outcomes for individuals, organisations and communities and is a more efficient use of existing resources.

The Health and Social Care White Paper “Our Health, Our Care, Our Say” (DoH 2006) said about prevention: “A greater focus should be placed on preventative services through the wider well-being agenda and through better targeted early interventions that prevent or defer the need for more costly intensive support”.

The Adult Social Care White Paper “Caring for our future – reforming care and support” (DoH 2012) states; We will legislate to introduce a clear duty on local

authorities to incorporate preventive practice and early intervention into care commissioning and planning;”

Supporting people to remain independent is central to a strategic approach to wellbeing and to cost effective services. This involves preventing them from needing intensive care services by intervening early before they reach crisis point.

- **Prevention** is about stopping a problem arising in the first place.
- **Intervention** is aimed at halting the development of a problem which may already be evident. This approach seeks to ensure that people are not forced into using health and social care earlier than they need to; and that they are enabled to live safe and active life as a citizen for as long as possible.

Cheshire East Council’s early intervention and prevention approach operates on the principles of:

- Early identification of risk
- Appropriate use of assessment and planning
- Holistic approach – Think Family
- The use of evidence-based interventions and programmes of work
- Facilitating access – i.e. focus upon intervention that builds confidence, resilience, skills, etc that enables adults to access services and support rather than creating dependence
- Appropriately qualified and experienced staff – multi-agency delivered / co-ordinated

Funding purposes

Cheshire East Council is committed to supporting prevention and early intervention activities.

To support this commitment Cheshire East Council operates an Innovation Grant Fund to enable organisations to deliver new and innovative services or activities that meet **adult social care** needs across Cheshire East that can not be met through individual social care packages funded by Individual Commissioning.

Organisations are able to apply for up to £10,000 per specific project and multiple applications will be accepted from organisations. Each application will be evaluated based on the proposed outcomes included in any application.

Criteria for making an application

To be eligible for support through this fund your organisation must:

- Have an appropriate organisational structure or legal status for the activities for which funding is being sought
- Be able to demonstrate good governance, financial/business planning and organisational management
- Have an Equal opportunities policy and demonstrate how this is put into practice
- Have appropriate types and levels of insurance for the activities or services you are planning to deliver
- Have a bank account in the name of the organisation
-

Restrictions that applyCapital Funding

Applications can only be made for revenue funding. Major capital expenditure cannot be funded, however certain minor capital items may be included. Please contact us if you require further clarification.

Previous Council Funding

Applications will not be considered for funding where;

- The activities being applied for have been previously supported by the Council and that the previous support has been or was withdrawn in the last three years for reasons of performance or were identified as not meeting required outcomes.
- The activities or services being applied for are currently funded by another area of the Council or would be more suitably funded through another area of the Council. Advice on activities funded by the Council can be offered

Criteria for assessment of applications

The following factors will be used in assessing your application for funding;

- The extent to which your funding application meets the funding purposes listed on page one of this document.
- The outcomes that your organisation expects to achieve as a direct result of the funding that it is applying for, that is, the changes that you expect will be brought about through early intervention and preventative work.
- The ability and capacity of the organisation to deliver the activities or services for which funding is sought.
- Value for money – whether the activity provides value for money which could

include the amount of leverage in cash or in kind from other sources and match funding.

- The outputs you expect to deliver, for example, the number of people taking part in early intervention and preventative activities.
- Sustainability – the degree to which positive outcomes will be maintained beyond the period of funding and how the project will be funded going forward e.g. charging for services, skilling up of volunteers
- Identification that the activity is needed and/or supported by relevant local stakeholders and/or partners.
- **Innovation** – new projects, activities and ways of working that will bring about positive change for local people.

Award Process

Applications will be reviewed and evaluated by a grant selection panel using a scoring system based on the above criteria. Decisions to make specific funding offers will be taken by the panel, based on the results of this assessment. All funding offers will be subject to a signed agreement that will include a commitment by the recipient organisation to report on outputs and outcomes of the agreed funding purposes. The decision of the panel is final but feedback will be provided upon request.

Costing of applications

- The council recognises that it is legitimate for organisations to include the relevant element of overheads in their cost estimates for providing a given service under this agreement.
- Where applications include staffing costs you will need to demonstrate that there is a direct link between the member of staff and the activities or project.

Monitoring

For monitoring purposes you will be required to provide a quarterly progress report and financial statement. Such information may be subject to validation by periodic inspection visits from Cheshire East Council staff. In addition to this the Council will also request an end of project report, summarising the activities undertaken and outputs delivered, and showing the outcomes achieved and how any benefits will be carried forward.

Method of application

All applications should be for funding within the financial period 1 April 2013 to 31 March 2014, and should be made on the application form we have provided. Copies of the application form are available in MS Word format for electronic completion on request.

Information Sharing

Council Departments – Details provided on your application may be shared with other departments of Cheshire East Council and entered on our internal grants database.

Other Partners and funding Agencies – Details of the purpose of your application and, if successful, the level of funding awarded may be shared with other funding agencies if those details are requested or if we need confirmation of another funding agency's intention to provide match funding to deliver the services or activities included in your application.

Website – We will publish details of successful awards on our website. This will include details of the purpose and also the level of funding awarded.

Please note; the above requirements apply specifically to information provided as part of your application. Information relating to any subsequent award will be treated in accordance with the requirements and the constraints of the Freedom of Information Act 2000.

Further Inquiries – For enquiries about this funding or completing the application form please contact Alex Grimshaw at the address below, or by telephone on 01270 375155 or by e-mail at alex.grimshaw@cheshireeast.gov.uk

Completed application forms and supporting documentation should be returned to;

Alex Grimshaw
Cheshire East Council
Childrens, Families and Adults Services
4th Floor
Delamere House
Crewe
Cheshire
CW1 2LL

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Adult Services
Innovation Funding Application
1st April 2013 – 31 March 2014

Completing this Application Form

Section1

In this section you are asked to provide us with some basic information about your organisation.

Information given in this section of the form will be stored on a database of organisations operating in Cheshire East that will be published on Cheshire East Council's website.

Section 2

In this section you are asked to tell us about the funding you are applying for, together with the costs you are claiming. When completing this section please refer to the **funding criteria** document that accompanies this application form.

Section 3

In this section you are asked to give details of how you would monitor expenditure of the funding and the outcomes of the work you intend to carry out.

Supporting documentation

You should note that as part of the application process you are required to supply copies of the following supporting documentation;

- Constitution or Memorandum and Articles of Association
- Latest Annual Report (if your organisation produces one)
- Latest available accounts
- Certificate of Public Liability Insurance
- Equal Opportunities policy and procedures
- Health and safety policy
- Policies applicable to service delivery (e.g. Child Protection, Vulnerable Adults etc)
- Any business, development or project plan in support of your application

Should you have any difficulty in providing any part of the requested documentation, or feel there is a reason why any part should not apply to your application, please seek immediate advice by contacting : Alex Grimshaw, on 01270 375155 or via e-mail at alex.grimshaw@cheshireeast.gov.uk

Please note ; Applications to this fund will be accepted until 30th September 2013 however all activities and spend must be completed by 31st March 2014

Section 1 : ABOUT YOUR ORGANISATION**1. Name of your organisation**

--

2. Details of the main contact person within your organisation

Name

Position in your organisation

3. Correspondence address (to which all correspondence will be sent)

Address

Postcode

Telephone

Fax

e-mail

4. Registered office address (if different from above)

Address

Postcode

Telephone

Fax

e-mail

5. Does your organisation have a Constitution or Memorandum and Articles of Association ☐? (please ☐ provide a copy)

YES

NO

Please tick

6. What is the status of your organisation? (e.g. Company Limited by Guarantee, Partnership, Registered Charity, Un-incorporated association etc)

Company Registration number. (if applicable)

Charity Registration number. (if applicable)

7. Please provide a brief history of your organisation (limit of 200)

8. What are the aims and objectives of your organisation? (limit of 150 words)

Section 2a)**1. What are you applying for funding for?**

Please give a BRIEF statement summarising the work the funding will enable you to carry out

2. In which geographical areas will the service or activities be delivered?

If the work will not benefit the whole of the borough, please specify which areas will benefit

3. How has the need for the services or activities been identified?

4. Please describe how you see your proposal as demonstrating innovation and what are the positive changes you would expect to see in the borough?

5. Which are the target groups for the service or activities and how many people will benefit?

6. How will you raise awareness of the service or activities among the people or organisations you aim to benefit and other stakeholders?

7. How will you ensure that the work is continued beyond the term of funding, or that the benefits of the work are maintained?

8. How much will the activities you are planning cost in total?

(this should include both cash and in-kind contributions)

£

9. a) Are you seeking support for this work from any other organisations?

☐

Yes

☐

No

if YES, give further details in question 9b

*tick as applicable

9 b) Please give details of the sources and amounts of any support referred to in question 9a).

Source	Amount - £	Date secured or decision expected
Total: £		

10. Should any of the support identified in Question 9b) not be realised, what effect will this have on the overall services and/or activities being applied for through this application?

--

Section 2b) COSTS YOU ARE APPLYING FOR

1. Please provide a breakdown of any costs that you are claiming

Costs for which you are claiming	Total cost	Amount you are applying for
Total revenue cost		

2. What is the total amount you are applying for?
--

Total amount £

Section 2c) SCHEDULE OF WORK

Please complete the following schedule to show your organisations services delivery under this funding (additional sheets may be used if required)

Activity detail	
Activity	
Objectives	
Milestones/When	
Outputs that will be delivered	
Outcomes that will be achieved	
Identify any risks that could affect these outcomes being achieved	

Section 3: Monitoring**1. How will you monitor the work to ensure the objectives are being met?****2. How will the people benefiting from this work be able to give you feedback about it?****3. How will issues raised by the feedback be acted upon?**

The following declaration is to be signed by the Chairperson/CEO and the Treasurer/Finance Director of your organisation

PLEASE READ AND SIGN THE DECLARATION BELOW

I declare that the information given in this application form is correct and authorise Officers of Cheshire East Borough Council to carry out such checks as necessary

Chairperson/CEO

Name (in BLOCK CAPITALS)

Signed

Dated

Treasurer/Finance Director

Name (in BLOCK CAPITALS)

Signed

Dated

BEFORE POSTING PLEASE CHECK THE FOLLOWING

- Your application is fully completed and signed
- All supporting information as listed on page 2 is included with your application

Appendix 3 - Innovation Fund Examples 2013/2014

Name : Christian Concern, St Pauls Centre, Hightown, Crewe CW1 3BY
Amount : £10000
Service Summary : To support vulnerable adults through bespoke programmes of engagement built around current practical activities including retail activities, cycle repairs, gardening.
Target group : Adults with mild, moderate or severe learning disabilities
Outputs : <ul style="list-style-type: none"> • Provide one month of taster sessions for up to 20 vulnerable adults within the Cheshire East area • 10 vulnerable adults engaged on the project, • Develop a service specification to be used by adult services providers and signposting organisations • Development of a web presence, brochure and presentation tools.
Outcomes : <ul style="list-style-type: none"> • Creation of an additional service option for social inclusion and supported employment candidates • Increased capacity for both St Pauls Centre and the provision of support and increased choice for local vulnerable people • A programme of engagement open to all and easily accessed • Partnership development with other service providers

Name ; Snow Angels CIC, 19, Station Road, Weaverham, Cheshire, CW8 3PY
Amount : £9,500
Service Summary : Funding for a “getting ready for winter” campaign for Cheshire East which includes the development of a publicity and awareness campaign across the Borough including individuals and partner organisations, a detailed action plan for partners, secure on line resources including training for front line staff and volunteers, press and media packs, publicity material including posters and flyers, an on-line help desk facility and an alert system for Met Office weather alerts.
Target group ; People who are at risk of early winter deaths in Cheshire East.
Outputs : <ul style="list-style-type: none"> • Increase in referrals of vulnerable people • Increased take-up of universal services • Reduction in emergency admissions • Increase in referrals of vulnerable people • Increased take-up of universal services • Reduction in emergency admissions
Outcomes : <ul style="list-style-type: none"> • Improved partnership working • Reduced social isolation • Reduction in accidents, illness, and emergency admissions • Reduction in excess winter deaths • Improved community resilience

Name: New Life Church. Danesford Community Centre, West Road, Congleton
Amount : £10,000
Service Summary: Supporting the expansion of the existing Jubilee Club which offers, allotment, cooking, craft, discussion group, painting group and job club. This funding will allow the organisation to build on these activities to lead a team of volunteers in undertaking voluntary jobs such as decorating, gardening etc
Target Group: Adults who are generally unemployed, having support from a caring agency, are socially isolated or suffering from addiction or a mental health issue. Predominantly residents from the Congleton area will be supported
Outputs: <ul style="list-style-type: none"> • Additional activities of the club. • Club register to expand by 50-75 people to a total (175) • Everyone who attends to see important life change • 10% to 20% to be active in volunteer or employment • 10% -20% to receive additional 1:1 support
Outcomes: <ul style="list-style-type: none"> • Reduced social isolation • Active / healthier lifestyles • Some volunteering or employed • Reduced anxiety, mental stress • Improved social skills and engagement

Name; Middlewich Good Neighbours, Middlewich Vision, Middlewich.
Amount : £5502
Service Summary: To contribute towards the Middlewich Good Neighbours scheme to match people who live or work in the Middlewich area with a focus on the Cledford community with volunteers with the right skills. This will support the vulnerable and socially disconnected in these communities who may needs support in cooking, gardening, and writing forms, and support through the winter months in terms of shopping and companionship.
Target Group: Older and more isolated members of the community but not exclusively as will include younger people and families in activities.
Outputs: <ul style="list-style-type: none"> • Strong links between agencies and their activities and the local community • 30 adults supported by volunteers during the winter months • 45 volunteers trained to support local people in their homes or to recognise the signs that would require early intervention by agencies
Outcomes: <ul style="list-style-type: none"> • Improved access to existing services & support in the area • The opportunity to tailor support based on needs assessed, making it more relevant and more cost effective. • Locally be aware of the needs and support of a wider range of people during the winter months from mental well-being during the longer nights to support with shopping, clearing paths and keeping in touch with others during the snow or icy periods thus reducing the need for medical interventions. • A reduction in hospital admissions

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 19th August 2013
Report of: Director of Economic Growth and Prosperity
Subject/Title: Community Right to Bid Policy
Portfolio Holder: Councillor David Brown, Strategic Communities

1.0 Report Summary

- 1.1 This paper invites Cabinet to agree to the recommendations that aim to create a revised and strengthened policy by which Cheshire East Borough Council will manage and administer the Community Right to Bid.
- 1.2 The Community Right to Bid is a function of the Localism Act 2011 that the Council must administer. It is designed to allow community groups time to assemble bids for assets that both they and the Council consider to be of 'community value' by evoking a moratorium period when a listed asset is to be sold. The Right **does** apply to privately held assets as well as those owned by the Council. The Right **does not** force the asset owner to sell to any bidding community groups; sales are still controlled by market forces following the moratorium period.
- 1.3 The process and criteria by which the Council will administer the Right is further detailed in the appended documents. Appendices 1 and 2 constitute the suite of information that will be made available to inform the public with regards to the Right: a nomination form and a guidance document. Appendix 3 is a flowchart summarising pictorially the proposed process through which Cheshire East will administer the Community Right to Bid.

2.0 Recommendations

- 2.1 To approve the following criteria to govern the assessment of nominations. As set out in the detailed process delineated in Appendices 1 and 2, the Council will require the following information to be furnished by groups when nominating an asset to the register of 'assets of community value' so that the appropriate assessment can be made:
 - The address and location of the property
 - Details of the owner and current occupants
 - The extent of the site and its proposed boundaries
 - Details and documents proving that the nominating group is constitutionally eligible to nominate

- Details evidencing that the nominating group has a sufficient 'local connection' to nominate
- Why it is felt the asset is of community value. This should entail evidence that:
 - the asset currently boosts the social well-being and interests of the community
 - If the asset is not currently used for community benefit, it was used to sustainably further social well-being and community interests in the recent past
 - the asset will sustainably further social well-being and community interests in the future
 - the asset will benefit different sections of the community if its use is targeted at one or more community groups
 - the asset currently has a beneficial social impact for the community
 - the asset currently has a beneficial economic impact for the community

2.2 To approve the responsibilities set out in the below relating to the Community Right to Bid:

- 2.2.1 The Director of Economic Growth and Prosperity be delegated authority to consider and administer nominations and any appeals for compensation that should arise.
- 2.2.2 The Monitoring Officer be delegated authority to undertake internal reviews of nomination and compensation assessments should this be required.
- 2.2.3 As required, the Director of Economic Growth and Prosperity and the Monitoring Officer will liaise with the appropriate Portfolio Holders to discharge these duties.
- 2.2.4 The Director of Economic Growth and Prosperity, as per 2.2.1, will discharge the above delegations by putting in place arrangements for an appropriate officer steering group consisting of representatives from the Assets, Resilient Communities, Economic Development and Regeneration, Legal, and Development Management teams.

3.0 Reasons for Recommendations

- 3.1 The provisions of the Localism Act 2011 and the Assets of Community Value Regulations (2012) stipulate a number of necessary functions that local authorities must comply with regarding community rights. These are explained more fully in the appended guidance document (Appendix 2).
- 3.2 Cheshire East currently possesses a procedure for negotiating the Community Right to Bid, but a more formal policy is required to make the process as effective, clear, and efficient as possible.

- 3.3 The Community Right to Bid is designed to foster greater participation and self-reliance within communities, encouraging local people to take ownership of assets and functions that they deem valuable to the community. Therefore, putting in place a clear policy in relation to the Right will help to achieve strategic outcome 1 in the Cheshire East Three Year Plan 2013-16: *'Our local communities are strong and supportive. Individuals and families are self-reliant and take personal responsibility for their quality of life. Communities are cohesive, with a strong sense of neighbourliness. There is genuine civic pride and mutual respect.'*

3.4 **Process**

The process by which the Right will be administered has been informed by the need to address the views of a variety of stakeholders (be those internal departments whose expertise the process would benefit from, or political representatives) whilst still retaining proportionality and responsiveness. This process is detailed in the appended documents.

- 3.5 Appendices 1 and 2 constitute the suite of information that will be made available to inform the public with regards to the Right: a nomination form and a guidance document.

- 3.6 Appendix 3 is a flowchart summarising pictorially the proposed process through which Cheshire East will administer the Community Right to Bid. The flowchart breaks the Right down into four stages and then delineates the recommended process for each stage. These stages are:

- Nomination
- Review
- Sale
- Compensation

- 3.7 The Council's administrative functions relating to the Community Right to Bid are to be performed by an officer steering group consisting of representatives from Assets, Resilient Communities, Economic Development and Regeneration, Legal, and Development Management. For each nomination, a case officer from this group will be assigned to coordinate the activities of the group in:

- maintenance and publication of the list of assets of community value
- maintenance and publication of the list of unsuccessful community nominations
- initial assessment of community nominations
- correspondence relating to nominations, the moratorium period, and applications for compensation

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 Ward members will be informed and consulted when an asset is nominated within their ward. They will then be invited to input into the decision-making process as to whether the asset is listed as of 'community value'.

6.0 Policy Implications

- 6.1 The Government has published an Impact Assessment of Community Right to Bid (DCLG, 21 June 2012). The equalities impact assessment found that there were no foreseeable adverse impacts on any single equality group. The policy change was considered to provide greater opportunities for those affected by closure and disposal of private and public assets to obtain and run them. It is stated that mechanisms of support will be considered for those who require it, targeting those who lack the skills, expertise and knowledge to make a competitive bid for an asset.
- 6.2 With regard to human rights implications, the Government's Impact Assessment recognises that imposing a moratorium on sale of a listed site will be an interference with the owner's property rights under Article 1 of Protocol 1 to the European Convention on Human Rights. It is stated that the interference is justified in the general interests of the community. The provision for compensation is considered to contribute to making the temporary restriction on sale a proportionate way of achieving the benefit for the community. Attention is also drawn to the right for a landowner to request an internal review by the local authority of its decision to list their land.
- 6.3 The Government's Impact Assessment (DCLG, Community Right to Bid – Impact Assessment, 21 June 2012) considers that the provisions will potentially promote greater social cohesion and build social capital strength as opportunities are being made available for communities to identify assets they consider are important and to develop them to best fit their needs.

7.0 Financial Implications

- 7.1 There will be resource implications in enacting the Community Right to Bid, given the number of tasks necessitated by the legislation. The Council is obliged to, at various points of the process, contact and engage community groups, asset-owners, and local communities which will consume the time of the officer steering group.
- 7.2 Moreover, there are further potential resource commitments through the provision in the legislation for internal listing and compensation reviews, which

must be undertaken by an appropriately senior officer. Compensation claims can be raised if the asset owner feels they have incurred a financial loss through their property being listed or previously listed. Internal reviews can be triggered when the asset owner does not agree with the Council's assessment of nominations or compensations claims.

- 7.3 Should an appeal be made to First Tier Tribunal then this would be likely to place considerable resource demands on the Council. An asset owner can appeal to a First Tier Tribunal if they disagree with the outcome of an internal review of a nomination assessment or compensation claim.
- 7.4 It is anticipated that these resource implications will be absorbed into existing budgets and service capacity, with representatives from relevant teams working on actions arising from the Right on a case-by-case basis as applicable.
- 7.5 A successful award of costs against the Council at First Tier Tribunal could have considerable financial implications. The Council is required to compensate the owner or former owner of listed land where they have incurred loss or expense through their asset being listed or previously listed. DCLG guidance states that the estimated costs of providing this compensation have been subsumed into the Council's funding. Additionally, if the Council pays out over £20,000 in one financial year (either on one large claim or as a combined total on a number of smaller claims) then the Council may write to the Community Assets Team at DCLG with a request for financial support providing evidence of the compensation costs incurred.

8.0 Legal Implications

- 8.1 Part 5 of Chapter 3 of the Localism Act 2011 makes provision for local authorities to maintain a list of assets in the area that are considered to be of 'community value'. It goes on to provide that owners of assets listed as of 'community value' may not dispose of them until the Council has been notified in writing, the relevant moratorium period has ended, and the protected period (18 months from the date of the disposal notification) has **not** ended.
- 8.2 The Assets of Community Value (England) Regulations 2012 have been enacted under the Localism Act 2011.

9.0 Risk Management

- 9.1 There is a risk that the Council may fail to correctly deal with community nominations for assets of community value, or fail to correctly fulfil its obligations under the disposal of listed land procedures. This may result in assets of community value not being appropriately identified, land disposals being unacceptably delayed or alternatively allowed to proceed when the moratorium period should have applied. There are also risks in terms of unnecessary resource implications if reviews and appeals are frequent, encompassing

prospective legal costs associated with the First Tier Tribunal process.

- 9.2 These risks can chiefly be reduced by the Council putting in place a clear policy to deal with its responsibilities and interpret the legislation correctly from the outset. The proposed processes and procedures set out in this report should help reduce these risks by implementing formal arrangements and responsibilities; these will ensure that the Council correctly discharges its obligations and correctly assesses all nominations and compensation claims, reducing the scope for errors, reviews, and appeals.
- 9.3 More importantly, there is a risk that the Council's extant process for managing the Community Right to Bid is insufficient. This increases the likelihood of the above risks until remedied. There is also a legacy risk that a number of community groups have sought to evoke the Right and have not been appropriately assisted by the Council, or some nominations have not been addressed in accordance with the legislation. This risk is being mitigated by the emerging officer steering group retracing, collating, and taking responsibility for any requests or submissions regarding the Right.

10.0 Background and Options

- 10.1 The Localism Act 2011 introduced the Community Right to Bid for Parish Councils and other local groups such as community and voluntary bodies to nominate a building or other land as an 'asset of community value'. Local authorities are required to consider such nominations, and maintain and publish a 'list of assets of community value'. The owner of any land or buildings on the list is required to give notice and comply with a moratorium period before they sell or dispose of the land/building in order to give community groups an opportunity to bid for the land/building should they wish to do so.
- 10.2 Full details of the Community Right to Bid, the legislation and regulations surrounding it are contained in Appendix 2.
- 10.3 There are relatively few options for the Council to deliberate over, given that the legislation defines what action the Council is obliged to take and many of the criteria for assessment. However, the Council needs to consider how it enacts these obligations procedurally. Sections 2 and 3 propose and delineate a process for administering and managing the Right. Alternative options included assigning responsibilities and authority to other departments within the Council. The recommendations were selected because they provide sufficient levels of representation and expertise from relevant officers and members, whilst also representing a proportionate and suitably fluid arrangement. Market research was conducted to establish the best practise of other councils and can be viewed by contacting the report writer.

11.0 Access to Information

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

Name: Duncan Whitehead

Designation: Graduate Management Trainee

Tel No: 01270 686209

Email: Duncan.whitehead@cheshireeast.gov.uk

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Community Right to Bid – Assets of Community Value Nomination Form

The Localism Act 2011 gives communities new rights to identify buildings or land they believe to be important and benefit their community. The Act requires Local Authorities (District and Unitaries) to maintain a *Register of Assets of Community Value* containing the assets nominated by the community. If the asset then comes up for sale, the community group will be given time to make a bid to buy it on the open market.

Successful nominations will result in the asset being included in the published Register of Assets of Community Value (the List); the asset will be removed from the list after 5 years (if not already removed).

Criteria

In accordance with the Localism Act (2011) and the Assets of Community Value Regulations (2012), the Council requires the following information to be furnished by groups when nominating an asset to the register of 'assets of community value' so that the appropriate assessment can be made:

- The address and location of the property
- Details of the owner and current occupants
- The extent of the site and its proposed boundaries
- Details and documents proving that the nominating group is constitutionally eligible to nominate
- Details evidencing that the nominating group has a sufficient 'local connection' to nominate
- Why it is felt the asset is of community value. This should entail:
 - How the asset currently boosts the social well-being and interests of the community?
 - If the asset is not currently used for community benefit, how was it used to sustainably further social well-being and community interests in the past?
 - How is it anticipated that the asset will sustainably further social well-being and community interests in the future?
 - Details of how the asset will benefit different sections of the community if its use is targeted at one or more community groups?
 - Evidence that the asset currently has a beneficial social impact to the community
 - Evidence that the asset currently has a beneficial economic impact to the community

Use of the asset

Localism Act Section 88 (1) - confirmation the asset is currently being used for and furthers the social wellbeing or social interest of the local community, and it is realistic to think it can continue to do so OR

Localism Act Section 88 (2) - confirmation there is a time in the recent past when an actual use of the asset furthered the social wellbeing or interests of the local community, and it is realistic to think that there is a time in the next five years when it can do so again

Assets of Community Value cannot be:

- Residential properties and associated land
- Land licensed for use as a caravan site
- Operational land used for transport and other infrastructures

Eligibility of the organisation to nominate – Regulation 5

Localism Act Section 89 and The Assets of Community Value (England) Regulations 2012 list the types of organisations and groups considered eligible to nominate. To date the guidance includes the following organisational groups:

- a body designated as a neighbourhood forum pursuant to section 61F of the Town and Country Planning Act 1990
- a parish council
- an informal body:
 - whose members include at least 21 individuals on the local electoral register
 - which does not distribute any surplus it makes to its members
- a charity
- a company limited by guarantee which does not distribute any surplus it makes to its members
- an industrial and provident society which does not distribute any surplus it makes to its members
- a community interest company

Local Connection – Regulation 4

A body must have a local connection within the definition of The Assets of Community Value (England) Regulations 2012 (4). An organisation is defined by the Assets of Community Value Regulations (2012) as having a 'local connection' with the land if:

- the body's activities are wholly or partly concerned:
 - with the local authority's area
 - with a neighbouring authority's area
- any surplus it makes is wholly or partly applied:
 - for the benefit of the local authority's area
 - for the benefit of a neighbouring authority's area
- it has at least 21 local members.
- a parish council has a local connection with land in another parish council's area if any part of the boundary of the first council's area is also part of the boundary of the other council's area. A parish council has a local connection with land that is in a local authority's area but is not in any parish council's area if:
 - the council's area is within the local authority's area
 - any part of the boundary of the council's area is also part of the boundary of the local authority's area.

Part A – About Your Organisation**1. Your contact details:**

Name:	
Address:	
Post code:	
Tel No:	Email:

2. Your Organisation:

Organisation Name:	
Organisation Address:	

3. Type of Organisation:

Type	Please tick all that apply	Registration Number/Article of Association (if applicable)
Body designated under Town and Country Planning Act		
Town or Parish Council		
An unincorporated body with at least 21 members and which does not distribute any surplus to its members		
Charity		
Company limited by guarantee that does not distribute any surplus to its members		
Industrial and provident society that does not distribute any surplus to its members		
Community interest company		

Other – please detail		
-----------------------	--	--

4. Clarification of Eligibility:

Please provide further details to clarify your eligibility as an organisation to nominate an asset of community value:

5. Local Connection:

Please provide evidence that the group is wholly or partly concerned with the area covered by Cheshire East Council or a neighbouring local authority area:

6. Membership of Unincorporated Bodies:

For unincorporated bodies, please confirm that at least 21 members are included on Cheshire East Borough Council's register of electors, and provide their names and addresses below:

Part B – About the Asset

1. Name and address of property/land you are nominating:

Name/Number: Address: Post code: Please enclose a map highlighting the location/outline of the building/land

2. Who owns the asset?

Name:
Address: Post code:
Tel No:

3. What is the current use of the asset?

Assets of Community Value cannot be residential properties and associated land, land licensed for use as a caravan site, or operational land used for transport and other infrastructures.

4. Is the asset used wholly or partly as a residence?

5. How does the asset currently boost social or community well-being?

Please provide evidence as to how the asset has a sustainable, beneficial social and economic impact upon the community, and how it benefits different sections of the community.

6. If the asset is not currently used for community benefit, how was it used to further social well-being and community interests in the past?

Please provide evidence as to how the asset previously had a sustainable, beneficial social and economic impact upon the community, and how it benefited different sections of the community.

7. How is it anticipated that the asset could further social well-being and community interests in the future?

Please provide evidence as to how the asset will have a sustainable, beneficial social and economic impact upon the community, and how it will benefit different sections of the community.

Please send your completed form to:

Email: communityrights@cheshireeast.gov.uk.

Post: Community Right to Bid, Resilient Communities, Westfields, Middlewich Road,
Sandbach CW11 1HZ

Community Right to Bid Policy and Guidance

1. Introduction:

This document seeks to set out the Council's policy position with regards to the Community Right to Bid in order to provide information and guidance for nominating groups and asset holders, as well as clarifying the process and responsibilities therein for members and officers.

2. Background:

The Localism Act 2011 gives communities new rights to identify buildings or land they believe to be important and benefit their community. The Act requires Local Authorities (District and Unitaries) to maintain a *Register of Assets of Community Value* containing the assets nominated by the community and approved by the Council. If the asset then comes up for sale, the community group will be given time to make a bid to buy it on the open market.

The aim of the Right is to empower communities wishing to protect valuable local assets (land and buildings) by requiring the Council to maintain a list of assets in its area which are of community value, so that upon sale, the community will have a chance to delay a sale in order to prepare a bid to buy it. The Right does not restrict in anyway who the owner of the asset can sell their property to, or at what price and it does not confer a right of first refusal to community or voluntary groups.

3. Structure

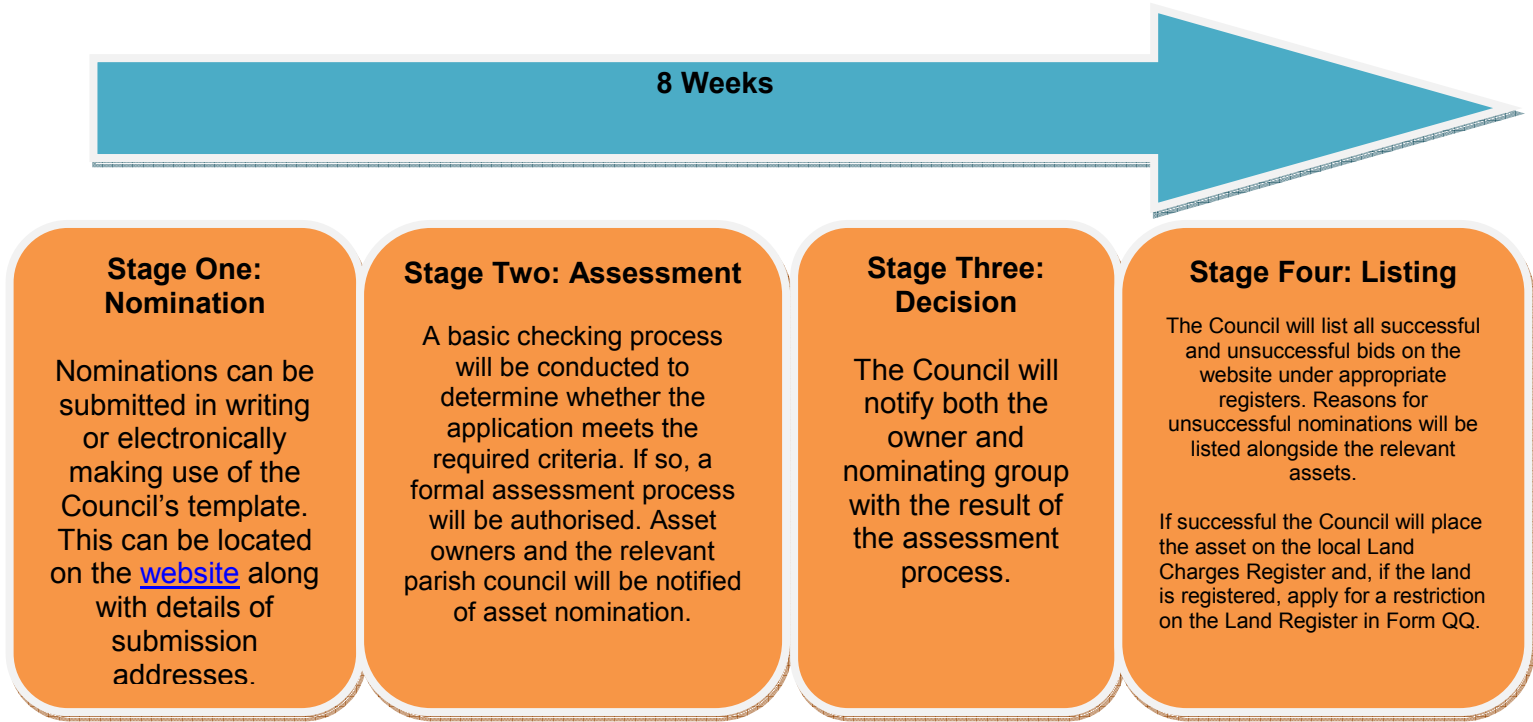
The government has published [legislation](#) and [regulations](#) pertaining to the Community Right to Bid, which provide the statutory parameters that local authorities must enact. However, there is no specification as to how each authority must administer the Right in practise. As such, this document will clarify the process by which Cheshire East Borough Council will administer the Community Right to Bid, whilst also providing the relevant guidance for nominating groups and asset owners at each stage of that process.

There are therefore four sections to this document:

- Nominations
- Review and Appeal
- Sale
- Compensation

4. Nominations

4.1 Process Diagram: Nominating Assets



4.2 Making a Nomination

Nominations can be submitted in writing to the Resilient Communities team or electronically by sending an email to communityrights@cheshireeast.gov.uk.

4.3 Nomination Content

The Localism Act (2011) and Assets of Community Value Regulations (2012) *predicate* that nominations to the register of 'assets of community value' contain the following information:

- The nominator's reasons for thinking that the responsible authority should conclude that the land is of community value.
- Evidence that the nominating group is eligible to make a community nomination.
- Evidence that the nominating group has a 'local connection'.

4.4 What Can Be Nominated?

Assets of Community Value cannot be:

- Residential properties and associated land

- Land licensed for use as a caravan site
- Operational land used for transport and other infrastructure
- an 'ancillary' use, such as a café within a workplace

4.5 Assessment Criteria

A building or land in a local authority's area will be listed as an asset of community value if, in the opinion of Cheshire East Borough Council:

- current primary use of the building/land or use of the building/land in the recent past furthers the social well-being or social interests (cultural, recreational, or sporting interests) of the local community
- it is realistic to think that now or in the next five years there could continue to be primary use of the building/land which will further the social well-being or social interests of the local community (whether or not in the same way as before)

A nomination of an asset of community value should include:

- The address and location of the property
- Details of the owner and current occupants
- The extent of the site and its proposed boundaries
- Details and documents proving that the nominating group is constitutionally eligible to nominate (see below)
- Details evidencing that the nominating group has a sufficient 'local connection' to nominate (see below)
- Why it is felt the asset is of community value. This should entail:
 - How the asset currently boosts the social well-being and interests of the community?
 - If the asset is not currently used for community benefit, how was it used to sustainably further social well-being and community interests in the past?
 - How is it anticipated that the asset will sustainably further social well-being and community interests in the future?
 - Details of how the asset will benefit different sections of the community if its use is targeted at one or more community groups?
 - Evidence that the asset currently has a beneficial social impact to the community
 - Evidence that the asset currently has a beneficial economic impact to the community

4.6 Who Can Nominate?

The Localism Act Section 89 and The Assets of Community Value (England) Regulations 2012 list the types of organisations and groups considered eligible to nominate. For a nomination to be considered, a group must have an eligible constitution **and** a demonstrable local connection.

To date the guidance includes the following organisational groups as eligible to nominate:

- a body designated as a neighbourhood forum pursuant to section 61F of the Town and Country Planning Act 1990
- a parish council
- an informal body:
 - whose members include at least 21 individuals on the local electoral register
 - which does not distribute any surplus it makes to its members
- a charity

- a company limited by guarantee which does not distribute any surplus it makes to its members
- an industrial and provident society which does not distribute any surplus it makes to its members
- a community interest company

A body must have a local connection within the definition of The Assets of Community Value (England) Regulations 2012 (4). An organisation is defined by the Assets of Community Value Regulations (2012) as having a 'local connection' with the land if:

- the body's activities are wholly or partly concerned:
 - with the local authority's area
 - with a neighbouring authority's area
- any surplus it makes is wholly or partly applied:
 - for the benefit of the local authority's area
 - for the benefit of a neighbouring authority's area
- it has at least 21 local members.
- a parish council has a local connection with land in another parish council's area if any part of the boundary of the first council's area is also part of the boundary of the other council's area. A parish council has a local connection with land that is in a local authority's area but is not in any parish council's area if:
 - the council's area is within the local authority's area
 - any part of the boundary of the council's area is also part of the boundary of the local authority's area.

4.7 What Happens Following a Nomination – Assessment Process

The Council has to decide whether or not to list the asset within eight weeks following the nomination.

Once we have received a nomination, the nomination will be formally assessed by the Director of Economic Growth and Prosperity in consultation with the Portfolio Holders, any appropriate ward members, with support from an officer steering group.

A nominated case officer from the officer steering group will take all practicable steps to notify the owner and lawful occupants as well as the relevant parish council that it is considering listing the property. We will also notify these people of the outcome of the nomination.

The organisation which originally nominated the asset will be notified of the outcome, together with reasons if the application is unsuccessful. They will also be notified if the asset is subsequently removed from the list, following a review of the decision.

4.8 Registers of Assets

A nominated property that has been approved by the Council as an 'asset of community value' will be added to the council's 'Register of Assets of Community Value'. The register can be viewed via the council's [website](#) and will be maintained by the Assets team.

The asset will also be added to the local land charges register and, if the land is registered, apply for a restriction on the Land Register in Form QQ. This provision ensures that any sale of a registered asset of community value that does not comply with the scheme is deemed

void. There are also requirements on owners or mortgagees applying for first registration of listed land to apply for a restriction on the land register. They require a person who has become an owner of the land following a disposal to inform the local authority and provide ownership details.

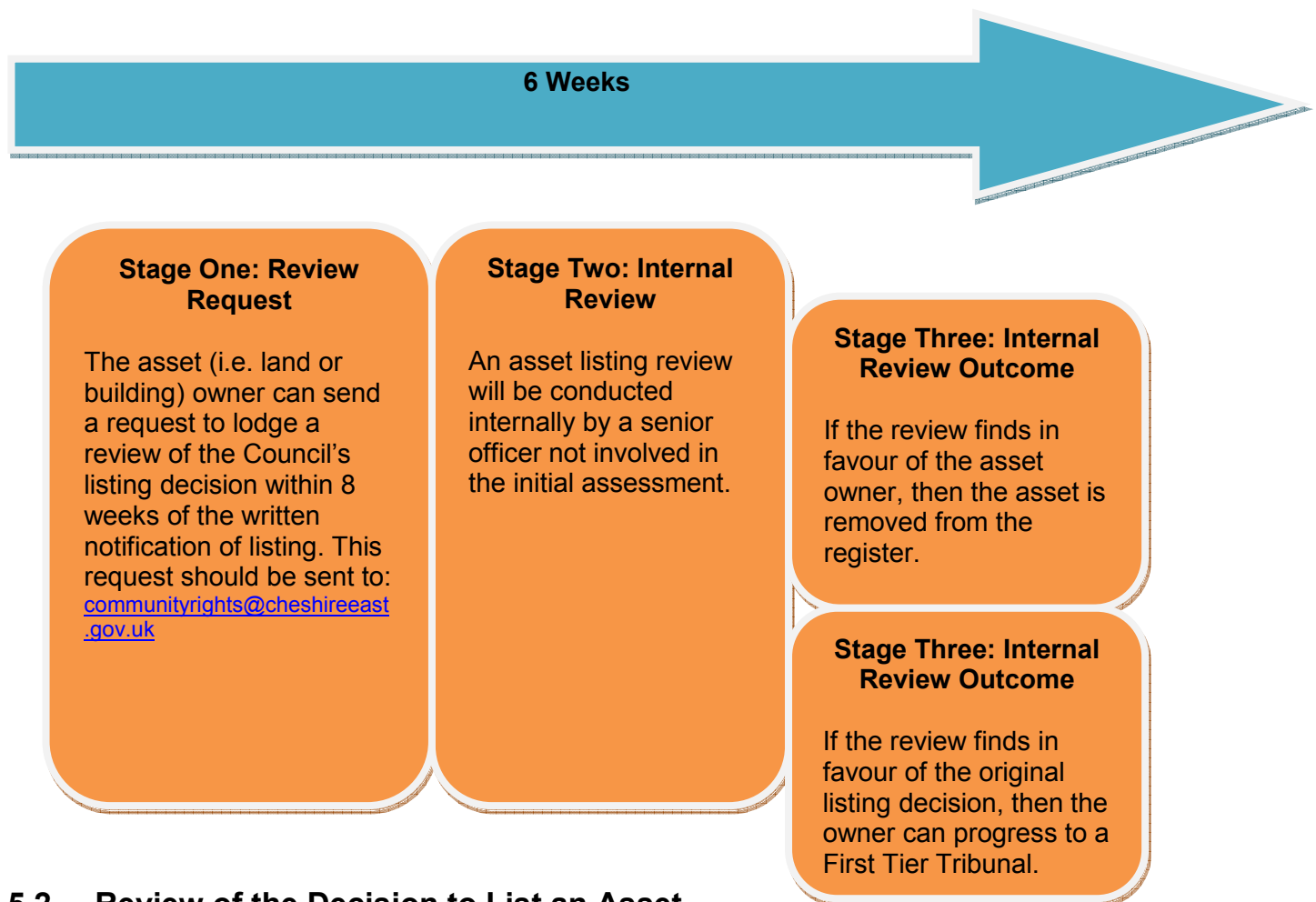
Listed nominations will be removed from the register after five years, at which point the asset can be nominated again by a community group.

If the nominated asset is not considered to be an asset of community value, or if the nomination was ineligible, we will provide an explanation as to why it was unsuccessful to the organisation which made the nomination. In such circumstances, the property will be added to the list of 'Land Nominated by Unsuccessful Community Nominations' and will remain on the list for five years.

If we decide to list a property, the property owner can ask for a review (see section 5). Nominators are not able to appeal the decision made in respect of their nomination. However, they can make a complaint through the council's complaint procedure if they feel we have not followed the correct procedure.

5. Review and Appeal

5.1 Process Diagram: Review and Appeal



5.2 Review of the Decision to List an Asset

In some cases, a landowner whose asset has been included on the list of assets of community value may wish to ask the Council to review its decision. **An internal review can only be requested by the asset owner.** In such cases, the landowner must write to the assigned case

officer or send an email to the Community Rights mailbox (communityrights@cheshireeast.gov.uk) within 8 weeks of receipt of the Council's notification that the asset is to be listed.

The landowner must present a case for removing the asset from the list based on whatever evidence they consider appropriate, but it should be relevant to the following issues:

- Whether or not the asset is eligible to be listed;
- Whether or not the asset was nominated by an eligible group;
- Any new factors which have come to light since the original nomination was made;
- Anything irrelevant or improper which the Council might have taken into account when reaching its original decision.

The landowner should present this in writing in the first instance, but may also request an oral hearing and be represented at this hearing by whomever they wish.

The Council will complete this review within 6 weeks of receipt of the review request, or a longer period by agreement of both parties. The review will be completed by a senior officer who was not connected to the initial assessment.

Nominators are not able to appeal the decision made in respect of their nomination. However, they can make a complaint through the Council's complaints procedure if they feel the Council has not followed the correct procedure.

5.3 Appeal

If the owner is dissatisfied with the internal review, they will have 28 days from the date on which the Council notifies them of the internal review decision to appeal for a review by the General Regulatory Chamber of the First-Tier Tribunal.

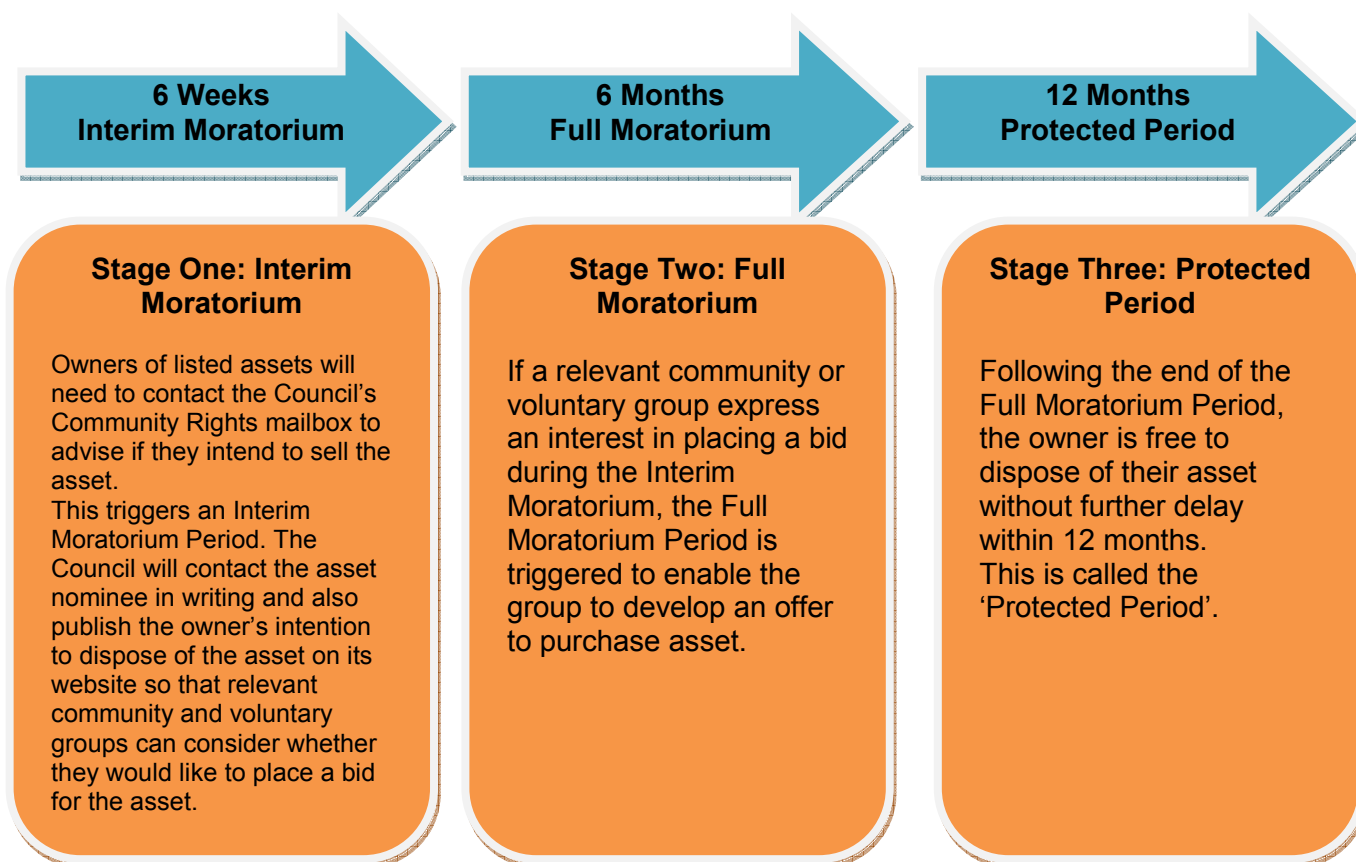
Owners must submit their appeal in writing to the First-Tier Tribunal by either:

Email: grc.communityrights@hmcts.gsi.gov.uk

Post: Tribunal Clerk,
Community Right to Bid Appeals,
HM Court & Tribunals,
First-tier Tribunal (General Regulatory Chamber),
P.O. Box 9300,
Leicester, LE1 8DJ.

6. Sale

6.1 Process Diagram: Sale



6.2 Relevant Disposal

It is the responsibility of the asset owner to contact the Resilient Communities team or send an email to the Community Rights mailbox (communityrights@cheshireeast.gov.uk) to notify the Council of the intention to make a 'relevant disposal' of a registered asset. A 'relevant disposal' is one where the sale of the asset transfers:

- a freehold interest if it is a disposal with vacant possession;
- a qualifying leasehold interest (that is, the granting of a lease for a period of 25 years or more (or the transfer of a lease which was of 25 years or more originally) if it is a grant or assignment with 'vacant possession'.

A full list of exempt sales can be found in Appendix A.

6.3 Moratorium

Once the owner of a listed asset has notified the Council of their intention to instigate a relevant disposal of the asset, a six week 'interim moratorium' period begins. The Assets

team will update the register to show that the asset is eligible for bids and provide the interim and full moratorium dates.

The nominated case officer will then notify the nominator and any community bodies who have registered interest of the owner's intention to dispose. The owner's intention to dispose of the asset will also be publicised in the neighbourhood of the asset in question.

At this stage, community or voluntary groups should inform the Council that they have an interest in bidding for the asset by writing to the Resilient Communities team or sending an email to the Community Rights mailbox (communityrights@cheshireeast.gov.uk). This will trigger the Full Moratorium period of 6 months.

In order to express interest in bidding, a community or voluntary sector group must be incorporated; unlike when nominating an asset, a group cannot be an unincorporated collection of local people or a neighbourhood planning forum. The eligible groups at this stage of the process are:

- A Parish Council in whose area the asset lies
- a body with a local connection which is constituted in one of the following ways:
 - A company limited by guarantee
 - An Industrial or Provident Society
 - A Community Interest Company
 - Any other body which is registered as a charity including a Charitable Incorporated Organisation

An eligible expression of interest will trigger a full moratorium period of 6 months in total from notification of the relevant disposal, during which time a sale is barred and the interested groups are able to prepare a bid for the asset.

If a bid is not received during the moratorium period then the landowner is free to dispose of their asset as they wish and no further moratorium period can be triggered for a protected period of 18 months from the date that the council receives notification of a relevant disposal.

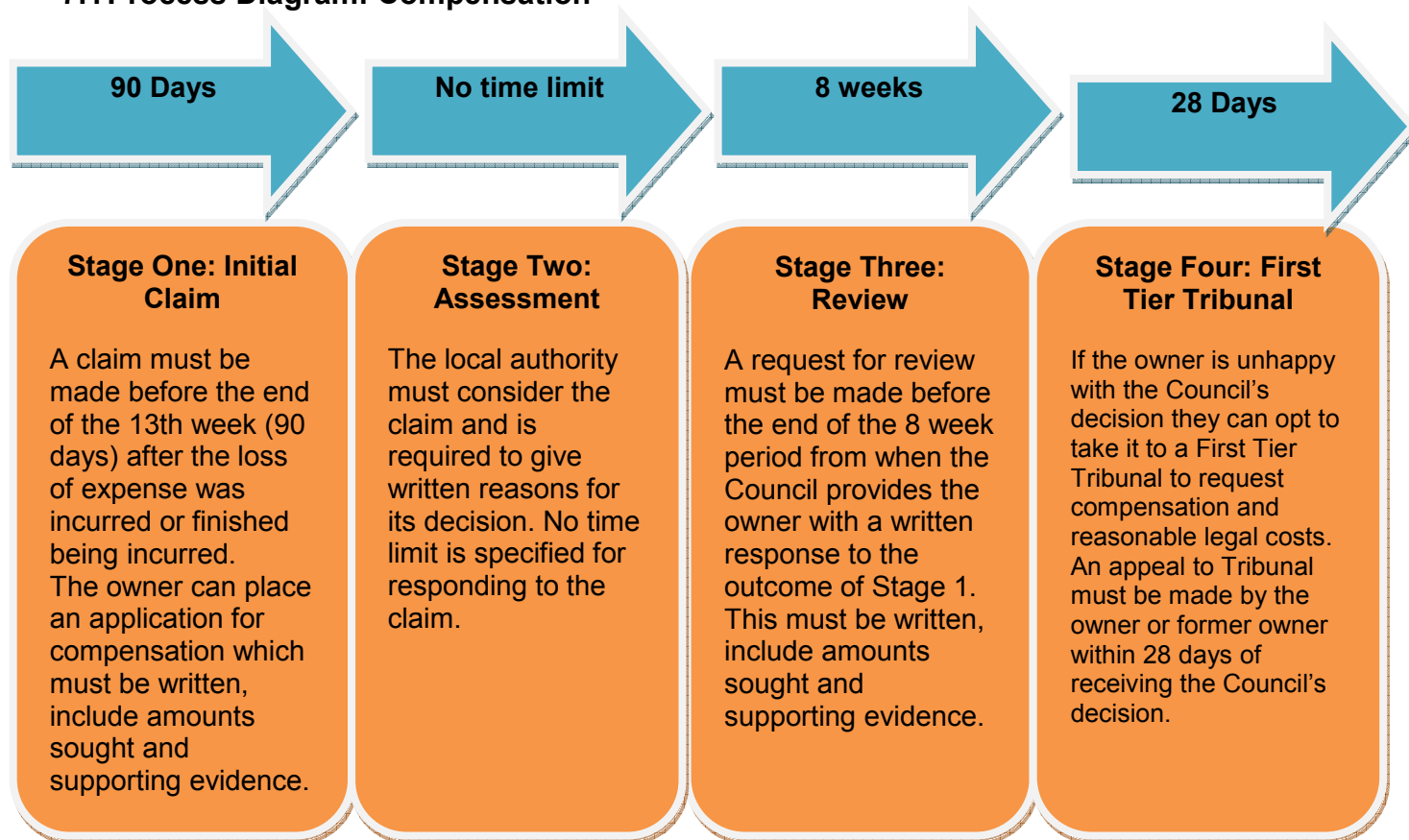
After the moratorium period – either the initial 6 weeks if there has been no community interest, or the full 6 months if interest was lodged – the owner is free to sell to **whomever they choose and at whatever price**, and no further moratorium will apply for the remainder of a protected period lasting 18 months (running from the same start date of when the owner notified the local authority of wishing to sell).

Owners of listed assets cannot dispose of them without:

- Letting the local authority know that they intend to sell the asset.
- Waiting until the end of a six week 'interim moratorium' period if the local authority does not receive a request from a community interest group to be treated as a potential bidder.
- Waiting until the end of a six month 'full moratorium' period if the local authority does receive a request from a community interest group to be treated as a potential bidder.

7. Compensation

7.1 Process Diagram: Compensation



7.2 Types of Claim

The owner of the listed asset may make a claim for compensation for any loss or expenses incurred at a time when the land was listed, which he would not have incurred had the land not been listed.

The following claims may therefore be made:

- For any loss, arising from any period of delay in the owner entering into a binding agreement to sell the land, which has been caused by either the interim or full moratorium periods.
- A claim for reasonable legal expenses incurred in a successful appeal to the First Tier Tribunal against the Local Authority's decision to:
 - List the asset
 - To refuse to pay compensation
 - With regard to the amount of compensation offered or paid

7.3 Who can claim

Only the owner of a nominated asset can make a claim for compensation. The compensation scheme does not extend to public authorities and bodies. These are defined as:

- Government departments, authorities and other bodies to which section 6 of the National Audit Act 1983 applies

- bodies which receive the majority of their funding from public sources which may be examined by the Comptroller and Auditor General under section 7 of the National Audit Act 1983
- local authorities and other public authorities and bodies that are required to be audited under section 2 of the Audit Commission Act 1998.

7.4 Making a Claim

Claims can be made in writing to the assigned case officer or by sending an email to the Community Rights mailbox (communityrights@cheshireeast.gov.uk). Claims must be made in writing, state the amount of compensation sought and provide supporting evidence. The burden of proving the claim falls on the owner.

The local authority must consider the claim and is required to give written reasons for its decision. No time limit is specified for responding to the claim. The reason for this is that it may take the authority some time to assemble all the necessary evidence; however once it has all the facts the Council will reach a decision as quickly as is practicable.

Appendix A

The full list of exemptions is as follows. The first is in a different category to the remainder, in that the moratorium rules will have been triggered by notification from the owner, but the sale will be able to take place during the moratorium. Categories (b) to (j) are in section 95(5) of the Act, and (k) to (y) are in Schedule 3 to the Regulations. Item (f) – part-listed land – is partly defined in the Act, and partly in the Regulations.

- a. disposal to a local community interest group, which can be made during a moratorium period (interim or full) – see regulation 13(1)
- b. disposals which are gifts (including transfer for no payment to trustees by way of settlement upon trusts)
- c. disposals by personal representatives in accordance with the will of the deceased owner or under intestacy rules
- d. disposal by personal representatives of the deceased owner in order to raise money for matters connected with administration of the estate
- e. disposals between family members (“family member” is defined in section 95(7) of the Act as the owner’s spouse or partner and descendants of grandparents – which includes the owner’s own parents, but not the grandparents)
- f. part-listed land – i.e. sale of a site only part of which has been listed – where it meets the requirements set out in the Regulations (see concluding paragraph for details)
- g. sale of land on which a business is carried on, together with sale of that business as a going concern (in such circumstances there would normally be payment separately for the business as a going concern, e.g. the value of equipment, stock and goodwill)
- h. disposals occasioned by somebody becoming or ceasing to be a trustee
- i. disposal by trustees in connection with the trust, as specified
- j. a disposal occasioned by a person becoming or ceasing to be a partner in a partnership
- k. transfers made in pursuance of a court order
- l. transfers (not in pursuance of a court order) as part of a separation agreement between spouses or civil partners (or ex ditto) including agreements for care of dependent children
- m. a transfer (not in pursuance of a court order) for the purposes of any enactment relating to incapacity, with “incapacity” being widely defined to include physical and mental impairment and any interference with capacity to deal with financial and property matters
- n. a disposal made in pursuance of a legally enforceable requirement that it should be made to a specific person, including disposals required under planning obligation agreements; and in the case of an option to buy, nomination right, pre-emption right or right of first refusal only if the agreement was entered into before the land was listed (and in this context it should be noted that an option etc entered into *after* the land is listed would count as a relevant disposal under section 96(4) of the Act)
- o. disposals of a description which brings them within the Crichton Down rules (where the land was acquired by compulsory purchase but is no longer needed, and the disposal is by way of return to the original owner or their descendants) – see DCLG Circular 06/04 “Compulsory Purchase and the

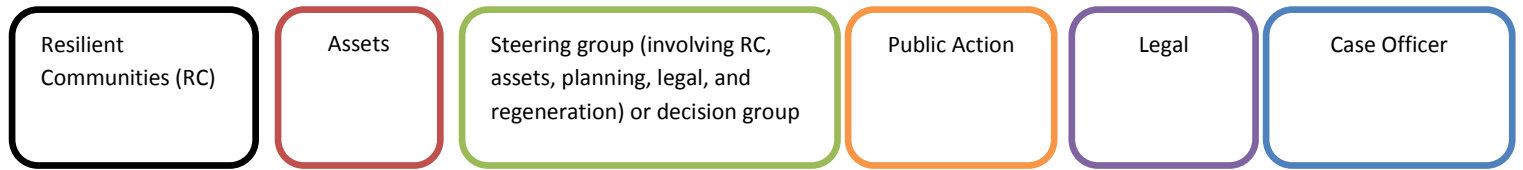
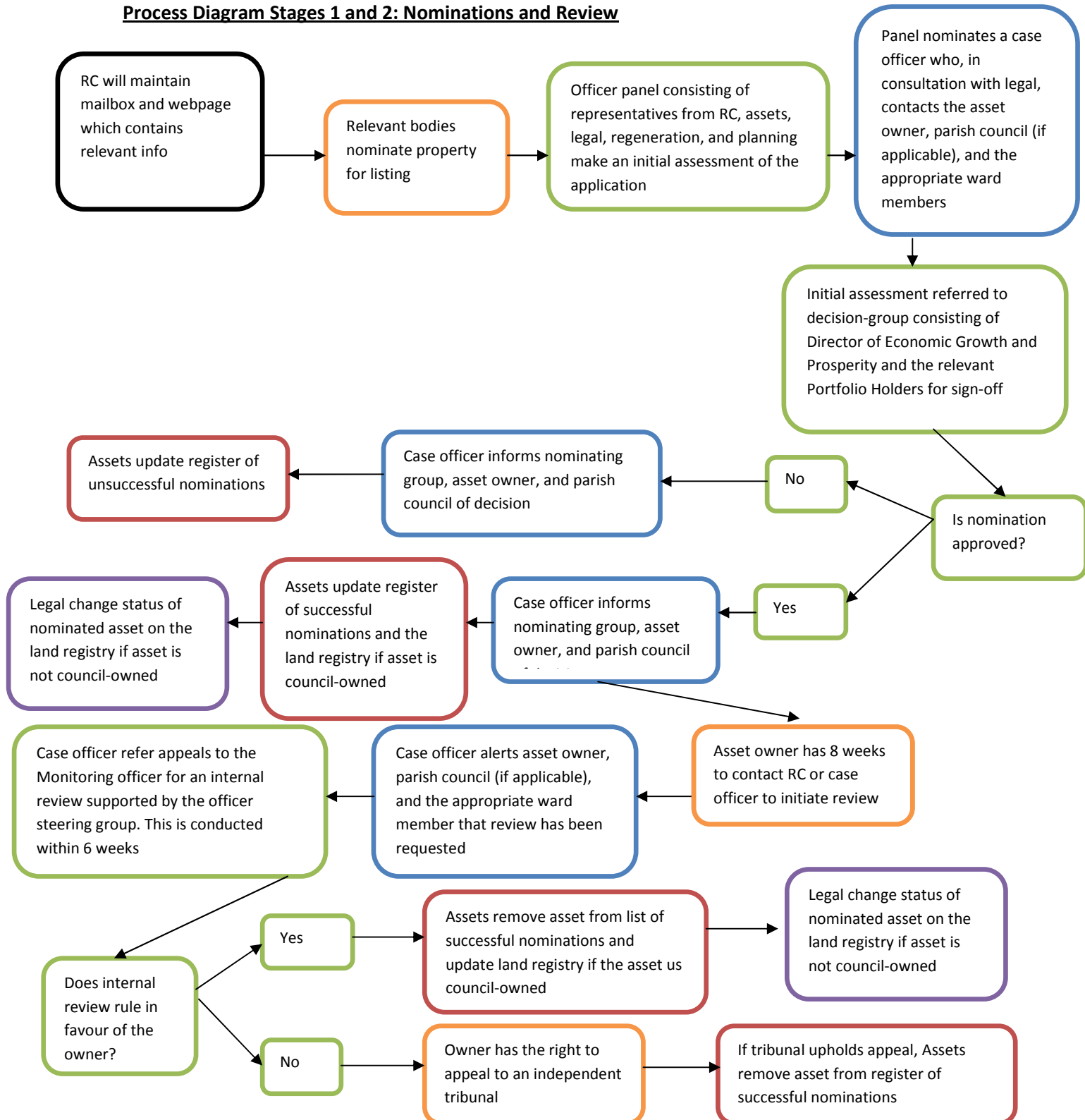
Crichel Down Rules”:

<http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918885.pdf>

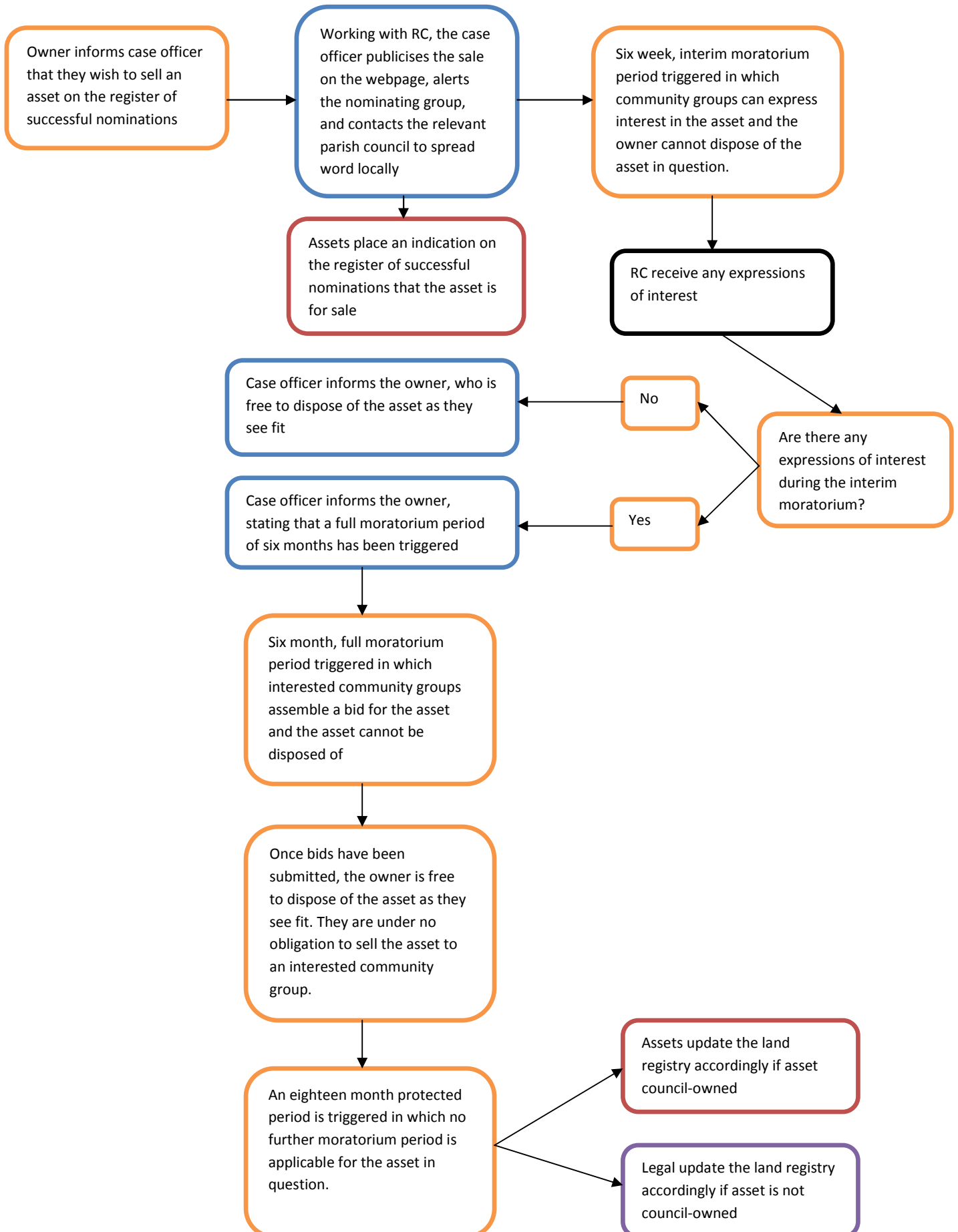
- p. sale by a lender under a power of sale (i.e. where the land was security for a loan)
- q. disposal of land under bankruptcy or other insolvency proceedings – the wording is “insolvency proceedings as defined by Rule 13.7 of the Insolvency Rules 1986”, which gives a very wide definition of insolvency proceedings
- r. compulsory purchase disposals (see the wide definition of “statutory compulsory purchase” in regulation 1, which includes disposals by a purchaser deemed to acquire the land compulsorily under a statutory blight notice, and also disposals by agreement where a compulsory power could be used)
- s. the grant of a agricultural tenancy to a successor on the death or retirement of the current tenant pursuant to Part 4 of the Agricultural Holdings Act 1986
- t. transfers between connected companies in a group of companies (using the definition of “group undertaking” in section 1161(5) of the Companies Act 2006, modified to restrict “undertaking” to a body corporate)
- u. disposals of part-listed land – this is the second part of the definition, the other part being in the Act – section 95(5)(e)⁵. See final paragraph below for details.
- v. disposals of closed Church of England churches under Part 6 of the Mission and Pastoral Measure 2011: the lengthy process in Part 6 of the Measure involves public consultation, and at the end of it the building will either be sold or leased for an agreed purpose, or demolished, or transferred to the Churches Conservation Trust for preservation – following which outcomes it will once more be possible to list the building and land if appropriate.
- w. disposals by any owner for the purpose of continuing health service provision on the land (in accordance with section 1(1) of the National Health Service Act 2006)
- x. a disposal of land to be held for the purpose of a school (excluding independent schools), further education institution or 16 to 19 Academy
- y. disposal of land subject to a statutory requirement regarding the making of the disposal, where that requirement could not be observed if the Assets moratorium rules were complied with.

Appendix 3

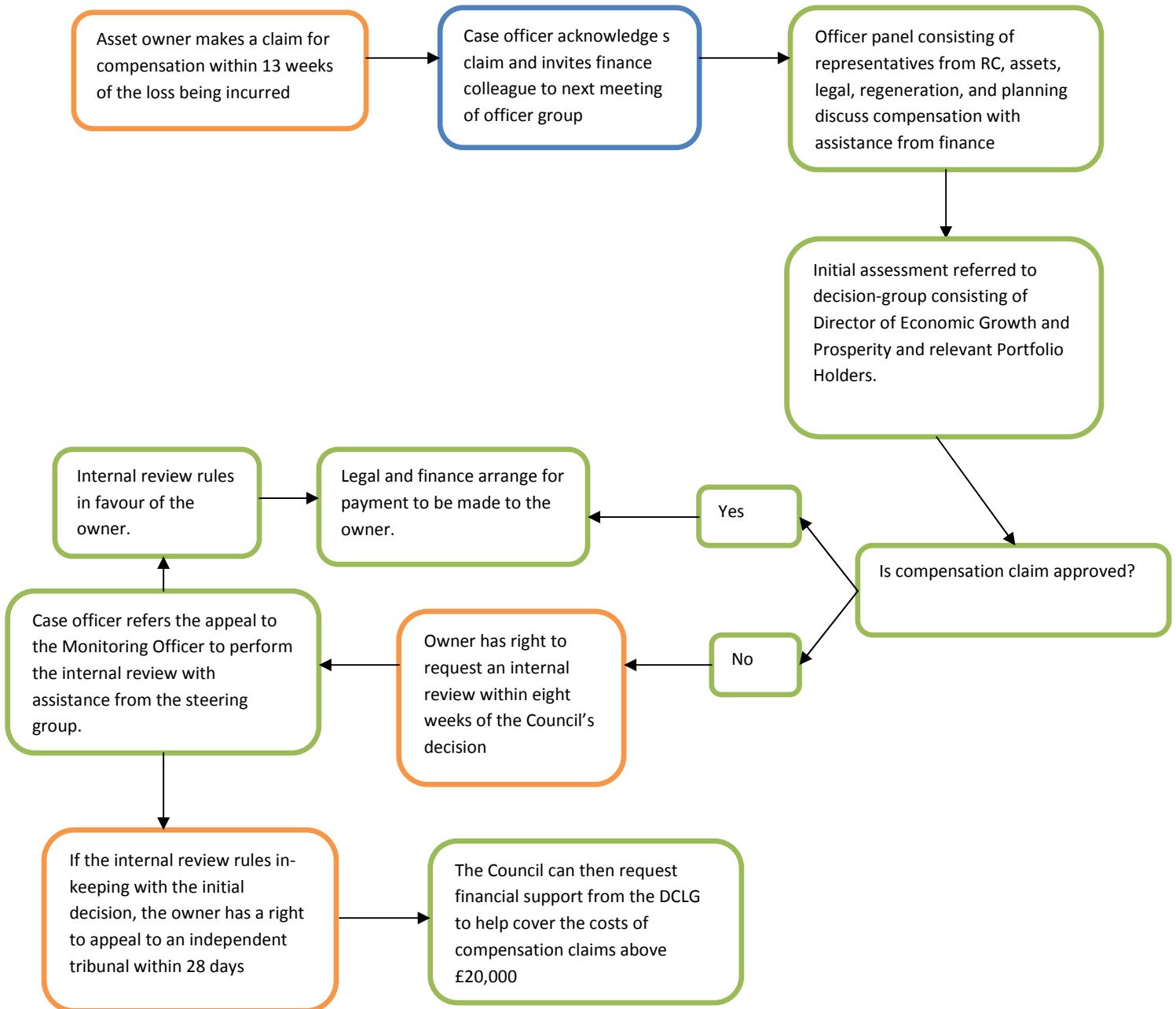
Community Right to Bid Process Diagrams

Key:Process Diagram Stages 1 and 2: Nominations and Review

Appendix 3

Process Diagram Stage 3: Sale

Appendix 3

Process Diagram Stage 4: Compensation

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 19th August 2013
Report of: Interim Chief Operating Officer
Subject/Title: Treasury Management Annual Report 2012/13
Portfolio Holder: Councillor Peter Raynes

1.0 Report Summary

- 1.1 The Treasury Management Policy requires an annual report on the performance of the Council's treasury management operation. This report contains details of the activities in 2012/13 for Cheshire East Borough Council.

2.0 Recommendation

- 2.1 To receive the Treasury Management Annual Report for 2012/13 as detailed in Appendix A.

3.0 Reasons for Recommendation

- 3.1 To meet the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

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 Contained within the report.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 As noted in paragraph C47 of the Finance and Contract Procedure Rules in the Council's Constitution, the Council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities* as this is recognised as the accepted

standard for this area. C47 to C52 provide further information relating to treasury management practice, and the Code itself will have been developed and based upon relevant legislation and best practice. This report is presented to Cabinet under rule C52.

9.0 Risk Management

- 9.1 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management function will be measured.

10.0 Background and Options

- 10.1 This annual treasury report, detailed in Appendix A covers:

- the Councils treasury year end position;
- forecast prospects for interest rates for 2012/13;
- interest rate outturn for 2012/13;
- compliance with treasury limits;
- investment strategy for 2012/13;
- borrowing strategy for 2012/13;
- economic events of 2012/13;
- Prudential indicators 2012/13.

11.0 Access to Information

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

Name:	Joanne Wilcox
Designation:	Corporate Finance Lead
Tel No:	01270 685869
Email:	joanne.wilcox@cheshireeast.gov.uk

Appendix A

Treasury Management Annual Report 2012/13

Introduction and Background

The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. The Cabinet receive an annual report and regular updates through the Quarterly Financial Performance Reports. The scrutiny of treasury policy, strategy and activity is delegated to the Audit and Governance Committee.

Treasury management is defined as: "The management of the local authority's investments 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."

Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

This report:

- a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code;
- b) presents details of capital financing, borrowing, debt rescheduling and investment transactions;
- c) reports on the risk implications of treasury decisions and transactions;
- d) gives details of the outturn position on treasury management transactions in 2012/13;
- e) confirms compliance with treasury limits and Prudential Indicators.

1. Treasury Year End Position

The amount of investments outstanding at 31st March 2013 was £68.5m as follows:

	31/03/12	31/03/13
	£m	£m
BANKS (Fixed Deposits)		
Lloyds TSB	3.1	6.0
Standard Chartered Bank	-	2.0
MONEY MARKET FUNDS		
Prime Rate	5.0	6.5
IGNIS	4.5	8.5
Deutsche	4.0	3.0
Scottish Widows	3.5	3.9
INSTANT ACCESS ACCOUNTS		
Royal Bank of Scotland	5.0	5.5
Santander (UK)	5.0	8.5
Co-op Reserve	-	1.5
NOTICE ACCOUNTS		
Royal Bank of Scotland	-	3.0
MANAGED FUNDS		
Investec – Pooled Funds	20.0	20.1
TOTAL	50.1	68.5

The net investment income received in 2012/2013 after allowing for fees and interest due to the Growing Places fund was £567,000. This is favourable compared to the budget of £300,000. The investment income includes £34,000 relating to deposits made by the former Cheshire County Council with the Icelandic Heritable Bank which were received in 2012/13.

The overall average rate of interest on all investments in 2012/13 was 0.74% compared to the benchmark 7 day LIBID return of 0.49%. The base rate remained at 0.50% for the full year.

Investment income forms part of the capital financing budget, which also includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. The capital financing budget for 2012/13 was £14.8m which accounts for 6% of the Council's total revenue budget. Overall the budget was under spent by £0.9m, this is due to the levels of capital expenditure being lower than originally forecast which reduced the level of debt repayment and savings on external interest payments as a result of maximising the use of the Council's internal borrowing capacity.

We will continue to monitor performance during 2013/14 through the benchmarking service provided by the Council's Treasury Management Advisors, Arlingclose.

2. Icelandic Bank Deposits

Repayment of monies due from Heritable Bank has been continuing and in August 2011 the administrators announced that we are likely to receive around 88% of the original claim, an increase from the original estimate of 85%.

From the total claim of £4.62m we have now received £3.57m (77%).

Further repayments are forecast as follows:

2013/2014 - £0.44m

3. Interest Rates and Prospects for 2012/13

The Councils' treasury advisors, as part of their service assisted in formulating a view on interest rates. However, there has been no change to the bank base rate since March 2009.

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Base Rate	0.50%	0.50%	0.50%	0.50%	0.50%

4. Compliance with Treasury Limits

During the financial year the Councils' operated within the treasury limits and Prudential Indicators set out in the Councils' Treasury Policy Statement and annual Treasury Strategy Statement (see section 8).

5. Investment Strategy for 2012/13

The Council had regard to the DCLG Guidance on Local Government Investments ("the Guidance") issued in March 2004 (revised in 2010) and the revised CIPFA Treasury Management Code and the revised Prudential Code ("the CIPFA TM Code").

Investment instruments identified for use in the financial year are listed under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits were set through the Councils' Treasury Management Strategy Statement and Investment Strategy.

Investment Objectives

All investments were in sterling. The general policy objective of the Council was the prudent investment of its treasury balances. The Councils' investment priorities are the security of capital and liquidity of its investments.

The Council aimed to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity. The DCLG maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Credit Risk

Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. The minimum long-term counterparty credit rating determined for the 2012/13 treasury strategy was A-/A-/A3 across rating agencies Fitch, S&P and Moody's.

In June Moody's downgraded a swathe of banks with global capital market operations, including the UK banks on the Council's lending list - Barclays, HSBC, Royal Bank of Scotland/Natwest, Lloyds TSB Bank/Bank of Scotland, Santander UK plc - as well as several non UK banks, but none of the ratings fell below the Council's minimum A-/A3 credit rating threshold.

Liquidity

In keeping with the CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds / overnight deposits/ the use of call accounts.

Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year.

The Council considered an appropriate risk management response to uncertain and deteriorating credit conditions in Europe was to shorten maturities for new investments. Short term money market rates also remained at very low levels which had a significant impact on investment income.

Use of External Fund Managers

In May 2011 the Council placed £20m with Investec in pooled funds, for which the aim is to generate higher returns in a low interest rate environment through investment in a diverse range of instruments. The return on these funds after fees was 0.77%.

Whilst the performance of the fund since we joined is not as good as we originally hoped, these investments should be seen as a longer term investment so true performance can only be judged over a longer period of time.

6. Borrowing strategy

At the end of the year 2012/13 the Council had debt outstanding of £131.7m. Of this £17m represented loans raised from commercial banks whilst £114.5m represented loans from the PWLB.

The Council's capital financing requirement (CFR) currently exceeds the amounts actually borrowed with the shortfall being funded from cash balances. Borrowing is currently being repaid at a rate of £5.5m per year which means the gap between the CFR and actual borrowing is increasing which 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. To reduce exposure to interest rate risk and prevent excessive use of internal resources a new loan of £5m was taken in 2012/13 to replace most of the maturing debt.

In accordance with the Treasury Management Strategy the Council sought to finance its capital expenditure through the use of its own existing cash balances rather than through the raising of long term loans. The benefits of this are twofold; firstly by reducing the amount of cash balances held by the Council it reduces the credit risk and secondly, the interest foregone on the cash balances use to finance capital expenditure payments was less than the amount of interest payable on any new loans that would have been raised.

In December 2012 the Council agreed to changes in the method of financing the capital programme and the use of capital receipts. The capital receipts reserve (£16.3m as at 31 March 2012) has been utilised to finance capital expenditure which has taken place in previous years and has been met from borrowing. This will reduce the capital financing requirement and therefore the level of revenue provision required for the repayment of debt in 2013/14 and future years.

7. Economic events of 2012/13

The global outlook stabilised mainly due to central banks maintaining low interest rates and expansionary monetary policy for an extended period. Equity market assets recovered sharply with the FTSE 100 registering a 9.1% increase over the year. This was despite economic growth in G-7 nations being either muted or disappointing.

In the UK the economy shrank in the first, second and fourth quarters of calendar 2012. It was the impressive 0.9% growth in the third quarter, aided by the summer Olympic Games, which allowed growth to register 0.2% over the calendar year 2012. The expected boost to net trade from the fall in the value of sterling did not materialise, but raised the price of imports, especially low margin goods such as food and energy. Avoiding a 'triple-dip' recession

became contingent on upbeat services sector surveys translating into sufficient economic activity to overhaul contractions in the struggling manufacturing and construction sectors.

Household financial conditions and purchasing power were constrained as wage growth remained subdued at 1.2% and was outstripped by inflation. Annual CPI dipped below 3%, falling to 2.4% in June before ticking up to 2.8% in February 2013. Higher food and energy prices and higher transport costs were some of the principal contributors to inflation remaining above the Bank of England's 2% CPI target.

The lack of growth and the fall in inflation were persuasive enough for the Bank of England to maintain the Bank Rate at 0.5% and also sanction additional £50 billion asset purchases (QE) in July, taking total QE to £375 billion. The possibility of a rate cut was discussed at some of Bank's Monetary Policy Committee meetings, but was not implemented as the potential drawbacks outweighed the benefits of a reduction in the Bank Rate. In the March Budget the Bank's policy was revised to include the 2% CPI inflation remit alongside the flexibility to commit to intermediate targets.

The resilience of the labour market, with the ILO unemployment rate falling to 7.8%, was the main surprise given the challenging economic backdrop. Many of the gains in employment were through an increase in self-employment and part time working.

The Chancellor largely stuck to his fiscal plans with the austerity drive extending into 2018. In March the Office for Budgetary Responsibility (OBR) halved its forecast growth in 2013 to 0.6% which then resulted in the lowering of the forecast for tax revenues and an increase in the budget deficit. The government is now expected to borrow an additional £146bn and sees gross debt rising above 100% of GDP by 2015-16. The fall in debt as a percentage of GDP, which the coalition had targeted for 2015-16, was pushed two years beyond this horizon. With the national debt metrics out of kilter with a triple-A rating, it was not surprising that the UK's sovereign rating was downgraded by Moody's to Aa1. The AAA status was maintained by Fitch and S&P, albeit with a Rating Watch Negative and with a Negative Outlook respectively.

The government's Funding for Lending (FLS) initiative commenced in August which gave banks access to cheaper funding on the basis that it would then result in them passing this advantage to the wider economy. There was an improvement in the flow of credit to mortgagees, but was still below expectation for SMEs.

The big four banks in the UK – Barclays, RBS, Lloyds and HSBC – and several other global institutions including JP Morgan, Citibank, Rabobank, UBS, Credit Suisse and Deutsche came under investigation in the Libor rigging scandal which led to fines by and settlements with UK and US regulators. Banks' share prices recovered after the initial setback when the news first hit the headlines.

Europe: The Euro region suffered a further period of stress when Italian and Spanish government borrowing costs rose sharply and Spain was also forced to officially seek a bailout for its domestic banks. Markets were becalmed after the ECB's declaration that it would do whatever it takes to stabilise the Eurozone and the central bank's announcement in September of its Outright Monetary Transactions (OMT) facility, buying time for the necessary fiscal adjustments required. Neither the Italian elections which resulted in political gridlock nor the poorly-managed bailout of Cyprus which necessitated 'bailing-in' non-guaranteed depositors proved sufficient for a market downturn. Growth was hindered by the rebalancing processes under way in Euroland economies, most of which contracted in Q4 2012.

US: The US Federal Reserve extended quantitative easing through 'Operation Twist', in which it buys longer-dated bonds with the proceeds of shorter-dated US Treasuries. The Federal Reserve shifted policy to focus on the jobless rate with a pledge to keep rates low until unemployment falls below 6.5%. The country's extended fiscal and debt ceiling negotiations remained unresolved.

Gilt Yields and Money Market Rates: Gilt yields ended the year lower than the start in April. By September the 2-year gilt yield had fallen to 0.06%, raising the prospect that short-dated yields could turn negative. 10-year yields fell by nearly 0.5% ending the year at 1.72%. The reduction was less pronounced at the longer end; 30-year yields ended the year at 3.11%, around 25bp lower than in April. Despite the likelihood the DMO would revise up its gilt issuance for 2012/13, there were several gilt-supportive factors: the Bank of England's continued purchases of gilts under an extended QE programme; purchases by banks, insurance companies and pension funds driven by capital requirements and the preference for safe harbour government bonds.

One direct consequence of the Funding for Lending Scheme was the sharp drop in rates at which banks borrowed from local government. 3-month, 6-month and 12-month Libid rates which were 1%, 1.33% and 1.84% at the beginning of the financial year fell to 0.44%, 0.51% and 0.75% respectively.

8. Prudential Indicators 2012/13

The Council can confirm that it has complied with its Prudential Indicators for 2012/13, which were approved on 23rd February 2012 as part of the Council's Treasury Management Strategy Statement. Details can be found in Annex 1.

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2012/13. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

9. Other Items

PWLB Project Rate

The 2012 Autumn Statement announced that the Government would make available a new concessionary public works loan rate to an infrastructure project nominated by each LEP (excluding London) in England, with total borrowing capped at £1.5 billion. The Government will provide a UK guarantee to allow the Mayor of London to borrow £1 billion at a new preferential rate to support the Northern Line Extension to Battersea.

The March 2013 Budget announced details of the “project rate” which will enable English local authorities (LAs) working with their Local Enterprise Partnership (LEP) to access cheaper borrowing on up to £1.5 billion of investment.

The Public Works Loan Board (PWLB) project rate has been set at 40 basis points below the standard rate across all loan types and maturities. It will be available to local authorities in England from 1 November 2013. This discounted borrowing is being made available to support strategic local capital investment projects. The Government is asking each LEP to work with LAs in their area to agree which project should benefit from the cheaper borrowing support. This will give LEPs, in consultation with LAs, the power to prioritise the projects that best support shared local goals. The Government is now seeking business cases from LEPs, agreed with LAs, setting out borrowing requirements for their chosen local project.

Annex 1**Capital Financing Requirement (CFR)**

Estimates of the Council's cumulative maximum external borrowing requirement for 2012/13 to 2014/15 are shown in the table below:

	31/3/2013 Estimate £m	31/3/2013 Actual £m	31/3/2014 Estimate £m	31/3/2015 Estimate £m
Gross CFR	234	192	226	252
Less: Other Long Term Liabilities	24	27	26	24
Borrowing CFR	210	165	200	228
Less: Existing Profile of borrowing	128	134	134	128
Cumulative Maximum External Borrowing Requirement	82	31	66	100

In the Prudential Code Amendment (November 2012), it states that the Section 151 Officer should make arrangements for monitoring with respect to gross debt and the capital financing requirement such that any deviation is reported to her, since any such deviation may be significant and should lead to further investigation and action as appropriate.

	31/03/2013 Approved £000s	31/03/2013 Actual £000s	31/03/2014 Estimate £000s	31/03/15 Estimate £000s
CFR	210	165	200	228
Gross Debt	128	134	134	128
Difference	82	31	66	100
Borrowed in excess of CFR? (Y/N)	N	N	N	N

Usable Reserves

Estimates of the Council's level of Balances and Reserves for 2012/13 to 2014/15 are as follows:

	31/3/2013 Estimate £m	31/3/2013 Actual £m	31/3/2014 Estimate £m	31/3/2015 Estimate £m
Usable Reserves	37	53	51	49

Prudential Indicator Compliance

(a) Authorised Limit and Operational Boundary for External Debt

- The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.
- The Council's Affordable Borrowing Limit was set at £268m for 2012/13.
- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.
- The Operational Boundary for 2012/13 was set at £258m.
- The Interim Chief Operating Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year; borrowing at its peak was £137m.

(b) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2012/13 %	Maximum during 2012/13 %
Upper Limit for Fixed Rate Exposure	100%	100%
Compliance with Limits:	Yes	Yes
Upper Limit for Variable Rate Exposure	100%	0%
Compliance with Limits:	Yes	Yes

(c) Maturity Structure of Fixed Rate Borrowing

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31/03/2013 £m	% Fixed Rate Borrowing as at 31/03/2013	Compliance with Set Limits?
under 12 months	25%	0%	23.0	17%	Yes
12 months and within 24 months	25%	0%	11.1	8%	Yes
24 months and within 5 years	35%	0%	20.5	16%	Yes
5 years and within 10 years	50%	0%	16.8	13%	Yes
10 years and within 20 years	100%	0%	21.8	16%	Yes
20 years and within 30 years	100%	0%	14.2	11%	Yes
30 years and within 40 years	100%	0%	8.8	7%	Yes
40 years and within 50 years	100%	0%	15.3	12%	Yes
50 years and above	100%	0%	0	0%	Yes

The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date¹

(d) Actual External Debt

- This indicator is obtained directly from the Authority's balance sheet. It is the closing balance for actual gross borrowing (short and long-term) plus other deferred liabilities.
- The 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

(e) Total principal sums invested for periods longer than 364 days

- This indicator allows the Council to manage the risk inherent in investments longer than 364 days.
- The limit for 2012/13 was set at 40% of total investments.
- One investment of £2m was made in 2012/13 for a period of 365 days which represented a maximum of 4% of investments at any one time.

(f) Capital Expenditure

- 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 and in the case of the HRA, housing rent levels.

Capital Expenditure	2012/13 Estimate £m	2012/13 Actual £m	2013/14 Estimate £m	2014/15 Estimate £m
Total	83.9	51.4	121.1	71.6

- Capital expenditure has been and will be financed or funded as follows:

Capital Financing	2012/13 Estimate £m	2012/13 Actual £m	2013/14 Estimate £m	2014/15 Estimate £m
Capital receipts	14.3	12.1	10.0	5.0
Government Grants	36.1	29.7	46.9	10.5
External contributions	0.2	0.9	23.2	20.3
Revenue contributions	0.6	0.2	1.0	0
Supported borrowing	1.8	0.0	0.0	0
Unsupported borrowing	30.9	8.5	40.0	35.8
Total Financing and Funding	83.9	51.4	121.1	71.6

(g) Ratio of Financing Costs to Net Revenue Stream

- 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 ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2012/13 Estimate %	2012/13 Actual %	2013/14 Estimate %	2014/15 Estimate %
Total	6.01	5.64	4.58	5.35

(h) **Incremental Impact of Capital Investment Decisions**

- This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent 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	2012/13 Approved £	2013/14 Estimate £	2014/15 Estimate £
Increase in Band D Council Tax	6.02	11.92	10.77

(i) **Adoption of the CIPFA Treasury Management Code**

- This indicator demonstrates that the Authority 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 meeting on 23 rd February 2012

(j) **Gross and Net Debt**

- The purpose of this treasury indicator is to highlight a situation where the Authority is planning to borrow in advance of need.

Upper Limit on Net Debt compared to Gross Debt	2012/13 Actual £m	2013/14 Estimate £m	2014/15 Estimate £m
Outstanding Borrowing (at nominal value)	132	208	228
Other Long-term Liabilities (at nominal value)	27	26	25
Gross Debt	159	234	253
Less: Investments	(68)	(68)	(68)
Net Debt	91	166	185

N.B. CIPFA has acknowledged that the upper limit does not work as was intended and is working on a revised indicator. This indicator will be amended once revised guidance has been received from CIPFA.

(k) Upper Limit for Total Principal Sums Invested Over 364 Days

- 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	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	40%	40%	40%	40%	40%

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 19th August 2013
Report of: Interim Chief Operating Officer
Subject/Title: 2013/2014 First Quarter Review of Performance
Portfolio Holder: Cllr. Peter Raynes, Finance / Cllr. Barry Moran, Performance

1.0 Report Summary

- 1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report, attached as **Annex 1**, gives summary and detailed information about its financial and non-financial performance at the first quarter year stage of 2013/2014. The report also requests approval for supplementary estimates.
- 1.2 Section 1 of the report brings together the impact that service performance, the change management programme and financial performance are having on the 5 Outcomes in the Council's 3 Year Plan. The section highlights key aspects of service performance and significant exceptions against the change programme and capital programme designed to deliver the Outcomes. It considers the key financial pressures which the Council's Services are facing, potentially as a result of delays in implementing change, and the proposed remedial measures identified by Services to mitigate these pressures.
- 1.3 Section 2 provides an update on the overall Financial Stability of the Council. It demonstrates how spending in 2013/2014 is being adequately funded, including the positions on overall Service budgets, Grants, Council Tax and Business Rates, Treasury Management, centrally held budgets, and the management of the Council's Reserves.
- 1.4 Section 3 provides a summary of the key issues relating to the Council's Workforce Development Plan.

2.0 Recommendations

- 2.1 Cabinet is requested to note and comment as appropriate on the following issues:
- the summary of performance against the Council's 5 key outcomes (**Section 1**);
 - the projected Service revenue and capital outturn positions (**Section 2**);
 - the overall financial stability of the Council, and the impact on the Council's general reserves position (**Section 2**);

- the delivery of the overall Capital Programme (**Section 2, paragraphs 121 to 123 and Appendix 4**);
- reductions in the approved capital programme (**Appendix 5**);
- Supplementary Capital Estimates and Virements up to £250,000 In accordance with Finance Procedure Rules (**Appendix 6a**);
- the Council's invoiced debt position (**Appendix 9**);
- the service performance successes achieved during the first quarter of 2013/2014, underperformance against targets and how these will be addressed (**Section 1 and Appendix 10**);
- Workforce Development and staffing issues (**Section 3**).

2.2 Cabinet is requested to approve:

- Supplementary Capital Estimates and Virements over £250,000 but under £1m in accordance with Finance Procedure Rules (**Appendix 6b**);
- Supplementary Revenue Estimates to be funded by additional specific grant (**Appendix 8a**).

2.3 Cabinet is requested to recommend that Full Council approve:

- Supplementary Capital Estimates and Virements over £1m in accordance with Finance Procedure Rules (**Appendix 6c**);
- Supplementary Revenue Estimates to be funded from General Reserves (**Appendix 8b**);
- a Supplementary Revenue Estimate of over £1m for Public Health to be funded from additional ringfenced grant (**Appendix 8a**);
- the establishment of a specific earmarked reserve to hold any underspend on the Elections Budget for use in years when Elections take place. (**Appendix 11, para 46**).

3.0 Reasons for Recommendations

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

requirements for financial approvals by Members, and relevant recommendations are contained in this report.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 Performance management supports delivery of all key Council policies including carbon reduction and health. The projected outturn position, ongoing impacts in future years, and the impact on general reserves will be fed into the assumptions underpinning the 2014/2017 Medium Term Financial Strategy.

7.0 Financial Implications

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

8.0 Legal Implications

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

9.0 Risk Management

9.1 Performance and risk management are part of the key management processes of the Authority. Risks are captured both in terms of the risk of underperforming and the risk to the Council in not delivering its ambitions for the community of Cheshire East. Risks identified in this report will be used to inform the Corporate Risk Register.

9.2 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2013/2014 Budget and the level of general reserves will be factored into the 2014/2015 Financial Scenario, Budget and Reserves Strategy.

10.0 Background

10.1 The Council has a savings target of £31m for 2013/2014, with a challenging delivery plan. The risk of non-delivery of this plan, alongside emerging in-year

pressures, will need to be managed and strong mitigation plans identified and delivered.

- 10.2 At the First Quarter stage, an overspend of £3.7m (1.4%) is projected against a budget of £260.3m. This would result in a decrease in the Council's general reserves level to £14.8m, which still compares favourably with the opening balance forecast in the 2013/2014 budget of £13.2m. The Council's Reserves Strategy has been reviewed, and is contained in this report (**Appendix 11**).
- 10.3 54% of the basket of performance measures for external reporting achieved, exceeded or were within agreed tolerance.
- 10.4 Our vision, corporate plans, financial allocations, democratic and organisational structures are all designed to help us achieve the outcomes that matter to the people of Cheshire East. Performance reporting and a focus on improvement are fundamental to achieving our long term ambitions. This report reflects a developing framework to embed a performance management culture throughout the organisation.

11.0 Access to Information

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

Name: Chris Mann / Vivienne Quayle
Designation: Corporate Manager, Resources / Head of Commercial Strategy,
Business Innovation and Performance
Tel No: 01270 686229 / 01270 685859
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First Quarter Review of Performance 2013 / 2014

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August 2013

Introduction

The Council produces quarterly performance reports as part of the annual performance reporting framework set out in the Finance and Contract Procedure Rules. This report looks at progress in achieving the Council's 3 Year Plan (2013 to 2016) during the period April to June 2013.

Details are included of the Council's financial and non-financial performance and the report also seeks Member approval for Supplementary Estimates and Virements.

An overview and summary financial table are provided at the beginning of the report for quick reference. The three main sections of the report are:

Section 1 of the report brings together the impact that service performance, the change management programme and financial performance are having on the 5 Outcomes in the Council's 3 Year Plan. The section highlights key aspects of service performance and significant exceptions against the change programme and capital programme designed to deliver the Outcomes. It considers the key financial pressures which the Council's Services are facing, potentially as a result of delays in implementing change, and the proposed remedial measures identified by Services to mitigate these pressures.

Section 2 provides an update on the overall Financial Stability of the Council. This includes service revenue budget issues, grants received, Council Tax and Business Rates, the Council's overall capital programme and its funding, treasury management, centrally held budgets, and the management of the Council's reserves.

The figures included in this section reflect the original budget approved by Council in February 2013 adjusted for approved Supplementary Estimates and virements, including those requested in the report.

Section 3 provides a summary of the key issues relating to the Council's workforce development plan.

A principle underpinning the Council's budget is to give real value for money. The impact of improvements in this area were noted in the Audit letter issued in autumn 2012 and are visible in the improved control of finances seen in the quarterly outturn reports for 2012/2013 from November 2012 onwards. In particular monitoring of the capital programme has been subject to more rigorous review from both Officers and Cabinet Members through a new project management system and a Gateway Approval system.

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

Appendices are provided as follows:-

- **Appendix 1** shows the 3 year Council Plan.
- **Appendix 2** explains changes to the Revenue Budget since the Budget was approved by Council in February 2013 which have been authorised or require authorisation via this quarterly report.
- **Appendix 3** shows the latest position on the Corporate Grants register.
- **Appendix 4** summarises revised in year Capital budgets and the revised forecasts of total Capital Programme expenditure and its funding.
- **Appendix 5** lists reductions to the total approved budgets of projects within the Capital programme.
- **Appendices 6a to 6c** list requests for Supplementary Capital Estimates and Virements.
- **Appendix 7** provides details of Treasury Management investments.
- **Appendices 8a and 8b** list requests for Supplementary Revenue estimates.
- **Appendix 9** analyses the position on Outstanding Debt.
- **Appendix 10** details progress against Indicators.
- **Appendix 11** provides the updated Reserves Strategy.

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2013/2014 Outturn Forecast at First Quarter Year Review

Financial Position

2013/2014 First Quarter Year Review	Revised Net Budget £m	Emerging Pressures £m	Remedial Actions Identified to Date £m	Current Forecast Over / (Underspend) £m	For further information please see the following section
Children & Families	59.4	1.4	-1.5	-0.1	Section 1 - Paragraphs 40-43
Adults	101.2	2.8	-1.6	1.2	Section 1 - Paragraphs 54-55
Public Health	0.0	0.0	-0.3	-0.3	Section 1 - Paragraph 74
Waste, Recycling & Streetscape	27.2	0.5	-0.2	0.3	Section 1 - Paragraphs 57-70
Highways & Transport	17.3	0.2	-0.1	0.1	Section 1 - Paragraphs 57-70
Community Services	0.3	1.5	-0.3	1.2	Section 1 - Paragraphs 7 and 84
Development	22.8	1.1	-0.3	0.8	Section 1 - Paragraph 28-32 and 59
Performance, Customer Services & Capacity	10.6	-0.2	0.0	-0.2	
Finance & Business Services	18.1	0.3	0.0	0.3	Section 2 - Paragraph 94
HR & OD	3.7	-0.2	0.0	-0.2	Section 2 - Paragraph 94
Borough Solicitor	5.5	0.1	0.0	0.1	Section 1 - Paragraph 5
Cross Cutting	-0.6			0.0	
TOTAL: Services	265.5	7.5	-4.3	3.2	
CENTRAL BUDGETS					
Specific Grants	-21.7	-1.3		-1.3	Section 2 - Paragraphs 99 - 103
Capital Financing	11.9	0.0		0.0	Section 2 - Paragraph 130
Contingencies	4.9	0.0		0.0	Section 2 - Paragraphs 134 - 135
LGO Pay Award (1%) estimate		1.0		1.0	Section 2 - Paragraph 138
Relocation costs repayment		0.5		0.5	Section 2 - Paragraph 135
Invest to Save Reserve	-0.3			0.0	
Contribution to Earmarked reserve			0.3	0.3	Section 2 - Paragraph 140
TOTAL: Central Budgets	-5.2	0.2	0.3	0.5	
TOTALS	260.3	7.7	-4.0	3.7	
	Planned Contribution 2013/2014 £m	Forecast Variance @ Quarter 1 £m	Impact on reserves Quarter 1 Forecast £m		
Impact on Reserves	-0.5 *	-3.7	-4.2		
*Reduced from nil by Supplementary Revenue Estimates proposed at FQR					
General Reserves Balance	2013/2014 Budget £m	Quarter 1 Forecast £m			
Opening Balance April 2013	13.2	Actual	19.0		
2013/14 Impact on Reserves (see above)	0.0	Forecast	-4.2		
Closing Balance March 2014	13.2	Forecast	14.8		

Section 2 - Paragraphs 142 - 147

Overview

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

KEY OUTCOMES

1 ~ Our local communities are strong and supportive

- Progressing the Macclesfield Community Governance Review.
- Delivering a highly rated Youth Offending Service.
- Taking forward the sustainable Libraries service project.

2 ~ Cheshire East has a strong and resilient economy

- Approving the plan to create a new Development Company and a number of key projects to deliver economic growth.
- Playing a key role in the Connected Cheshire Project.
- Making progress with the Local Plan.

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

- Developing the Raising Achievement Plan to match Education provision and need.
- Effective Children's Social Care service albeit with cost pressures.
- New delivery models for Individual Commissioning to integrate with health and look at prevention.

4 ~ Cheshire East is a green and sustainable place

- Pursuing the targets in an updated Carbon Management Plan.
- Maintaining highways and correcting faults / filling potholes.
- Transformation of the waste service underway while performance levels maintained.

5 ~ People live well and for longer

- Cabinet approval to locally scope a minimum unit price for alcohol.
- Implementation of Council wide health impact assessment policy.
- Good performance in housing and leisure.
- Development of adult social care and public health services.

FINANCIAL STABILITY

- Services face **budget pressures** totalling £7.5m and have identified remedial actions of £4.3m to mitigate these issues. Demand led service pressures include:
 - Children & Families agency costs (£0.7m) and Transport savings (£0.4m); Adults Care costs (£1m) and Care4CE (£1.7m); Assets (£2m); ICT Shared Services (£0.3m); Car Parking / Leisure income (£0.5m); Waste costs (£0.3m).
- **Service revenue budget** is forecast to overspend by 1.2% (£3.2m).
- **Central Budgets** – a £0.5m overspend is forecast from LGO Pay Award and planned repayment of relocation costs, partly offset by increased grants.
- **Net Revenue outturn** is projected to be £3.7m more than the Revised Net Budget of £260.3m.
- **General Reserves** are expected to decrease this financial year by £4.2m to £14.8m. This is still more than the revised net budget due to the impact of the improved 2012/2013 outturn.
- The original **capital budget** of £121m has been revised to £90.6m after allowing for rephasing of slippage from 2012/2013.
- Total outstanding **Debt** (excluding local taxation) is £5.8m, of which £2.8m is over 6 months old. A bad debt provision of £2.9m is available to meet potential write-offs.
- The Council is among the top third of Unitary Councils in terms of **Council Tax collection**. Over 99% of Council Tax and Business Rates are collected within three years.
- **Investment income** is in line with budget, although average interest rate earned on investments (0.4%) is slightly lower than the London Inter Bank 7 day rate.

1. Summary of Council Performance

Introduction

1. Cheshire East Council is responsible for delivering 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 2013 to March 2014 is c.£700m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users. In terms of spending power per head, Government figures highlight the impact of different levels and sources of funding on total council spending:

Spending Power per Head Comparisons 2013/2014			
	Cheshire East	Rural East Riding of Yorkshire	Urban Manchester City
	£	£	£
Grants	317	405	895
Council Tax	439	382	208
Total	756	787	1,103

2. The Council's 3 year plan, which was agreed by Council on 28th February 2013, has five outcomes that will focus service delivery in the medium term. **Appendix 1** shows the 3 year plan and this section of the report highlights progress towards achieving each of the five outcomes.
3. This report reflects activity that has taken place mostly in the period April 2013 to June 2013 including progress against the council's change programme. Commentary is also provided on the financial impacts (both revenue and capital) of this activity.

1 ~ Our local communities are strong and supportive

4. Getting people involved in activity in their local area will support this outcome. Activities that increase interest in local democracy, support safety and generate local pride will also help to promote greater self reliance and responsibility towards the local area.
5. In April 2013 elections were completed for the first parish Council for Crewe, and the Council is also progressing a Macclesfield Community Governance Review. This review will consider options for improved community engagement and local democracy. During Quarter 1 the Council has been arranging a series of public meetings to consider the options. These will take place during July. Preparations for Individual Electoral Registration, a Government initiative to improve the electoral role and ensure everyone has the opportunity to vote, are progressing. During Quarter 1 the Council has followed the directions issued by the Cabinet Office for implementation, which included a Confirmation Dry Run involving a data matching exercise with the records held by the Department for Work and Pensions. Whilst engaged in these activities staffing costs have had to slightly increase in the service by £0.1m.
6. Youth Offending Services for Cheshire East are delivering a high standard of service according to an inspection report from HMI Probation Service carried out in May 2013. Support for young people is reported as enthusiastic with strong internal and external partnership working. Provisional data also indicates a reduction in those entering the Youth Justice System aged 10 to 17, from 37 (Q1 2012/2013) to 26 (Indicative figure for Q1 2013/2014. This figure may change as further Police data is received).

7. As a responsible Council that uses enforcing powers where necessary, a programme of proactive statutory inspections have been carried out (over 500 inspections during Quarter 1); a successful prosecution against a farmer for TB offences; and the roll out of the successful Food Hygiene Rating System. Car Parking, Neighbourhood Enforcement and Regulatory Services are currently forecasting a budget overspend of £0.6m, which has occurred whilst outsourcing of the enforcement function and back office rationalisation. These have been delayed as they are being included in a broader enforcement delivery model.
8. Cheshire East Council is maintaining important work with local councils on issues such as transfer of assets and devolution of services. A recent step was the transfer of Middlewich Civic Hall to Middlewich Town Council. A small number of other asset transfers have occurred in the first quarter of 2013/2014 to Town and Parish Councils under the Devolution Programme:
 - Alsager Town Council – Alsager Allotments, Coronation Avenue Allotments, Lawton Road Allotments, Cedar Avenue Allotments & Talke Road Allotments.
 - Alderley Parish Council – Chorley Hall Allotments, Heyes Lane Allotments & Beech Close Allotments.
9. The first Cheshire East Rural Summit was held in April, with a follow up event planned for September. The project to develop resilient communities is expected to pick up pace following the creation of a post for Head of Resilient Communities under the management restructure, although at present this post is vacant
10. The Council is constantly improving consultation with residents by using the citizen's panel, delivering an improvement in answering calls at the contact centre, and ensuring the website is able to deal with many day to day enquiries. During the first quarter, telephone calls to the Customer Contact Centre were answered in just over one minute and customers visiting us to speak to somebody face to face waited on average for eight minutes. In June 2013, the Contact Centre was successful in achieving the Contact Centre Association (CCA) Global Standard, recognising the commitment and drive demonstrated by the team in working towards improving standards and customer experience across our Customer Contact Centre.
11. Increasing numbers of customers are choosing to do business with the Council online, with over 1 million visits to our website in the first three months of the year, and more than 80,000 online transactions. This represents a threefold increase in online transactions compared with the same period two years ago, and a tenfold increase compared with three years ago.
12. Consultation on the Local Plan received a total of 11,363 comments from 4,127 different people, details of how this is progressing are included in paragraphs 30 and 31 below.
13. Further demonstration of the commitment to robust consultation has been evidenced by the consultation exercise with service users, carers and the public relating to a proposal to review the continuation of the service provided at Mountview Resource Centre in Congleton. This involved opportunities for written submissions and face to face discussions. The consultation exercise resulted in 198 responses, 74 of which were customers of the service which represented 72% of all customers of the service. The results of the consultation were considered and taken into account as part of the recommendations and final decision-making process.
14. Cheshire East's libraries form a key contact point with the public and play an important role within their communities. The Council is committed to retaining libraries in the 16 towns across the Borough and aims to deliver a library service that better reflects the demand within each community while ensuring they are sustainable in austere times. The programme to deliver that ambition has started with a survey of members of the public to find out what local people think of their local library and how they would like their libraries to be in future. The aim is to help the Council design and deliver a sustainable library service that meets the needs and expectations of customers today and in the future.

15. A project is underway to map community assets that can assist organisations delivering public services, it will also aid consideration of community budgeting. Phase 1 was uploaded to the Geographical Information System in May 2013. The upload included 2,583 assets or activities, following mapping in 18 parishes / neighbourhoods. Work is on-going to encourage other areas to carry out asset mapping.
16. There has been significant success in developing the role of volunteers (recognised in April as “Volunteer Project of the year” at the National Street Games awards).
17. Forecast outturn remains in line with expectations for the majority of spending related to Outcome 1.

2 ~ Cheshire East has a strong and resilient economy

18. Increasing employment and the quality of employment will support the delivery of this outcome. The Council can do this by engaging with businesses and helping to provide the necessary infrastructure and high quality workforce that will encourage investment in the area.
19. The Council is making significant progress in this area, for example on 7th May 2013, Cabinet agreed to set up a new development company, East Cheshire Engine of the North Limited, to accelerate development at strategic sites and progress a number of major development opportunities. A new Vision and Strategy for Economic Growth has been developed setting out the Council’s ambitions for growth and our priority schemes, as well as the development of a local skills plan. During Quarter 1 there were 48 ‘Inward Investment’ enquiries and 60 businesses attended the Business Engagement Focus Group held in May.
20. Over £14m of funding has been secured from the Department for Transport Pinch Point Programme to support delivery of three further strategic infrastructure improvement schemes that help us achieve our priorities for investment and jobs. These related to

the Basford West Spine Road, enhancements to M6 junction 16, and also a widening of the A500 as it approaches junction 16. In addition to this, the Department for Transport has announced that the M6 between J16 to J19 has been included in the Highways Agency Managed Motorway Programme, which will include use of the hard shoulder for vehicular traffic at the busiest times of the day. These schemes are now progressing and, along with the committed Pinch Point scheme at M6 Junction 17, will provide improved access to proposed strategic employment sites including developments at Basford East and West south of Crewe and also the Capricorn site at Junction 17.

21. The Cheshire and Warrington Local Transport Board has prioritised two further major transport schemes in the Borough. Over £12m of funding will be put towards both the Poynton Relief Road, which will better link the A523 from Macclesfield into the planned SEMMMS A6 to the Airport Relief Road, and for a new replacement rail bridge on the busy Sydney Road in Crewe and removal of the traffic lights.
22. The Connecting Cheshire contract has been signed to improve broadband speeds. Project costs have increased but it is still expected that at least 96% coverage by will be achieved by June 2015.
23. Certain important statistics demonstrate the strength and resilience of the Cheshire East economy, and highlight an uplift in living standards:
 - Locally Gross Value Added (a measure of production in an area) and GVA per capita is improving. GVA in 2011 was £8.2bn, which is up from £7.9bn in 2010; GVA per capita increased to £22,300 in 2011, from £21,700 in 2010. (Source Regional GVA NUTS3 data, ONS, December 2012).
 - The claimant unemployment count fell 7.2% between May 2012 and May 2013 (from 5,746 to 5,332)
 - Claimant unemployment rate reduced from 2.5% in May 2012 to 2.3% in May 2013

- Median Gross Weekly pay grew 3% to £479.30 in 2012, from £465.10 in 2011. This improved the comparison to UK figure from 93.3% of the UK Median Gross Weekly to 94.7%
24. The Council is actively supporting development in relation to Alderley Park Bio Incubation Centre, where Astra Zeneca have decided to move their Research and Development operations to Cambridge. The scope of the project is under review, but to date over 300 organisations have expressed interest in the site.
 25. Progress has been made to secure funding for the physical asset development project. Although work has not started on the Congleton Link Road (while Highways are diverting resources to the Local Transport Board) and the Crewe Rail Exchange, where there has been a need for some re-design works. The additional funding for these changes was agreed as part of the Outturn to Cabinet on 24th June 2013. Other Highways schemes being prepared include the Crewe transport investment, the highways investment programme and Poynton Relief Road.
 26. The speed at which such schemes can be implemented will impact on economic growth in the area as well as the level of funding which can be generated from growth in the Council's business rates baseline.
 27. The on-going success of local economic development activity has been a factor in Bentley deciding to make a major investment in its Crewe headquarters to develop new models.
 28. The current pace of the programme to accelerate asset disposals could impact on related developments and work on the new Development Company. Non delivery of savings from the assets rationalisation project is causing significant overspending issues in the Development Service of £0.6m.
 29. £1m of savings are dependent on the asset rationalisation / disposal project across the Authority, in relation to both operational and non-operational building stock. At Quarter 1 the service is reporting a £0.97m pressure against this target, derived mainly from key risks including decisions affecting front line service delivery, failure to dispose of property due to adverse market conditions and the retention of property for development or other Council considerations. This will partly be offset by underspending on temporary investment budgets.
 30. The Local Plan is key to achieving growth and other improvements related to protection of green belt land and open spaces. Additional costs are being incurred to deliver the plan and significant progress has been made with the publication of the Development Strategy and Policy Principles documents for a six week public consultation that took place during January and February 2013.
 31. This gave the public and other stakeholders the opportunity to comment on the strategic framework that the Council is proposing to manage development and growth in the Borough up to 2030. As a result a total of 11,363 comments were made by 4,127 different people to the consultation. These are currently being considered, along with the results of other evidence based work being prepared by the Council, to produce a draft Core Strategy in September 2013.
 32. Development Management staff have been working hard to represent local people but have identified a financial pressure due to the exceptional volume of public inquiries dealing with the Council's housing land supply. The extent of this pressure is expected to be in the region of £0.3m however, the true extent will only become more tangible after the Council receives the outcome of these first appeals in mid-November.
 33. In a positive indication that economic activity in Cheshire East is rising, it can be reported that there has been a steady increase in the number of planning applications processed from April to June. 1,302 applications were processed compared to 1,026 for the same period in 2012/2013 and 853 in 2011/2012.

34. The Council can now access the Grantfinder database to enable external funding levels to be maximised. The Council is also working with the Local Enterprise Partnership “Access to Finance” workstream to look at options for attracting additional funds to the sub-region.

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

35. This outcome is supported by high profile and high resource services such as education, and children and adults’ social care.
36. Progress is being made in Education through developing the Raising Achievement Plan to match provision with needs and the establishment of a Strategic Education Board to monitor progress against the plan. Outcomes from Ofsted School Inspections are an important indicator of the overall achievements within our schools. Currently, 86% of schools across the Borough are judged as ‘Good’ or ‘Outstanding’ with only 1% of schools currently within an Ofsted category of concern. This equates to 2 out of 150 schools. Expenditure in these areas currently exceeds budget and remedial action is required whilst the Council’s service provision to schools is reviewed.
37. The school building and maintenance programme rolls forward with a number of schemes due to be completed, but there are also delays in Mobberley and Wheelock Primary Schools.
38. The Mobberley classroom expansion project is at a stage where parties are unable to agree terms over acquiring additional land which would be required to compensate for the loss of playground space. Alternative options are now being explored.
39. The Wheelock Phase two project is currently responding to concerns raised by local people. The planning submission, held as a pre planning consultation event held at the school, raised significant concerns regarding parking and traffic management in and around the school site. Work is under way to mitigate these

issues. In the meantime a temporary classroom has been put on site to ensure adequate accommodation for the children.

40. Issues remain with Home to School transport where alternatives to the budget proposal to save £0.6m, which will no longer be delivered, are being actively sought.
41. Children’s Social Care are making progress in the recruitment of experienced social workers and some service management positions, although there is still considerable reliance on higher cost agency staff which is causing financial pressure of £0.7m. This is being offset by accelerating other savings in the service to produce remedial actions of £1.3m. The projects to invest to save in better value care placements is being delivered.
42. A range of initiatives are currently being considered within early intervention and early help for families, this will include integration with Health services in ‘Early Years’, to re-target preventative services to those whose issues have a significant impact on the community, reducing the number of families needing long-term, intensive specialist support and reducing the number of children that go into care. In the first quarter, the number of 16 to 18 year olds who are not in education, employment or training (NEET) currently stands at 5.36% with the percentage of ‘not knowns’ being 2.2%. This has risen from 4.9% in Quarter 1 2012/2013.
43. These initiatives will assist with the need for post Ofsted investment in areas where weaknesses were identified including areas such as adoption and child protection where specific courses of action were prescribed. Improvements to systems remains a key objective to enable service efficiency levels to be improved and savings delivered. Several key projects (eg client management system) are being taken forward and business cases developed. Children and Families remains committed to achieving a balanced budget or in fact delivering a small surplus by year end.
44. Services to young people are brought together to achieve Outcome 3 and a number of improvements are being taken

forward. In Quarter 1 there has been a significant increase in young people using the Council's leisure facilities (up 6% on 2012/2013 at 70,387). However, delays are being experienced on the Nantwich Pool Project due to on-going construction issues.

45. In the first three months of the new year total participation in sport and active recreation at the Council's facilities increased by 5% compared to a similar period in 2012/2013, for adults, juniors and older people categories.
46. The leisure development team have been extremely successful in delivering the national Sportivate team aimed at 14-25 year olds to engage young people using sport. To date over 200 young people have been directed into sport at local clubs with a retention rate of 84%.
47. The project to develop a university technical college (UTC) to provide a wider educational offering is progressing. A workshop was held in June for partners, in the UTC initiative, to discuss and refine the project vision. The recent Bentley investment in Crewe announcement will support the applications progress.
48. Adult Social Care continues to offer information and advice to customers. This is in addition to provision of services which aim to promote independence and focus on a model of recovery and reablement. Links with local community and faith groups together with the broader community facilities are being further strengthened. This will provide a proactive response to customers by supporting access to local support networks as a real alternative to traditional service responses. Where these are needed, the focus remains on promoting independence as can be seen by the following statistics:

As at quarter one:

- 5,699 people have received community based services to help them stay independent (5,558 at quarter one in 2012/2013);

- 23.7% of adults with learning disabilities are living on their own or with family (20.0% at quarter 1 in 2012/2013).

49. Adult Social Care are working with Clinical Commissioning Groups and NHS England to develop a range of preventative and early intervention initiatives. These aim to support people to maintain independence and continue to be full and active members of their local community.
50. Within the last quarter there has been launch of improved 'lifestyle facilities' at both Macclesfield and Wilmslow Leisure Centres through capital investment.
51. The Crewe lifestyle project is at the RIBA stage for 'Design'. To meet the aspirations of the Council, in terms of enhanced provision (larger pool and social care facilities) above the 'like for like' replacement of services (as defined in the approved budget), a review will be needed of the current budget provision.
52. A steer has been requested at informal cabinet in August 2013 to understand if cabinet want to refresh the business case for a larger facility. This went to EMB on the 30th July 2013 and the group still require further clarification of the financial and social benefits before fully endorsing the Business Case for Cabinet approval.
53. Other capital schemes including Hurdsfield and Mountview are being reviewed. The redevelopment of the Hurdsfield Family Centre has been removed from the Capital Programme at the first quarter review stage.
54. There is financial pressure in two main areas for Adult Services. Firstly, progress is being made on the delivery of budget policy proposals in Care4CE, but some savings will be achieved later than budgeted for whilst a fundamental review of the service is carried out to determine future delivery models. The service is actively pursuing ways of delivering further remedial action whilst maintaining a safe level of service.

55. Further pressure is being noticed in relation to external care costs where there is a current projection of an overspend of £1m. Remedial action is in progress with a view to bringing this projection downwards in advance of Mid-Year Review. This includes working with providers on individual care packages, with partners such as Health, to ensure costs are correctly aligned, reflecting the complexity of service user needs and by trying to over-achieve savings targets in a number of areas. Adults services are therefore currently predicting an overspend of £1.2m on their base budget of £101m.

4 ~ Cheshire East is a green and sustainable place

56. A clean and well managed environment will provide achievement of this outcome. Carbon management and maintenance of open spaces will enhance local places which will also rely on effective planning, transport and waste services.
57. The Council is progressing its Carbon Management Plan (published in 2010 and being amended to exclude Schools) with a work plan in place to achieve 83% of the target savings in CO2 tonnages. Targets for street lighting are also on track to be achieved by December 2013. Use of LED technology will bring further savings in 2014/2015. Financial pressure is being noticed due to the slower than budgeted pace of activity and overspending of £0.1m is currently being forecast.
58. Improvements to the environment continue with joint working with local communities and maintaining high standards in parks and countryside. In the last 3 months, new play facilities have opened in Bollington and Elworth. The Streetscape Service is reporting net budget overspend of £0.2m from a delay in the project to transfer of street cleansing services to the Highways Contractor and an increase in bad debt (£45,000) across markets and open spaces.
59. The Assets Service is consolidating its role under the corporate landlord project and continuing to understand the budgets compared to the costs it has inherited. This will enable it to

successfully deliver the efficiency savings envisaged as part of the project. There are increased costs through delays in asset transfers, higher shared property costs and delayed disposals. Running cost pressures are being offset by savings in recharged services eg electricians.

60. The Council's activities in relation to highways and transport continue to perform well. Road carriageway condition surveys were carried out in June 2013 and updated indicative percentages will be available in the Autumn. 38km of road surface treatment has been delivered in quarter 1 with the bulk of the remaining treatments programmed for delivery between July and October. The projects are on track to deliver their targets but surface treatment programmes are weather susceptible.
61. Road defect (category 1 type) performance in April and May was at or above target level but the overall performance in Quarter 1 is 1% below target, due to a poor return for June. However, this is likely to be due to a system reporting error which, once corrected should bring the performance back on target. 40,875 potholes were repaired in the six months to June 2013 and on target to achieve agreed 12 month performance level of 50,000 to December 2013.
62. The amount of recycled aggregate material used in Road Construction from both the depots shows good levels of performance in Quarter 1. Data is awaited for material recycled but is expected to achieve the targeted performance level. The actual performance of highways waste diverted from landfill in Quarter 1 of 98% significantly exceeds the target.
63. The service is taking forward a number of major capital projects to assist the borough and regional economies as referred to under Outcome 2. In maintenance terms spend is broadly on track through Local Transport funded and revenue funded schemes being largely delivered through the Cheshire East Highways service contract. The service is working on a Winter Service Review but this has yet to be completed.

64. In transport terms, spending is on track through careful contract management and the commercial operation of services previously subsidised. However, there is concern over sustainability of services as contracts and grant funding levels change.
65. The project looking at the Waste and Recycling Service is being reviewed via the Council's project management framework. In the first quarter Cabinet approved a report that enables the project to move forward with Phase 2 (see below).
66. The outcomes of Phase 1 have been to identify potential operational efficiencies within the current waste service, feasible procurement solutions for residual waste, garden waste and dry recyclables, broad strategic aims for the service as it moves towards the commissioning / provider split, the required depot infrastructure to support the service and the potential new delivery model for the waste service. Phase 2 will be planned and delivered following a project workshop in August 2013 for all stakeholders.
67. Performance against key statistics remains positive with the percentage of household waste sent for reuse, recycling or composting at 53.8%, just slightly down from previous year's figure of 54.35%. As a result the Waste and Recycling Service saving target for Landfill diversion, through a collaborative arrangement, is forecast to be on target.
68. However, the Service is set to under-achieve against its Waste Minimisation savings target by £0.2m due mainly to a one off saving held in the base and further pressures in fuel and staffing of £0.1m being identified.
69. In mitigation, the Waste Transformation programme has highlighted some additional savings that can be delivered early in 2013/2014 as reported to Cabinet on 24th June 2013. These relate to staffing and vehicle savings. At Quarter 1 the Service has identified savings against fleet budgets of £0.1m to offset the additional pressure highlighted above.

70. The project related to a Waste Transfer Station is moving forward but further work is required on the Business Case. Services delivering Waste, Highways and Transport and Development are currently forecasting an overspend of £1.2m in this current financial year.

5 ~ People live well and for longer

71. This outcome focuses on addressing the key issues that can help individuals and communities to live well and for longer. A number of Council services are working towards the delivery of this outcome including public health, social care, housing and leisure. An Outcome 5 Transformation Board, which includes senior Council Officers from these areas, has been established with the specific intention of overseeing delivery. These efforts will require a project management approach through the Executive Monitoring Board and Technical Enabler Group.
72. Overarching Council strategies and relevant groups have also been established which will further support progress against the outcome. The Health and Wellbeing Strategy for example has been adopted and the priorities of the two Clinical Commissioning Groups approved. The Health and Wellbeing Board has been launched and two public meetings have been held with local partners identifying key areas of activity where working collaboratively will reap benefits.
73. In relation to public health, the team have started to embed public health and its functions across the Council. A due diligence assessment is in progress which supports good governance and which will identify the areas to further develop going forward. This includes consideration of areas which are new to the Council such as medical indemnity.
74. It is anticipated that as part of the legislative ring fenced arrangements £300,000 will be transferred into a Public Health Earmarked Reserve for use in the next financial year.

75. A comprehensive list of the public health contracts and associated expenditure for 2013/2014 has been compiled and the service will continue to explore these contracts in more detail in order to better understand the current position and inform future commissioning intentions. A procurement schedule (informed by a legal opinion of the procurement options available) is being progressed and an initial timeline for the review and re-commissioning of drug and alcohol services has been developed.
76. From an operational perspective, the public health team have refreshed and re-launched the Health Checks Programme which is aimed at preventing heart disease, stroke, diabetes and kidney disease. The programme now includes raising awareness about alcohol consumption, dementia, cancer screening, falls prevention and improved mental wellbeing.
77. The Council is engaged in sub-regional working, exploring the potential introduction of minimum unit pricing to help reduce alcohol related harm within our communities. The Council is also agreeing a shared service model with the public health collaborative service ChAMPS which will enable us to work across a larger footprint in Cheshire and Merseyside. This will support consistent approaches to public health commissioning across the area.
78. The Health and Adults Social Care Policy Development Group has also overseen the drafting of a Health Impact Assessment Policy that the Cabinet agreed on 22nd July 2013. The Health Improvement Team has also launched a project with residents on the Colshaw Farm Estate, Wilmslow following a successful bid for a £100,000 Big Lottery award to improve local health and wellbeing. Funding is for a two year project working with community groups and local organisations addressing issues highlighted by residents. Local people of all ages will be provided with resources, services and opportunities that empower them as a community, reduce isolation and improve lifestyles, health, wellbeing, skills and employability.
79. The Strategic Housing Service are working on a number of initiatives to improve outcomes for our customers. The housing service has been restructured to focus on enhanced housing options with the aim of improving access and providing customers with advice to enable them to make informed decisions.
80. The service is concentrating on making the best use of existing stock by reducing the level of long term empty homes and taking appropriate action in relation to disrepair, whilst undertaking new initiatives to stimulate housing growth. Working with colleagues in Adult Services they are exploring current need in order to ensure the right housing provision to promote independent living. These plans also contribute to other outcomes. At this stage performance against key statistics as follows:
- Reduced level of homelessness through proactive prevention activity: 2013 Q1 – Target 165 preventions per month; Actual 89.
 - Increase supply of market and affordable housing 2013 – Target – 1,150 per annum – Q1 – 110 completed.
 - Deliver home adaptations 2013 Q1 - Target 425; Actual 495.
 - Reduce the level of long-term empty homes 2013 Q1 – Target 15; Actual 11.
81. Strategic Housing is anticipating to realise a benefit of £85,000 in 2013/2014, from the restructure of the Service, in excess of the £50,000 budgeted savings.
82. A key aim of living well is access to leisure, arts and culture and progress continues in this area.
83. The recent transfer of Crewe Lyceum via a lease to H Q Theatres has already seen new capital investment in the site and with a broader offer of productions for local communities to attend. The

decision to set up a charitable trust for leisure services, which will seek the advancement of health, sport and recreation across the Borough is also a positive move.

84. The Leisure Service is forecasting a net overspend of £0.7m after remedial measures. This mainly comprises: £0.3m due to slippage into 2014/2015 of savings relating to the Leisure Trust set up. The full £0.7m savings are to be realised in 2014/2015. Pressures in leisure facilities comprise of: pay pressures £0.3m largely due to unbudgeted pay costs, £0.1m premises pressures and £0.1m income shortfall, reflecting continuing economic pressures. The above will be addressed as part of the 2014/2015 Budget.
85. In terms of safeguarding, the Council has established the operational police unit within Children's social care as the first element of what will become a safeguarding hub. The strategic unit now has a health presence for both children and adults and the next stage is to look at better integration, particularly in respect of the interventions in Care and Nursing homes which have a high priority.
86. An integrated auditing system in Children's Services has been developed and one is underway for Adult Services. This is expected to deliver improvement in the working across agencies to safeguard our vulnerable population through a more joined up and responsive approach.
87. Through the work of the Children's Improvement Board, a robust, integrated multi-agency approach will ensure that all children, young people and vulnerable adults are effectively safeguarded. Improved outcomes will directly respond to those priorities as identified within the recent Ofsted Inspection of Child Protection arrangements.
88. One of the key focus areas for the first quarter has been to ensure that there is an effective 'front door' in place to services for children and families ensuring that staff in all agencies have a

clear understanding of levels of need to provide the right response at the right time.

89. New procedures and systems are now in place for the new Cheshire East Consultation Service (ChECS) which acts as the initial point of contact. The number of consultations since CHECs commenced in late April is 1,381 with the highest majority originating from the Police (20%) and education (18%).
90. The Adult Social Care Service continues to work well with health partners in commissioning and delivery of a more integrated service model to ensure a more holistic approach to the customer. They continue to ensure that customers support needs are assessed appropriately and in a timely manner and service users can access a range of support to meet their needs.
91. The range of options for support is continually being enhanced through staff who source support options in localities for people to be signposted to, ensuring full use of local support networks and promoting self reliance. The mapping of the local resources will form part of a local resource directory going forward.
92. A tender for a range of commissioned services within the voluntary, community and faith sector was completed in 2012/2013 and all contracts are now in place offering a range of preventative and early intervention support to individuals and carers across the Council footprint.

2. Financial Stability

Service Revenue Budget - Overview

93. **Table 1** provides a service summary of financial performance at Quarter 1. For further details please see Section 1 and the notes below the table. Changes to service net budgets since the original budget was approved by Council on 28th February 2013 are analysed in **Appendix 2**.

Table 1 Service Revenue Outcome Forecasts

	REVENUE				OUTCOME NUMBER 1-5
	Revised Net Budget	Emerging Budget Pressures	Remedial Actions Identified	Current Forecast Over / (Underspend)	
	£000	£000	£000	£000	
Children & Families					
Directorate	798	59	0	59	3
Safeguarding & Specialist Support	29,690	954	-1,353	-399	3
Early Intervention & Prevention	11,203	0	-179	-179	3
Strategy, Planning & Performance	15,429	350	0	350	3
Childrens Safeguarding	2,313	0	0	0	
	59,433	1,363	-1,532	-169	
Adults					
Care4CE	15,421	1,741	-1,250	491	5
Strategic Commissioning	20,019	0	-72	-72	5
Business Management and Challenge	5,211	140	-260	-120	5
Health Improvement	321	0	0	0	5
Individual Commissioning	60,209	967	0	967	5
Adult Safeguarding	0	0	0	0	
	101,181	2,848	-1,582	1,266	
Public Health					
	0	0	-300	-300	5

	REVENUE				OUTCOME NUMBER 1-5
	Revised Net Budget	Emerging Budget Pressures	Remedial Actions Identified	Current Forecast Over / (Underspend)	
	£000	£000	£000	£000	
Waste, Recycling & Streetscape	27,192	458	-201	257	4
Highways & Transport	17,280	218	-69	149	2 / 4
Community Services	354	1,578	-305	1,273	1
Development	22,780	1,074	-304	770	5
Performance, Customer Services & Capacity	10,604	-150	0	-150	4 / 5
Finance & Business Services	18,078	289	0	289	
HR & OD	3,707	-180	0	-180	
Borough Solicitor	5,531	69	0	69	
Developed Model for Corp Services	-180	0	0	0	
Unallocated one year funding	160	0	0	0	
Cross Cutting Items	-617	0	0	0	
TOTAL SERVICE OUTTURN	265,503	7,567	-4,293	3,274	
Schools Grant Funded including DSG					
Strategy, Planning & Performance - DSG	0	2,163	-750	1,413	3
Schools (Individual School Budgets)	0	0	0	0	
Other Schools Provision	0	0	0	0	
Pupil Premium	0	0	0	0	
	0	2,163	-750	1,413	

94. Other corporate issues at Quarter 1 not described in Section 1 include:

- Good progress in delivering against budget in the Corporate Service areas and supporting the many initiatives being taken forward by the Council.
- A potential overspend in ICT shared services (Cheshire East Share £0.3m) due to an expected decrease in income from schools and higher staffing costs.
- The ICT project in relation to the Public Service Network has been delayed meaning the growth proposal is likely to be underspent.
- HR schemes relating to reviewing job types and flexible working are currently delayed as further feasibility work takes place.
- Other “corporate” schemes include:
 - o Developing more affordable models of corporate and support services ~ which is being delivered through the management restructure. However, the savings may not be achievable in addition to those from the restructure leading to a potential pressure.
 - o Continue targeted business improvement reviews to find efficiency savings from all services ~ which is under review to establish if annual efficiency targets can be set.

95. The impact of the projected service outturn position is to reduce balances by £3.2m. Further items impacting on the level of the Council’s balances are detailed in the paragraphs below on centrally held budgets.

96. As the Council improves the focus on providing funding for specific outcomes there may be changes to way services are structured. In particular, the Council will always consider the most appropriate delivery model to commissioned services, this could be in-house services, arms length services or private sector providers. In the period April to June 2013 considerable progress has been made towards setting up new delivery models in Waste, Leisure,

Bereavement Services and Development (via the Engine of the North limited company).

97. The Council has made considerable improvements in the way it manages its major change programmes. This has included extensive training, a refreshed methodology, the setting up of new monitoring and reporting arrangements and monthly reporting. In April 2013 the Council launched a corporate project and programme management framework to support achievement of the 3 Year Plan. The framework focuses on capital or revenue projects or programmes where the total value exceeds £250,000, or poses significant risk to the Council. Progress is reviewed by a member-led governance group, called the Executive Monitoring Board (EMB), which is supported by a Technical Enabler Group (TEG) and the Programme Management Office (PMO). Between April and June the PMO have organised project training to over 200 staff and is actively monitoring progress on over 160 projects.
98. Monitoring of the current projects and programmes focuses on whether projects are expected to achieve the benefits set out in each business case within the timescales and budget initially agreed. Where progress on a specific project or programme is impacting on the outcomes contained in the Council’s 3 year plan details will be provided in Section 1 of this report. Where projects are not meeting time, quality or cost standards these will be considered by Cabinet as part of a monthly summary report.

Government Grant Funding of Local Expenditure

99. Cheshire East Council receives two main types of Government grants, specific use grants and general purpose grants. The overall total of Government grant estimated for 2013/2014 is £405.6m. This includes the new Public Heath Grant.
100. In 2013/2014 Cheshire East Council’s specific use grants held within the services were budgeted to be £291.6m based on Government announcements to February 2013. Further announcements have revised this figure to £300.3m. Spending in

relation to specific use grants must be in line with the purpose for which it is provided. General purpose grants were budgeted to be £114m based on Government announcements to February 2013. Further announcements have revised this figure to £116m.

101. **Table 2** is a summary of the budgeted and updated position for all grants in 2013/2014. A full list is provided at **Appendix 3**.

Table 2 – Summary of Grants to date

	Original Budget 2013/14 £m	Revised Budget FQR 2013/14 £m	Variance 2013/14 £m
SPECIFIC USE			
Held within Services	291.6	300.3	8.7
GENERAL PURPOSE			
Central Funding	93.0	93.0	0.0
Children & Families	1.6	2.6	1.0
Adults	5.4	5.4	0.0
Highways	0.1	0.1	0.0
Corporate	13.9	14.9	1.0
	114.0	116.0	2.0
Total Grant Funding	405.6	416.2	10.7

102. Specific use grants have increased by £8.7m. Council are asked to note that the increase in DSG (£6.8m) is an adjustment resulting from academy conversions being delayed. These conversions will now take place in year and DSG will be recouped from the Authority at a later date. Services are requesting Supplementary Revenue Estimates (SREs) of £1.9m funded from additional ringfenced or specific use grant. The Public Health grant allocation has been revised upwards by £1m since the original budget was set. There is also £0.5m relating to the Local Enterprise Partnership which has been received in part, with the remainder due to be received during 2013/2014. An additional £0.4m will be received for the ringfenced element of Adoption Grant. Details are contained in **Appendix 8a**.

103. Additional general purpose grant of £2m is also now due to be received in 2013/2014. Of this £0.7m is the subject of SRE bids by services as detailed in **Appendix 8a**. £1.3m relating to adjustments to Education Services Grant (which may be affected by further academy transfers) and to the Youth Justice Grant will be paid into General Reserves.

Collecting Local Taxes for Local Expenditure

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

Council Tax

105. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2013/2014 at £1,216.34 for a Band D property. This is applied to the taxbase.
106. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect Council Tax from (after adjustments for relevant discounts, exemptions and an element of non collection). The taxbase for 2013/2014 was agreed at 137,122.19 which, when multiplied by the Band D charge, means that the expected income for the year is £166.8m.
107. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 3** shows these amounts separately, giving a total collectable amount of £201.6m.

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

	£m
Cheshire East Council	166.8
Cheshire Police & Crime Commissioner	21.0
Cheshire Fire Authority	9.3
Town & Parish Councils	4.5
	201.6

108. This figure may vary slightly during the year if more discounts and exemptions are granted or more properties are built.

109. The Council expects to collect at least 99% of the amount billed, but will always pursue 100% collection. However, to allow for any delay in collection the amount billed should therefore be slightly more than the actual budget. The amount billed to date is £203.5m.

110. **Table 4** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within three years.

Table 4 – Over 99% of Council Tax is collected within 3 years

Financial Year	CEC Cumulative	
	2011/2012 %	2012/2013 %
After 1 year	97.9	98.4
After 2 years	99.1	*
After 3 years	*	*

*data not yet available

111. The Council Tax in-year collection rate for 2013/2014 is currently 30.02% compared to 30.17% for the same period in 2012/2013. This represents a reduction in collection rate of 0.15% on last year and equates to a reduction in cash collection of £0.3m when set against the current net debit.

112. Although the collection rate appears to have been affected by the introduction of the council tax support scheme, it is difficult to assess the impact it will have on full year results at this early stage. Numbers of recovery notices have increased considerably but the value of the summonses has increased by only 2% and Liability Orders by 6%.

113. Council Tax support payments (incl. Police and Fire) were budgeted at £18.9m for 2013/2014 and as at the end of the first quarter the total benefit awarded totalled £17.9m. This minimises the risk of an increase in claimants for the remainder of the year and the potential costs of current outstanding claims. A decision will be required from Members with regards to any changes to the Council Tax Support Scheme for 2014/2015 and this will be managed alongside the setting of the revised Council Tax base. Claimants who are receiving the maximum support available and still struggle to meet their liability, can apply for discretionary relief.

114. Council Tax discounts awarded as at the end of the first quarter are £18.2m which is broadly in line with the same period in 2012/2013. The figure now includes a long term empty premium of £0.5m and a Section 13s Landlord Discount figure of £0.6m which currently offset each other.

115. Council Tax exemptions awarded at the end of the first quarter totalled £3.5m. This is lower than the same period in 2012/2013 where the amount awarded totalled £5.9m. This reduction is due to the changes to exemption rules introduced at the beginning of 2013/2014 and is broadly in line with estimates.

National Non Domestic Rates (NNDR)

116. NNDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief. The inflation factor used is 2.6% which reflects the Retail Price Index as at September 2012.

117. The small business multiplier applied to businesses who qualify for the small business relief has been set at 46.2p in 2013/2014. The non-domestic multiplier has been set at 47.1p in the pound for 2013/2014.

118. The amount of business rates set by DCLG, to be collected by Cheshire East at the start up of the business rates retention scheme, was £132.5m. Local estimates in March increased this figure to £138.9m. Any increase in business rates collected are to be split 49% to central government, 1% to the Fire Authority with the remainder being retained by Cheshire East. After accounting for the levy due to be paid on any growth, the increase in rates would equate to £1.8m to be retained locally.

119. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

Table 5 – Over 99% of Rates are collected within 3 years

Financial Year	CEC Cumulative	
	2011/2012	2012/2013
	%	%
After 1 year	98.2	98.0
After 2 years	99.1	*
After 3 years	*	*
*data not yet available		

120. The business rates in-year collection rate for 2013/2014 is currently 33.36% compared to 31.44% for the same period in 2012/2013. This represents an increase in collection rate of 1.92% on last year and equates to an increase in cash collection of £2.7m when set against the current net debit.

Capital Programme 2013/2016

121. Since setting the Original Capital Programme for 2013 to 2016 in February 2013, the overall programme has reduced by £0.8m, as shown in **Table 6**. There were a number of schemes that carried more budgets forward into 2013/2014 than was originally expected and changes made at the Outturn increased the overall programme to £232.6m. However during this first quarter a number of schemes have been removed from the programme, reducing it by £12.7m, alongside a small number of Supplementary Estimates totalling £3.2m. These give a total reduction of £0.8m.

Table 6 – Summary Capital Programme

	Original Total Forecast Budget 2013/17 £m	Amendments to FQR Forecast Budget 2013/17 £m	Amended FQR Forecast Budget 2013/17 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2013/17 £m
Children & Families	17.4	0.3	17.7	-2.7	0.1	15.1
Adults	9.9	-0.1	9.8	0.0	0.0	9.8
Waste, Recycling & Streetscape	0.2	1.5	1.7	0.0	0.0	1.7
Highways & Transport	81.9	4.1	86.0	0.0	0.7	86.7
Community Services	14.0	0.4	14.5	0.0	2.5	17.0
Development	37.0	2.8	39.8	-0.1	0.0	39.7
Performance, Customer Services & Capacity	0.9	0.1	1.0	0.0	0.0	1.0
Finance & Business Services	62.6	-0.5	62.1	-10.0	0.0	52.1
	223.9	8.7	232.6	-12.7	3.2	223.1

122. The revised programme is funded from both direct income (grants, external contributions and linked capital receipts), and indirect income (borrowing approvals, revenue contributions, capital reserve and non-applied receipts). A funding summary is shown in **Table 7**.

Table 7 – Capital Funding Sources

	Original Total Forecast Budget £m	FQR Total Forecast Budget £m	Variance £m
Grants	66.0	90.0	24.0
External Contributions	51.8	18.6	-33.2
Prudential Borrowing	91.1	98.5	7.3
Revenue Contributions	0.0	1.1	1.1
Capital Reserve	15.0	15.0	0.0
	223.9	223.1	0.8

123. Since the Original Forecast budget was set the funding of the capital programme has changed slightly with an increase in grants and prudential borrowing mainly due to the additional slippage that has been carried forward from the 2012/2013 capital programme and a switch in funding from external contributions to grants on the Connecting Cheshire scheme.

Capital Budget 2013/2014

124. At the first quarter review stage the Council is forecasting expenditure of £90.6m in 2013/2014. The 2013/2014 Capital Programme has been updated to reflect the carry-forward of budgets from the 2012/2013 Programme, and any consequent re-profiling into future years (see **Appendix 4**). The original budget for 2013/2014 of £121.0m has therefore been revised to £90.6m.

125. **Table 8** illustrates the in-year changes to the capital programme which shows an overall decrease of £30.4m. This reflects the net impact in 2013/2014 of Supplementary Capital Estimates and Virements, and reductions in budgets listed in **Appendix 5** and **Appendices 6a to 6c** and the re-phasing of £18.5m into future years.

Table 8 – In Year Changes to the Capital Programme

	Original Budget £m	Revised FQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend) £m
Children & Families				
Safeguarding & Specialist Support	0.6	0.5	0.5	0.0
Early Intervention & Prevention	0.9	0.0	0.0	0.0
Strategy, Planning & Performance	15.4	9.1	9.1	0.0
	16.9	9.6	9.6	0.0
Adults				
Care4CE	0.0	0.1	0.1	0.0
Business Management and Challenge	1.3	1.2	1.2	0.0
	1.3	1.3	1.3	0.0
Places & Organisational Capacity				
Waste, Recycling & Streetscape	1.7	1.7	1.7	0.0
Highways & Transport	42.8	43.3	43.3	0.0
Community Services	2.2	2.3	2.3	0.0
Development	25.7	16.7	16.7	0.0
Performance, Customer Services & Capacity	0.3	0.3	0.3	0.0
	72.7	64.2	64.2	0.0
Corporate Services				
Finance & Business Services	30.0	15.4	15.4	0.0
	30.0	15.4	15.4	0.0
Summary	121.0	90.6	90.6	0.0

126. **Appendix 6a** lists requests for Supplementary Capital Estimates and Virements under £250,000 in respect of forecast overspends and additional schemes not previously approved as part of the 2013/2014 Capital Programme.
127. **Appendix 6b** details requests for Supplementary Capital Estimates and Virements of over £250,000 and up to £1m. All Supplementary Capital Estimates are fully funded by Government grants.
128. **Appendix 6c** details a request for a Supplementary Capital Estimate of over £1m in respect of the Crewe Lifestyle Centre, (£2.4m) to be funded by Prudential Borrowing.
129. The most notable Supplementary Capital Estimate is in respect of the Crewe Lifestyle Centre (£2.4m). The main budget reductions include £9.9m in respect of the revised Connecting Cheshire capital scheme, £0.9m in respect of the Hurdsfield family centre which the service has decided not to continue with for the foreseeable future and £2.0m in respect of a number of Children and Families projects that have been removed from the programme to be re-invested in future schemes.

Central Adjustments

Capital Financing Costs

130. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These budgeted costs are partly offset by the interest the Council anticipates earning from temporary investment of its cash balances during the year. The capital financing budget of £11.9m accounts for 4.6% of the Council's net revenue budget. At first quarter, the capital financing budget is forecast to be on target.

Treasury Management

131. Investment income for quarter 1 is £79,000 which matches the budget for the period. The externally managed pooled fund returned disappointing results in May and June due to a slowing down of growth in the emerging markets such as China and sharp reactions in the bond markets to comments made in the USA about possible changes to their quantitative easing programme. It is expected that markets will see a correction in the coming months. Based upon the current economic forecasts, investment interest rates are expected to slowly decline. Credit quality and liquidity of investments will continue to take priority over yield.
- The average lend position (the 'cash balance') including fund manager and legacy balances up to the end of the first quarter was £98.7m.
 - The average annualised interest rate received on in house investments up to the end of the first quarter was 0.63%.
 - The average annualised interest rate received on the externally managed pooled funds up to the end of the first quarter was - 0.62%.
132. The Council's total average interest rate up to the end of quarter 1 in 2013/2014 was 0.37%. This is disappointing and lower than the London Inter-bank Bid Rate for 7 days at 0.45%. The lower return for quarter 1 is a direct result of volatility in the managed pooled funds. Over time this volatility is expected to even out and provisional results for July show a modest improvement. The base rate remained at 0.50% for the quarter.

Comparator	Average Rate Q1
Cheshire East	0.37%
LIBID 7 Day Rate	0.45%
LIBID 3 Month Rate	0.44%
Base Rate	0.50%

133. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement (TMSS) approved by Council on 28th February 2013. Further details of counterparty limits and current investments are given in **Appendix 7**.

Central Contingencies

Pensions

134. The 2013/2014 budget contains £0.7m contingency provision to meet the impact of increases in Employer Pensions contributions. It is anticipated that this will be fully allocated to services.

Severance and relocation costs

135. A provision of £4.2m was included in the 2013/2014 budget to meet ongoing actuarial charges relating to Voluntary Redundancies (VR), and relocation costs arising from Local Government Reorganisation. Overall spending in-year is expected to be broadly in line with the provision. Overall though, relocation costs are lower than originally forecast. Budget provision of £0.5m made in 2012/2013 to return surplus funding transferred to the Council on reorganisation to Cheshire West and Chester Council was carried forward in general reserves. It is anticipated that the payment of £0.5m from reserves will be made in 2013/2014.

Supplementary Revenue Approvals

136. The Council's budget provides for the receipt of known specific grants. However where additional unbudgeted non-ringfenced grant funding is received, services wishing to increase their expenditure budgets are required by Finance Procedure Rules to seek approval to use this additional funding. This report seeks approval to services' requests to incur additional expenditure in 2013/2014 fully funded by additional grant. A request is also made for Council to approve expenditure funded from an increase of over £1m in ringfenced Public Health Grant. Details of the bids are contained in **Appendix 8a**.

137. Services are also seeking approval to Supplementary Revenue Estimates of £0.5m to be met from general reserves. These are also detailed in **Appendix 8b**.

138. The National Joint Council for Local Government Officers staff have recently announced agreement to a Pay Award of 1% (for staff up to Grade 12) with effect from 1 April 2013, and the removal of Spinal Column Point 4 from 1 October 2013. At this stage an estimate of £1m to be met from reserves has been factored into the outturn forecast. Work is ongoing to calculate the cost implications, and Council may be asked to approve a Supplementary Revenue Estimate from general reserves when the full costs are ascertained.

Debt

139. A summary of outstanding invoiced debt by Service is contained in **Appendix 9**.

Outturn Impact

140. The impact of the projected service outturn position is to reduce balances by £3.2m as reported above (para 95). The forecast Public Health underspend of £0.3m is required to be held in an earmarked reserve, and therefore increases the impact on general reserves.

141. Taken into account with the central budget items detailed above, the impact of these issues is to reduce balances by £4.2m, summarised as follows:

Table 9 – Impact on Balances

	£m
Service Outturn	3.2
Contribution to earmarked reserves	0.3
Specific Grants	-1.3
Relocation costs	0.5
Supplementary Estimates	0.5
LGO Pay Award	<u>1.0</u>
	<u>4.2</u>

Management of Council Reserves

142. The Council's Reserves Strategy 2013/2016 stated that the Council would maintain reserves to protect against risk and support investment. The Strategy forecast that the level of reserves would remain constant at £13.2m throughout this period in line with the risk assessed minimum level.

143. The opening balance at 1 April 2013 on the Council's General Reserves increased from a budgeted £13.2m to an actual position of £19.0m, due to the final outturn position for 2012/2013.

144. In light of the impact of the revised outturn position on general reserves and the emergence of other potential pressures on the budget, the Reserves Strategy has been updated and is contained in **Appendix 11**.

145. The 2013/2014 budget made no provision for a contribution to or from general reserves.

146. The overall impact of service and central budget outturn issues identified above is therefore a net decrease in general reserves of £4.2m to £14.8m as shown in **Table 10** below.

Table 10 – Change in Reserves Position

	£m
Opening Balance at 1 April 2013	19.0
FQR Outturn Impacts	-4.2
Forecast Closing Balance at March 2014	<u>14.8</u>

147. The projected balance of £14.8m is above the Reserves Strategy risk assessed minimal level of £13.2m. In line with the overall strategy to protect the Council against risk and support investment this additional funding will be retained in general reserves and feature as part of the 2014/2015 budget setting process.

3. Workforce Development

148. This section sets out the Council's activities in relation to workforce development plans and changes to staffing levels and costs.

Workforce Development

149. A number of important workforce development projects are being developed and rolled out to support the Council's ambitious plans. Under project 8.2 to build capability and engagement in the workforce, key actions have included the commissioning of a workforce survey which will be run during November 2013, to establish a baseline measure of employee engagement from which specific actions can be taken to better support and enhance employee engagement.
150. The spring staff road-shows generated almost 100 ideas, 40 of which have been or are being implemented, with 8 of the very best ideas having been short-listed to be presented to a "Dragons Den" style event in September. The aim of this event will be to demonstrate to staff that their ideas matter and to promote collaborative working and increase commercial awareness.
151. A key set of organisational capabilities, including commercial, commissioning and community capabilities are being developed for the commissioning and delivery of a comprehensive development programme, to ensure that the Council's managers and staff have the required capabilities to thrive and deliver within the Council's strategic commissioning operating model.
152. The Corporate and Performance Policy Development Group continued to review performance related pay during the first quarter and is due to report shortly. The findings and recommendations of this group along with an ongoing feasibility study into the introduction of performance related pay will help to inform the Council's future policy on this. This project's plan will be re-

scheduled to align with the feasibility study. The performance related pay project will under-spend its cost of investment funding by £0.18m in the current year as this funding will not be required until 2014/2015. The plan for the flexible and agile working project will similarly be re-scheduled to align with its' feasibility study.

153. A high level Organisational Development Strategy has been developed for 2013 to 2016 to support and enable the Council in delivering the programme of transformation and change. The strategy will be recommended to informal cabinet during August.

Senior Management Review

154. The overall review aims to reduce the cost of our management overheads by about 25% to protect frontline jobs and services. The first phase has been completed with the senior appointments being made by Easter and the balance by June. As part of this phase 40 permanent appointments were made which was a reduction of 11 full time equivalents compared to the previous structure last year. Nine posts remained vacant at the end of the first phase, a number of which are in the process of being recruited to.
155. The second phase, which comprised a baseline of 81 posts started as planned on 22nd May and consultation is ongoing until September, with appointments planned during late September and into October. The third and final phase of the review, which will comprise 266 posts will commence following the completion of phase 2.
156. Management savings of £3.5m were provided for within the budget for 2013/2014, £1.3m of which were specifically identified within the budget proposals, leaving a balance of £2.2m to be achieved by the management review. Although post numbers are clearly being reduced there are still two phases of the process to complete. At this stage in the review, when significant further action is still to be taken, it is not practical to estimate the full financial impact of the

Senior Management Review. The forecasts included in this report for Quarter 1 therefore assume achievement against budget, and a more complete appraisal will be developed later in the financial year.

Staffing Changes

157. The table below demonstrates that there has been a reduction in headcount of almost 1.5% between April and June this year. The headcount figure in June 2012 had been 5,671 (a reduction over the year of 390).

Table 11: Headcount and FTE figures for April to June 2013

	Jun-13		May-13		Apr-13	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Places	2,131	1,468.68	2,140	1,477.35	2,142	1,484.08
Childrens	1,165	795.64	1,174	800.48	1,200	820.31
Adults	1,355	1,019.87	1,366	1,026.47	1,368	1,028.48
HR & OD	48	41.67	49	43.06	48	42.25
Apprentices	51	49.97	57	55.41	64	62.58
Finance	255	235.82	257	238.39	255	236.02
Legal/Dem	129	85.21	131	86.35	133	87.73
Shared Svs	147	135.20	148	136.20	151	139.73
Total	5,281	3,832.06	5,322	3,863.71	5,361	3,901.18

Staffing Costs

158. Over the period of April to June this year, direct employee costs reduced month on month (from £10,111,991 in April to £10,093,876 in June).
159. **Table 12** demonstrates that there has been a month on month reduction in the average number of days lost to sickness absence this year in comparison to last.

Table 12: Comparison of average days lost to sickness in the First Quarter of 2013/2014 to the same period last year

Cheshire East Council (excluding Schools)			
	Jun-13	May-13	Apr-13
Q1 2013/2014	0.83	0.94	0.93
Q1 2012/2013	0.94	1.23	1.15

Voluntary Redundancies

160. The Council's voluntary redundancy scheme continues to support organisational change and the delivery of the planned programme of change in the Council Plan. The effective use of voluntary redundancy in this way enables the Council to achieve its planned savings and efficiencies and also helps to maintain good employee relations within the Authority and minimises the prospect of compulsory redundancy.

Appendices to First Quarter Review of Performance 2013 / 2014

August 2013

Appendix 1 – The 3 Year Council Plan



2013 2016

Our principles to underpin budget decisions

- We will be policy-led and stick to our decisions
- We will make decisions based on evidence of need and of what works, 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

Priorities

Change Programmes

1. Local economic development	1.1 Investment in existing and new road infrastructure 1.2 Investment in high speed broadband network for Cheshire East 1.3 Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme
2. Developing affordable and sustainable local models of care for vulnerable children and adults	2.1 Improve the sufficiency of care locally for vulnerable children and adults 2.2 Next phase of development of Care4CE service 2.3 Secure new integrated health and care pathways for learning disabilities 2.4 Securing efficiencies through strategic commissioning of children and adult services
3. Focusing services on early intervention and prevention	3.1 Focus Childrens Services on early help for families 3.2 Review adult assessment and case management services
4. Responding to the changing education and learning environment	4.1 Develop our relationship with self-sustaining schools 4.2 Continue review of Home to School transport 4.3 Improve the range of special school provision 4.4 Pursue the development of a new University Technical College
5. Securing housing that is locally-led, community-based and that meets local needs	5.1 Develop a new delivery model for the housing service and ensure housing services support independent living and health improvement 5.2 Develop accommodation strategy for vulnerable adults and those with learning disabilities
6. Redefining the Council's role in core place-based services	6.1 Develop new delivery model for leisure provision 6.2 Develop new delivery model for streetscape and bereavement 6.3 Develop a new model for sustainable library services and community hubs 6.4 Determine future delivery model for waste management services 6.5 Develop Total Transport Programme
7. Re-shaping the organisation	7.1 Restructure the organisation 7.2 Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services 7.3 Continue targeted business improvement reviews to find efficiency savings from all services 7.4 Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery 7.5 Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives 7.6 Develop resilient communities
8. Workforce planning	8.1 Further develop employment and working practices to enable flexible and agile working 8.2 Identify changing skills requirements over medium term and equipping the organisation with these skills 8.3 Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills

Appendix 2 – Changes from Original Budget 2013/2014

	Original Net Budget £000	Additional Grant Funding £000	Allocations from Balances £000	Restructuring & Realignments £000	Other Virements £000	FQR Net Budget £000
Children & Families						
Directorate	439			411	-52	798
Safeguarding & Specialist Support	28,356	602		1,003	-271	29,690
Early Intervention & Prevention	11,665			-282	-180	11,203
Strategy, Planning & Performance	15,700	107		-247	-131	15,429
Children's Safeguarding (incl Adults)	1,615			736	-38	2,313
One year funding allocation	370			-370		0
	58,145	709	0	1,251	-672	59,433
Adults						
Care4CE	-650			16,477	-406	15,421
Strategic Commissioning	38,980			-18,911	-50	20,019
Business Management and Challenge	3,141			1,952	118	5,211
Health Improvement	0			321		321
Adult Safeguarding	591			-591		0
Individual Commissioning	60,320			81	-192	60,209
One year funding allocation	580			-580		0
	102,962	0	0	-1,251	-530	101,181
Public Health	0					0
Waste, Recycling & Streetscape	27,480			-60	-228	27,192
Highways & Transport	16,934		394		-48	17,280
Community Services	735			-50	-331	354
Development	23,102		19	-90	-251	22,780
Performance, Customer Services & Capacity	10,098			670	-164	10,604
One year funding allocation	470			-470		0
Finance & Business Services	18,022		106	-10	-40	18,078
HR & OD	3,736			10	-39	3,707
Borough Solicitor	5,462	13			56	5,531
Developed Model for Corporate Services	-180					-180
One year funding allocation	160					160
Cross Directorate Items	-3,117	0	0	0	2,500	-617
TOTAL SERVICE BUDGET	264,009	722	519	0	253	265,503
Central Budgets						
Specific Grants	-20,975	-722				-21,697
Capital Financing	11,905					11,905
Contingencies	4,862					4,862
Contribution to/from Reserves			-519			-519
Invest to Save Reserve					-253	-253
	-4,208	-722	-519	0	-253	-5,702
TOTAL BUDGET	259,801	0	0	0	0	259,801

Appendix 3 – Corporate Grants Register

Corporate Grants Register 2013/2014 - 30th June 2013		Original Budget 2013/2014 £000	Revised Budget FQR 2013/2014 £000	Variance 2013/2014 £000
	Note			
SPECIFIC USE (Held within Services)				
Schools				
Dedicated Schools Grant	1	182,401	189,206	6,805
Pupil Premium Grant	1	5,228	5,511	283
Sixth Forms Grant (EFA)	1	6,722	6,406	-316
Total Schools Grant		194,351	201,123	6,772
Housing Benefit Subsidy		84,518	84,518	0
Public Health		12,725	13,762	1,037 SRE
Local Enterprise Partnership		0	526	526 SRE
Adoption Improvement Grant		0	350	350 SRE
TOTAL SPECIFIC USE		291,594	300,279	8,685
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Business Rates Retention Scheme:				
Revenue Support Grant		55,855	55,855	0
Baseline Allocation		37,159	37,159	0
Total Central Funding		93,015	93,015	0
Children & Families				
Skills Funding Agency		847	954	107 SRE
Youth Offending Service Grant		0	353	353 To balances
Troubled Families		586	586	0
Troubled Families - Co-ordinator		100	100	0
Remand Funding - New Burden		64	47	-17 SRE for £47k
Sector Led Improvement Grant		0	3	3
Adoption Improvement Grant		0	554	554 SRE
Adults				
NHS S256 Reablement Funding	2	5,192	5,192	-0
Local Reform and Community Voices Grant (inc Deprivation of Liberties: £33k, Healthwatch: £100k and Mental Health: £121k)		254	254	-0

Corporate Grants Register 2013/2014 - 30th June 2013		Original Budget 2013/2014 £000	Revised Budget FQR 2013/2014 £000	Variance 2013/2014 £000
	Note			
GENERAL PURPOSE (Held Corporately)				
Highways				
Lead Local Flood Authorities		52	52	0
Borough Solicitor				
Individual Electoral Registration		0	13	13 SRE
Corporate				
Education Services Grant		4,385	5,349	964 To balances
Housing Benefit and Council Tax Administration		2,000	2,000	-0
NNDR Administration Grant		562	562	-0
Social Fund - programme funding		612	612	0
Social Fund - administration funding		129	129	0
New Homes Bonus 2011/2012		870	870	0
New Homes Bonus 2012/2013		1,844	1,844	0
New Homes Bonus 2013/2014		1,037	1,037	0
Affordable Homes 2012/2013		85	85	0
Affordable Homes 2013/2014		82	82	0
New Homes Bonus 2013/2014 - return of topslice		315	315	-0
Council Tax Freeze Grant 2013/2014		1,794	1,805	11 To balances
Council Tax - New Burden		148	148	-0
Community Rights to Challenge - New Burden		9	9	0
Community Rights to Bid - New Burden		8	8	0
Total Specific Grant		20,975	22,962	1,987
TOTAL GENERAL PURPOSE		113,990	115,977	1,987
TOTAL GRANT FUNDING		405,584	416,255	10,671
Notes				
1 The Dedicated Schools Grant, Pupil Premium Grant and Sixth Form Grant (from the Education Funding Agency) figures are based on actual anticipated allocations. Changes are for in-year increases to allocations by the DfE and conversions to academy status.				
2 Spending against NHS S256 Reablement Funding is to be negotiated with the NHS				

Appendix 4 – Summary Capital Programme and Funding

Department	FQR	SCE's/ Virements/ Reductions	Revised	Reprofiled	Forecast Expenditure			
	In-Year	FQR	FQR	to				
	Budget	FQR	Budget	Future	2013/2014	2014/2015	2015/2016	Post 2015/2016
	2013/2014	2013/2014	2013/2014	Years	2013/2014	2014/2015	2015/2016	Post 2015/2016
	£000	£000	£000	£000	£000	£'000	£'000	£'000
Children & Families								
New Starts	7,373	-2,155	5,218	-2,458	2,760	2,458	0	0
Ongoing Schemes	9,577	-440	9,137	-2,327	6,810	2,245	788	0
Adults								
New Starts	691	-80	611	0	611	2,500	6,000	0
Ongoing Schemes	637	62	699	0	699	0	0	0
Waste, Recycling & Streetscape								
New Starts	138	0	138	0	138	0	0	0
Ongoing Schemes	1,583	6	1,589	0	1,588	0	0	0
Highways & Transport								
New Starts	21,497	455	21,952	2,235	24,187	22,928	5	0
Ongoing Schemes	21,285	193	21,478	-2,379	19,099	10,266	9,900	0
Community Services								
New Starts	685	9	694	0	694	10,250	4,500	0
Ongoing Schemes	1,548	62	1,610	0	1,610	0	0	0
Development								
New Starts	3,172	63	3,235	55	3,290	944	0	0
Ongoing Schemes	22,577	-158	22,419	-9,036	13,383	16,462	4,866	756
Performance, Customer Services & Capacity								
New Starts	0	0	0	0	0	500	200	0
Ongoing Schemes	259	0	259	0	259	0	0	0
Finance & Business Services								
Ongoing Schemes	29,977	-9,954	20,023	-4,592	15,431	30,291	6,467	0
Total New Starts	33,556	-1,708	31,848	-168	31,680	39,580	10,705	0
Total Ongoing Schemes	87,443	-10,230	77,213	-18,334	58,879	59,264	22,021	756
Total Capital Expenditure	120,999	-11,938	109,061	-18,502	90,559	98,844	32,726	756
Funding Source					2013/2014	2014/2015	2015/2016	Post 2015/2016
					£000	£'000	£'000	£'000
Grants					45,723	40,527	3,700	0
External Contributions					2,730	8,605	7,280	0
Prudential Borrowing					31,038	44,711	21,746	756
Revenue Contributions					1,068	0	0	0
Capital Reserve					10,000	5,000	0	0
Total					90,559	98,844	32,726	756

Appendix 5 – Reductions in the Capital Programme

Scheme	Approved Budget	Revised Approval	Reduction	Reason
	£	£	£	
<u>ADULTS</u>				
Building Base Review	772,679	754,251	18,428	Scheme anticipated to underspend
<u>CHILDREN AND FAMILIES</u>				
Accessibility (<£100k)	87,514	77,966	9,548	Scheme Complete
Alsager Secondary School	288,848	284,192	4,656	Scheme removed from capital programme
Basic Need (<£100k)	167,366	162,180	5,186	Scheme anticipated to underspend
Brine Leas Sixth Form	7,327,499	7,317,086	10,413	Scheme removed from capital programme
Capital Maintenance Grant	218,003	0	218,003	Scheme removed from capital programme
Christ the King Catholic & C of E PS	3,238,704	3,233,000	5,704	Scheme removed from capital programme
Cledford Infants School	698,447	688,897	9,550	Scheme removed from capital programme
Cledford TLC Scheme	3,357,714	3,345,714	12,000	Scheme removed from capital programme
Egerton School	186,216	183,380	2,836	Scheme removed from capital programme
Gorseley Bank Primary School	233,133	204,227	28,906	Scheme anticipated to underspend
Hurdesfield	866,147	8,986	857,161	Scheme removed from capital programme
Minor Works / Accessibility (<£100k)	304,621	299,850	4,771	Scheme anticipated to underspend
Offley Primary School	1,017,683	1,014,824	2,859	Scheme removed from capital programme
Stapeley Broad Lane PS - Replacement of temp accommodation	907,575	901,575	6,000	Scheme removed from capital programme
Suitability (<£100k)	404,202	387,811	16,391	Scheme Complete
Suitability Bids (<£100k)	734,811	733,711	1,100	Scheme removed from capital programme
The Dingle Primary School	120,589	107,190	13,399	Scheme removed from capital programme
Wheelock Primary School - Phase 2	1,615,872	1,608,460	7,412	Scheme anticipated to underspend
Capital Maintenance Grant Block Provision	727,000	340,000	387,000	Reduction in scope of project
Condition Work - Block Provision	1,009,000	0	1,009,000	Scheme removed from capital programme
Devolved Formula Capital	902,000	870,780	31,220	Matched budget to Actual grant awarded for 2013/2014
Lacey Green PS - Basic Need	1,273,000	1,237,000	36,000	Correction to original budget

Scheme	Approved Budget	Revised Approval	Reduction	Reason
	£	£	£	
Development				
Tatton Park - Visioning Feasibility	50,000	49,979	21	Scheme complete just small residual balance to transfer back to balances
Tatton Park - Development	240,000	239,699	301	Scheme complete just small residual balance to transfer back to balances
Choice Based Lettings	222,033	213,363	8,670	Scheme complete just small residual balance to transfer back to balances
Assisted Purchase Scheme	575,522	519,515	56,007	The Assisted Purchase Scheme is no longer being administered or offered by the Housing Department. It was found to be very resource intensive and further capital allocations were not approved. There are alternative schemes which would be less resource intensive and a business case is being produced for consideration.
Highways & Transport				
Cycle Parking, Wilmslow	41,000	33,561	7,439	Scheme complete just small residual balance to transfer back to balances
ICT				
Connecting Cheshire	41,646,000	31,691,758	9,954,242	Agreements are now in place for BT as supplier and delivery partner, this has led to the outline figures being more defined and definite
Totals	69,233,178	56,508,954	12,724,224	

Appendix 6a – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Amount Requested £	Funding of SCE / Project Providing Virement
Members are asked to note SCE and Virements up to and including £250,000		
<u>SUPPLEMENTARY CAPITAL ESTIMATES</u>		
<u>Children and Families</u>		
Oakenclough CC - Co-location (<£100k)	3,145	Capital Maintenance Grant Funding
Sound & District Primary School	3,000	Capital Maintenance Grant Funding
Springfield Special School (School Funded Project)	29,000	School Contribution - Springfield Special School
Suitability/Minor Works/Accessibility Block Provision	48,721	School Contributions - Various
<u>Highways & Transport</u>		
Macon Way Cycle Improvements	200,000	Sustrans Grant Funding
Macclesfield New Cremators	6,787	Revenue contribution from the Mercury Credit Fund
Carbon Initiatives	200,000	Interest Free Loan from SALIX
<u>Communities</u>		
Lifestyle Centre Refurb at Macclesfield Leisure Centre	19,373	Revenue contribution £16,577 and £2,796 Prudential Borrowing (part of £15,000 given up at 2012/2013 outturn in error)
Lifestyle Centre Refurb at Wilmslow Leisure Centre	12,204	Prudential Borrowing - given up at 2012/2013 outturn in error
Macclesfield Town F. C.	8,550	Capital Reserve
Total SCE's	530,780	

Capital Scheme	Amount Requested £	Funding of SCE / Project Providing Virement
<u>CAPITAL BUDGET VIREMENTS</u>		
<u>Adults</u>		
CareWorks System	79,972	Supporting the Front Line Project - Adult Social Care Grant Funding
<u>Children and Families</u>		
Suitability/Minor Works/Accessibility Block Provision	130,314	Devolved Formula Capital 2013/2014 - Grant Funding
<u>Streets & Open Spaces</u>		
Highways & Transport		
Part 1 Claims	17,406	2012/2013 Part 1 Claims - rolled up into 2013/2014 programme - Funded by LTP Grant
	3,786	2011/2012 Part 1 Claims - rolled up into 2013/2014 programme - Funded by £786 - External Contributions and £3,000 LTP Grant
Road Safety Schemes Minor Works	220,371	2012/2013 RSS Minor Works - rolled up into 2013/2014 programme - Funded by £72,197 Prudential Borrowing and £148,174 LTP Grant
Local Area Programme	28,247	2012/2013 Local Measures - rolled up into 2013/2014 programme - Funded by LTP Grant
	32,082	2011/2012 Local Measures - rolled up into 2013/2014 programme - Funded by LTP Grant
Air Quality Action Plan	22,215	2012/2013 Air Quality Action Plan - rolled up into 2013/2014 programme - Funded by LTP Grant
PROW Capital Works	269	Public Rights of Way 2011/2012 - rolled up into 2013/2014 programme - Funded by LTP Grant
ROWIP Cycle/Walking Schemes	39,792	2012/2013 Access - rolled up into 2013/2014 programme - Funded by LTP Grant
Accessibility: Public Transport	57,866	2012/2013 Public Transport Capital Investment - rolled up into 2013/2014 programme - Funded by LTP Grant Bus Network Investment 2011/2012 - rolled up into 2013/2014 programme - Funded by LTP Grant

Capital Scheme	Amount Requested £	Funding of SCE / Project Providing Virement
Development		
Regeneration & Development Programme	49,875	Crewe Town Squares Refurbishment - rolled in to 2013/2014 programme - Funded by Prudential borrowing
Feasibility Studies 2013/2014	11,980	Wilmslow Feasibility Study 2011/2012 - Project now complete, to be rolled in to 2013/2014 Feasibility budget - Funded by Revenue contribution
Nantwich Pool Enhancements	30,000	AMS Block 2012/2013 - Additional funding required to complete the works at Nantwich Pool - Funded by Prudential borrowing
Total Virements	724,175	
Total SCE's and Virements	1,254,955	

Appendix 6b – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Amount Requested £	Funding of SCE / Project Providing Virement
Cabinet are asked to approve SCE and Virements above £250,000 up to and including £1,000,000		
<u>SUPPLEMENTARY CAPITAL ESTIMATES</u>		
<u>Highways & Transport</u>		
Surface Water Management Schemes	255,000	Grant funding received from DEFRA as part of the Flood and Water Management Act 2010 in respect of the new duties required of the Lead Local Food Authorities
Total SCE's Requested	255,000	
<u>CAPITAL BUDGET VIREMENTS</u>		
<u>Children and Families</u>		
DFC Grant	740,465	Devolved Formula Capital 2013/2014 - rolled up with remaining Devolved Formula Capital Funding to report as one project
<u>Highways & Transport</u>		
Highway Maintenance Minor Works	476,007	2012/2013 Principal Roads Project - rolled up into 2013/2014 Programme - funded by LTP Grant
Bridge Maintenance Minor Works	438,220	2012/2013 Bridge Maintenance - rolled up into 2013/2014 Programme - funded by LTP Grant
Highway Investment Programme	869,390	2012/2013 Non LTP Maintenance Programme - rolled up into 2013/2014 Programme - funded by Prudential Borrowing
Total Virements Requested	2,524,082	
Total SCE's and Virements Requested	2,779,082	

Appendix 6c – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Amount Requested £	Funding of SCE / Project Providing Virement
Full Council is asked to Approve SCE's and Virements in excess of £1m or SCE's of any value funded by internal reserves, balances or general purpose funding		
<u>SUPPLEMENTARY CAPITAL ESTIMATES</u>		
Communities		
Lifestyle Centre Crewe	2,400,000	The scope of the project has changed since the original business case was submitted and to achieve the enhanced provision, additional funding from Prudential Borrowing is required.
Total SCE's Requested	2,400,000	

Appendix 7 – Treasury Management

Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and building societies this has been set at 15% of our total investments subject to a maximum value of £15m. These limits apply to the banking group that each bank belongs to. Limits for Money Market funds have been set at 25% of total investments subject to a maximum value of £20m. There is also a maximum that can be invested in all Money Market Funds at any one time of 50% of the value of all investments.
2. Our approved counterparties list also includes a number of foreign banks although, to date, none have been used. Credit conditions within the Eurozone and worldwide have been improving and consideration, with advice from our Treasury Management advisors, is being given to investments in strongly rated foreign banks. The limits applicable to foreign banks are the same as those applied to UK banks.
3. Banks credit ratings are kept under continual review. In the last quarter the rating of the Co-operative bank has declined markedly to below investment grade. The Councils main bank accounts are held at the Co-operative Bank and measures have been put in place to wherever possible reduce credit balances within the main accounts and limit the amount of overnight cash held in the investment account.
4. Following the Government announcement that sale of some or all of their stake in Royal Bank of Scotland Group may occur soon, the Council has reduced its investment period to overnight deposits only whilst uncertainty persists.
5. Opportunities are being taken whenever possible to fix investments for longer periods. However, with few counterparties

and declining rates the returns are relatively low. Consideration is now being given to alternative types of investment (e.g property funds, credit unions,) as discussed at recent presentations/ training sessions provided by our treasury advisors.

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

Table 1 – Current Investments and Limits

Counterparties	Limits		Investments as at 30/06/13	
UK BANKS				
Barclays Bank	15%	£15m	11%	£11m
Close Brothers	15%	£15m	-	-
Co-operative Bank:	15%	£15m	-	-
HSBC Bank	15%	£15m	-	-
Lloyds TSB	15%	£15m	12%	£13m
Royal Bank of Scotland	-	-	10%	£10m
Santander (UK) plc	15%	£15m	8%	£8.8m
Standard Chartered Bank	15%	£15m	2%	£2m
BUILDING SOCIETIES				
Nationwide Building Society	15%	£15m	14%	£14m
Money Market Funds	50%		23%	
Deutsche	25%	£20m	1%	£1.2m
Federated Prime Rate	25%	£20m	9%	£9m
Ignis	25%	£20m	7%	£7.2m
Morgan Stanley	25%	£20m	5%	£5m
Scottish Widows	25%	£20m	1%	£1.9m
Pooled Funds - External Fund Manager	50%		20%	£20.3m
				£103.4m

Table 2 – Types of Investments and Current Interest Rates

Instant Access Accounts			Avg rate %	£m
Instant Access Accounts			0.77%	12.8
Money Market Funds			0.40%	24.3
Notice Accounts			Avg rate %	£m
Notice Accounts (up to 100 days)			0.65%	9
Fixed Term Deposits	Start	Maturity	Rate %	£m
Nationwide BS TD	08/05/2013	18/07/2013	0.42	2
Barclays TD	12/04/2013	12/08/2013	0.47	3
LLoydsTSB TD	10/05/2013	16/08/2013	0.70	2
Nationwide BS TD	15/05/2013	16/08/2013	0.44	3
Nationwide BS TD	11/04/2013	19/08/2013	0.51	4
Nationwide BS TD	01/05/2013	19/08/2013	0.46	2
LLoydsTSB TD	12/04/2013	19/09/2013	0.75	3
LLoydsTSB TD	02/04/2013	02/10/2013	0.80	3
Nationwide BS TD	02/04/2013	02/10/2013	0.54	3
LLoydsTSB TD	08/05/2013	18/10/2013	0.75	3
LLoydsTSB TD	07/01/2013	07/01/2014	1.10	2
Barclays TD	11/04/2013	17/01/2014	0.66	5
Standard Chartered CD	26/11/2012	26/11/2013	0.69	2
Externally Managed Funds				£m
Pooled Investments				20.4
Maturity Profile				£m
Instant Access				37.1
Maturing < 1 month				8
Maturing within 1 - 6 months				31
Maturing within 6 - 12 months				7
Externally Managed Funds				20.4
Total				103.4

Performance of Fund Manager

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

	STANDARD MODEL	DYNAMIC MODEL
April 2013	0.23%	0.27%
May 2013	-0.13%	-0.13%
June 2013	-0.25%	-0.29%
Cumulative 2013/14	-0.16%	-0.15%
Value of Investment at 30/06/13	£10,175,344	£10,153,513
Fees (Total since start)	£53,079	£57,152
Average Annual Rate as at 30/06/13	0.59%	0.46%

8. Strong performance in April was overshadowed by poor results in May and June. The causes were the slowing down of growth in emerging markets, particularly China, and over-reactions in the bond markets after comments in the USA concerning possible future direction of their quantitative easing measures.
9. Bond markets are expected to rally and there were indications that this was happening towards the end of June. The nature of these investments is that performance can be volatile so they should only be judged over a longer period of time. The situation is being monitored and regular meetings are being held with the fund managers to assess the on-going performance, future direction and suitability of these funds.

Appendix 8a – Request for Supplementary Revenue Estimates (SREs) Funded by Additional Grant

Service / Grant	Type of Grant	£000	Details of Service Bid
Public Health	Ringfenced	1,037	<p>Public Health responsibilities have been transferred to local authorities from April 2013. In January 2013, the Council received notification from the Department of Health of the Public Health Grant Allocations for 2013/2014 and 2014/2015. The funding is ring fenced for at least the first 2 years and must be used to deliver Public Health services. Any unused funding can be carried forward via an earmarked Public Health reserve.</p> <p>Original grant funding for 2013/2014 was £12.725m. In March the Council were advised of an increase of £1.037m in the allocation for 2013/2014 to £13.762m</p> <p>The grant can be used for revenue and capital purposes.</p> <p>As the value is over £1m, Cabinet are asked to recommend that Council approve the use of the ringfenced grant.</p>
Children & Families - Adoption Grant	Ringfenced General Purpose Total	350 <u>554</u> <u>904</u>	<p>In February 2013, the Government announced one off funding for investment in Adoption services during 2013/2014.</p> <p>£349,850 of the grant is ringfenced, and must be spent on:</p> <ul style="list-style-type: none"> • Structural reform of adopter recruitment to increase the supply of adopters. • Reducing the backlog of children waiting for adoption, particularly by developing innovative ways of finding adoptive families for children who traditionally wait longer than average to be adopted.

Service / Grant	Type of Grant	£000	Details of Service Bid
			<p>£553,704 of the grant is General Purpose.</p> <p>The expenditure would support the Council's priorities in developing affordable and sustainable local models of care for vulnerable children and adults, and focusing services on early intervention and prevention.</p> <p>Utilising this grant funding to develop and improve the adoption services within Cheshire East should help to reduce overall care costs for the Council and provide vulnerable children with a more stable and long term family unit.</p> <p>If the adoption service is not developed, then the service will continue to utilise foster carers and the external care market to provide care and support to vulnerable children. This creates both budgetary and resource pressure.</p> <p>Both grants will be spent on adoption related services, in particular activities which will be undertaken within our collaboration with three other LA's, Stockport, Trafford and Tameside (Four4adoption). This collaboration has identified a number of areas and agreed strategies, where the grant will contribute to sourcing additional prospective adopters and improve timescales in relation to assessments. There will also be investment in parenting programmes for those who adopt, and development of exchange days and other family finding strategies for hard to place children.</p> <p>A proportion of the non ring fenced grant will be invested in Children Services for those areas of improvement as identified in the recent Ofsted inspection. This will include additional capacity for assessing adopters and further strengthening our Four4adoption collaboration as well as a programme of training. In order to sustain our improvement, it is intended that 50% of the non-ringfenced grant should be set aside as an invest to save pot to be used over the next two years.</p>

Service / Grant	Type of Grant	£000	Details of Service Bid
Local Enterprise Partnership (LEP) funding	LEP Accountable Body - Specific Use	526	<p>The grant is intended to fund administration and activities commissioned on behalf of and in support of the Cheshire and Warrington LEP, in particular to meet the objectives of the LEP Growth Plan.</p> <p>£250,000 of Core Funding has already been received; £25,600 of Capacity Funding is imminent and a further £250,000 of Core Funding is to follow to help enable LEPs to produce strategic plans and EU fund strategies as set out in the Government's response to Lord Heseltine's review.</p>
Democratic - Electoral Registration	General Purpose	13	<p>Grant received from the Ministry for Political and Constitutional Reform in relation to the funding of Individual Electoral Registration (IER) for the 2013/2014 financial year.</p> <p>From early 2013 the Council will need to begin the transition to IER. Instead of one householder providing confirmation of those entitled to vote at an address, each individual elector will need to provide personal information, and these details verified against local and central government data. The grant is to ensure that the Council can prepare for the transition period for IER in 2014. Additional funding is expected for 2014/2015.</p>
Children & Families - Remand Framework for Children	General Purpose	47	<p>The Legal Aid, Sentencing & Punishment of Offenders Act (LASPO) was issued in May 2012 with implementation from December 2012.</p> <p>The LASPO Act 2012 devolves greater financial responsibility for secure & custodial remands to Local Authorities. All Children and Young People (CYP) who are remanded in youth detention accommodation will be given Looked After Children (LAC) status. The grant is to cover the costs of this new responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice (YJ).</p>

Service / Grant	Type of Grant	£000	Details of Service Bid
			<p>The grant is to fund the costs of remands for CYP in young offender institutes</p> <p>The Ministry of Justice have indicated that the same overall funding is available for 2014/2015, although individual LA allocations may differ.</p> <p>There is no indication of how long the grant will be made available but the responsibility for remand services and costs will remain with the LA going forward.</p>
Children & Families - Lifelong Learning	General Purpose	107	50% of the funding is intended for Discretionary Learner Support to meet hardship and childcare for learners attending Skills Funding Agency courses. 50% is for funded skills development programmes for the unemployed. The funding contributes towards the Council's priority area of responding to the changing education and learning environment. The grant is awarded subject to achievement of performance measures stipulated in the grant conditions. Repayment of the grant is required for underperformance.
SUMMARY	Ringfenced Specific Use General Purpose Total	1,387 526 721 2,634	

Appendix 8b – Request for Supplementary Revenue Estimates (SREs) Funded from General Reserves

Service	Item	£000	Details
Finance	CLS Care Services Leases	106	<p>Item already approved by Cabinet on 4 March 2013. Rental income shortfall arising from sale of leases to CLS Care Service Leases.</p> <p>Council approval now required.</p>
Highways	Flood Defence Levy	19	<p>The Council is invoiced each year by the Environment Agency for the Flood Defence Levy. This is a contribution to the North West Flood and Coastal Defence Committee. The 2013/2014 Flood Defence Levy charged to the Council by the Environment Agency of £258k is £19k more than budgeted for.</p> <p>The Environment Agency have statutory powers to charge local authorities based on the tax base for the chargeable year. They collect tax base information in the December / January preceding the year in question. The tax base for 2013/2014 has been subject to significant changes as a result of:</p> <ul style="list-style-type: none"> • Technical reforms to Council Tax (discount changes – increasing taxbase) • Council Tax Benefit becoming Council Tax Support and being applied as a discount to the bill (reducing tax base). <p>This has affected all councils in different ways with authorities with high Council Tax Benefit costs seeing large drops in tax base. The revised position has been used to allocate the Flood Defence Levy. The relative</p>

Service	Item	£000	Details
			<p>movement in tax base has determined whether the charge to each council has changed.</p> <p>However, the information to enable the impact to be understood and challenged was not released until mid February.</p>
Highways	Flood Grant	394	<p>The Flood and Water Management Act 2010 presented Local Authorities with new duties and responsibilities for leading the co-ordination of flood risk management in their areas through the new role of the lead local flood authority (LLFA).</p> <p>Central government recognised the challenges that this would bring for Local Authorities and put in place a three year support funding programme to support LLFA's with their delivery plans.</p> <p>This funding request relates to Years 1 -3 and comprises: £40k for the unused balance of 2011/2012 grant £177k for the 2012/2013 grant, and £177k for the 2013/2014 grant allocation.</p> <p>The unused element of the previously approved Supplementary Revenue Estimate for use of the 2011/2012 grant was temporarily returned to balances at year end. Due to delays in implementation of the new responsibilities, no bids or policy proposals have previously been made to use the 2012/2013 and the 2013/2014 grant funding. These amounts have been treated as corporate funding and so still effectively remain in balances.</p> <p>In 2013/2014, £125k has been rolled up into the core funding of the Council through Revenue Support Grant. This will be reflected in Council funding for 2014/2015 onwards, and a further (Year 4) specific grant of £52k is also expected in 2014/2015. A policy proposal will be included in</p>

Service	Item	£000	Details
			<p>the 2014/2015 budget setting process for additional expenditure budget to meet the ongoing costs associated with this function.</p> <p>The Flood Water Management Act became law in 2010 and initially the Council placed responsibility for this new role and its statutory duties with the land drainage section supported by a seconded member of staff from the Highways Service. As understanding of the new Act and its associated duties and responsibilities grew the council made a decision to revise its approach to delivery of these functions and transferred responsibility for Flood Water Management (FWM) to the Highway Service, including a coordination role across all affected Council Services. This function has been included as part of the services that Cheshire East Highways (CEH) provide as part of the Highway Service Contract. CEH appointed two members of staff to a newly FWM team and they came on stream fully in October 2012. Since then more substantial progress has been made to establish the systems and processes necessary to meet the duties and roles of the new Act and as a result have seen a corresponding increase in expenditure. In 2013/2014 this system and process work will continue within Highways and in association with the Planning and Land Drainage teams as preparation for the implementation of the Sustainable Urban Drainage Systems (SUDs) approval body in April 2014 goes ahead.</p> <p>The grant will support delivery of the Council's statutory duties as a lead local flood authority to meet certain key requirements in relation to Flood and Water Management. Principally these relate to the delivery of:</p> <ul style="list-style-type: none"> • Local Flood Risk Management Strategy • Development of Asset Register • Flood Investigation • Regulatory duties - consenting and enforcement • Designation of Assets • SuDS (Sustainable urban Drainage Systems) approving body

Service	Item	£000	Details
			<ul style="list-style-type: none"> • Overview and Scrutiny • Byelaws - in relation to control of water management operations <p>The Council has considered the implications and delivery options available to meet the new statutory duties it has under the Act and established a Flood Risk Management team within the Highway Service, to coordinate the approach to flood risk with other council service teams, key risk management agencies and wider stakeholder groups.</p> <p>Monitoring of progress for these key requirements is being taken forward via the Cheshire and Mid Mersey Partnership Group which in turn, forms part of the wider North West Regional Flood and Coastal Committee (RFCC) area of operational responsibility and under the overall strategic overview of Environment Agency.</p> <p>Flood Risk Management team needs the funding to continue to deliver the Council's statutory duties under the Flood Water management Act and to continue its contribution towards meeting the Council's agreed 2013/2016 corporate values and key outcomes including sustainable, strong, resilient and supportive communities and places. Investment in essential flood risk management infrastructure will also contribute to ensuring Cheshire East has a strong and resilient economy.</p> <p>In the current financial year the Flood risk team will also need to carry out preparatory work relating to meeting the implementation date for the SuDS approval body in partnership with the Planning team in order to develop a coordinated approach that works alongside the established planning process</p>
TOTAL		519	

Appendix 9 – Debt Management

1. In addition to the collection of Council Tax and National Non-Domestic Rates the Council also issues invoices to organisations or individuals for certain key services. Performance related to Council Tax and Non-Domestic Rates is contained in **Section 2** of this report.
2. Total Invoiced Debt at the end of June 2013 was £13.0m. After allowing for £7.2 of debt still within the payment terms, outstanding debt stood at £5.8m. This is £0.6m higher than at 31st March.
3. The total amount of service debt over 6 months old is £2.8m which is the same as the level of older debt reported at the final outturn as at 31 March 2013.
4. Services have created debt provisions of £2.9m to cover this debt in the event that it needs to be written off.
5. An analysis of the invoiced debt provision by service is provided in the table:
6. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.

Service	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families	473	339	338
Schools	41	35	38
Adults	3,679	1,495	1,607
Waste, Recycling & Streetscape	222	170	238
Highways & Transport	373	226	226
Community	112	84	73
Development	801	369	369
Performance, Customer Service & Capacity	11	4	2
Finance & Business Services	26	14	6
HR & OD	16	14	12
Borough Solicitor	8	7	2
TOTAL	5,762	2,757	2,911

Appendix 10 – Indicators

- The table below shows National Indicators that were previously reported in 2012/2013, prior to the approval of the Council's 3 Year Plan. These indicators have been carried forward and updated with performance data for the period April to June 2013. Work is ongoing to provide a revised set of indicators that more closely match the outcomes within the 3 Year Plan.

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
Children, Families & Adults	CFA001	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days)	Quarterly	Low	701 days	639 days	687 days	This figure relates to the year commencing 2013/2014 and the 9 adoption orders granted so far this year include a number of children who are deemed hard to place and a number who have been adopted by their foster carers. This figure is significantly improved for children who entered care since January 2012 and currently stands at 413.
	CFA002	Average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family (days)	Quarterly	Low	164 days	213 days	236 days	This figure relates to the year commencing 2013/2014 and the 9 adoption orders granted so far this year include a number of children who are deemed hard to place and a number who have been adopted by their foster carers. This figure is significantly improved for children who have entered care since January 2012 and currently stands at 151.

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
	CFA003	Percentage of children who wait less than 21 months between entering care and moving in with their adoptive family	Quarterly	High	41%	56%	42%	*Target relates to England Average of 56% The number who wait less than 21 months to be adopted is improving and is much higher for more recent placements. The number who wait less than 21 months to be adopted is improving and for children who entered care since January 2012 the figure is 100%.
	NI 59	Initial assessments for childrens social care carried out within 10 working days of referral	Quarterly	High	37.30%	90.00%	34.50%	In April, May and June of this year there has been a 50% overall increase in referrals based on the same period last year (in June 100% increase). This has significantly impacted on the capacity of the Children's assessment team to complete assessments within 10 days. From 1st July 2013 the new combined assessment has been adopted in line with the Working Together 2013 guidance. Additional resources have been deployed to the team to increase capacity as well as stronger leadership and management.

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
	NI 60	Core assessments for Children's social care that were carried out within 35 working days of their commencement	Quarterly	High	37.00%	75.00%	44.90%	Since the Cheshire East Consultation Service (ChECS) went live there has been a 50% increase in referrals overall with a 100% increase in June compared to the same period last year. It is envisaged that these will level off as the service settles. We have audited a number of referrals during this period which has confirmed that they are appropriate. The significant increase in referrals has a subsequent impact on the completion rates of core assessments. A new suite of performance management reports have been implemented which track the progress of planning and assessment, therefore performance is now more transparent and team managers are aware of the team's performance and targets. However core assessments are completed across all areas and performance management is still in need of development. From 1st July 2013 a new combined assessment has been adopted in line with Working Together 2013 guidance.

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
	NI 64	Child protection plans lasting 2 years or more	Quarterly	Low	0.00%	10.00%	10.14%	Of the 59 individuals who left a child protection plan in the quarter April - June 2013 6 have been on a plan for over 2 years. We monitor closely all plans over 15 months to ensure that they remain appropriate and meeting the needs of the individual concerned.
	NI 65	Children becoming the subject of a Child Protection Plan for a second or subsequent time	Quarterly	Low	15.60%	15.00%	13.00%	Performance in this area is monitored to provide reassurance that where there is a change in family circumstance children remain protected.
	NI 67	Child protection cases which were reviewed within required timescales	Monthly	High	100.00%	100.00%	100.00%	The first review should be held within 3 months of the initial conference and further reviews at intervals of no more than 6 months for as long as the child remains subject of a child protection plan.
	NI 111	First time entrants to the Youth Justice System aged 10 to 17	Quarterly	None	Not Recorded	Not Set	26 number	Indicative figures for Q1 2013/2014. This is purely based on the number of first time entrants in that quarter as loaded onto the YOS system. This will change as further police data comes in. Q4 2012/2013 figure was 36. Previously data was extracted from the Police National Computer (PNC) data and reflected a 12 month picture so it is important not to compare this against previous targets.

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
	NI 117	16 to 18 year olds who are not in education, training or employment (NEET)	Quarterly	Low	5.10%	4.90%	5.36%	The three monthly figures show a consistent rate for Cheshire East compared to a rising rate for the NW region. The regional rate for Q1 stands at 6.5% with the national rate at 5.9%. NEET figures are higher at present due to the large amount of work completed on the Not Known cohort. The Not Known figure is lower than in previous years and shows a truer reflection of the number of young people who are actually NEET. Accuracy of this data is key to us being able to ensure we have the right support and provision for this cohort. The Youth Support Service is reshaping its service delivery to ensure that all these young people are clearly identified, supported and gain a positive outcome.
	NI 125	Achieving independence for older people through rehabilitation/ intermediate care	Monthly	High	79.30%	78.20%	83.30%	*NB: target relates to 2012/2013 Q1 Actual Within this measure, the performance of Intermediate Care Services is 82.3% and the performance of reablement services is 87.0%

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	Monthly	High	37.10%	39.20%	34.90%	*NB: target relates to 2012/2013 Q1 Actual We have selected a more relevant performance measure to track performance relating to Self Directed Support moving forward in order to accurately monitor the complexity of provision. We are seeing an increasing number of service users who are receiving services that are ineligible for personal budgets (e.g. reablement). The maximum possible performance at quarter 1 last year was 63%; the current maximum possible achievement is 53%. There is a major change project to deliver improved processes and practices which will deliver improved performance.
	NI 131	Delayed transfers of care from hospitals	Monthly	Low	10.20 number	9.90 number	Not Updated	*NB: target relates to 2012/2013 Q1 Actual Figures up to June 2013 have not yet been released by NHS England. These figures are anticipated later in August.
	NI 132	Timeliness of social care assessment	Monthly	High	93.40%	95.00%	92.10%	Close monitoring of performance indicates that areas to improve are linked to interdependencies with other partners in the assessment process.

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
	NI 133	Timeliness of social care packages	Monthly	High	93.90%	95.00%	95.30%	Performance on this measure continues to improve indicating that the majority of service users receive the support they need.
	NI 141	Percentage of vulnerable people achieving independent living	Quarterly	High	72.20%	77.20%	78.20%	Percentage relates to 79 people.
	NI 142	Percentage of vulnerable people who are supported to maintain independent living	Quarterly	High	98.70%	98.80%	98.60%	Percentage relates to 5,377 people.
	NI 145	Adults with learning disabilities in settled accommodation	Monthly	High	82.90%	21.00%	23.70%	This measure is currently ahead of the position at the same quarter last year (20.0% at Q1 in 2012/2013) ! please note that this measure increases through the year as up to date information on accommodation status is confirmed (year-end performance for 2012/2013 was 82.9%).
	NI 146	Adults with learning disabilities in employment	Monthly	High	9.05%	2.53%	1.86%	*NB: target relates to 2012/2013 Q1 Actual. 2013/2014 target is currently being reviewed.
Places & Organisation Capacity	NI 157a	Processing of planning applications as measured against targets for major application types	Quarterly	High	50.80%	60.00%	63.00%	Provisional figures to be confirmed.

Objective	Measure		Frequency	Polarity	Result 2012/13	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2013/14								
	NI 157b	Processing of planning applications as measured against targets for minor application types	Quarterly	High	73.90%	65.00%	66.00%	Provisional figures to be confirmed.
	NI 157c	Processing of planning applications as measured against targets for other application types	Quarterly	High	89.80%	80.00%	84.00%	Provisional figures to be confirmed.
HR & OD	BV012	Working days lost due to sickness absence (cumulative)	Monthly	Low	9.55 days	2.55 days	2.03 days	*NB: As per original measure definition, result includes Schools data. Target relates to 2012/2013 Q1 Actual.

Appendix 11 – Reserves Strategy



Reserves Strategy 2013/2016

Update at 30th June 2013

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Executive Summary

Cheshire East Council will maintain reserves for two main purposes:

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

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

This 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 for the period 2013/2016.

The report 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 S151 Officer are set out in **Annex A**.

Cheshire East Council's Reserve Strategy was last approved at Council on 28th February 2013. At that stage, two key issues formed the basis for the strategy:

- The Third Quarter Review of Performance for 2012/2013, indicated an expected contribution to General Reserves of £1.8m. This was forecast to leave a balance of £13.2m at 31st March 2013.

- An updated Risk Assessed Minimum Level calculation set the minimum level at £13.2m.

Since February, the 2012/2013 Outturn has been completed and reported to Cabinet on 24th June 2013. This reflected a significant improvement in the General Reserves balance due to a successful package of remedial actions and a net underspend position. The opening balance of General Reserves at 31st March 2013 is £19m.

As a result of this significant change between the Three Quarter Review and Year End position, the Council committed to review its Reserves Strategy at First Quarter.

The quarterly review process will continue to inform the Council's thinking on reserves and a full update for 2014/2017 will be reported to Cabinet and Council in February 2014.

This strategy represents the position at the end of the First Quarter of 2013, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

Rachel Musson

**Interim Chief Operating Officer
Cheshire East Council**

August 2013

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 S151 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 S151 Officer will ensure 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:

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

Budget Assumptions	Financial Standing & Management
The treatment of inflation and interest rates	The overall financial standing of the Authority (including: level of borrowing, debt outstanding, Council Tax collection rates)
Estimates of the level and timing of capital receipts	The Authority's track record in budget and financial management including the robustness of the medium term plans
The treatment of demand led pressures	The Authority's capacity to manage in-year budget pressures
The treatment of planned efficiency savings / productivity gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The Authority's virement and end of year procedures in relation to budget under / overspends at authority and directorate level
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA ~ LAAP Bulletin 55, 2003

6. These factors can only be assessed properly at local level. A considerable degree of professional judgment is required. The S151 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.
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.
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 S151 Officer.

Opening Balances

13. In February 2013, it was anticipated that the Council would hold general reserves of £13.2m. This was based on the Three Quarter year review of performance.
14. The strategy noted that there was scope for amendments, as financial performance in the final quarter may vary from the estimates in the Third Quarter Review of Performance Report.

15. The final outturn position improved the closing balance and resulted in a revised balance as set out below:

	Estimate February 2013 £m	Final Outturn 2013 £m
Amount of General Fund Balance available for new expenditure (source: 2011/2012 Statement of Accounts)	11.4	11.4
The impact of performance against the 2012/2013 Revenue Budget (source: 2012/2013 Three Quarter and Final Outturn Reviews of Performance)	1.8	7.6
	13.2	19.0

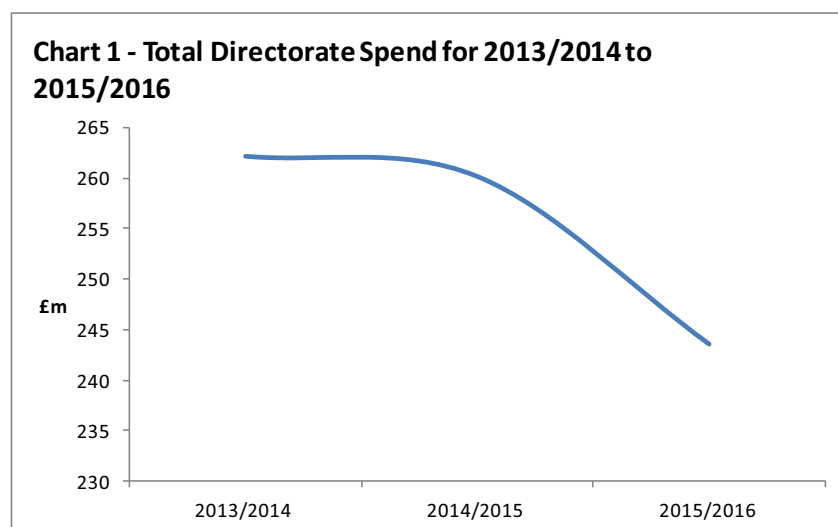
Estimated Movement in Reserves (2012/2013 onwards)

16. **Table 2** (overleaf) summarises the current estimated movements in general reserves from 2012 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.
17. 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	2012/2013	2013/2014	2014/2015	2015/2016
	£m	£m	£m	£m
Estimated Balance @ 1st April	11.4	19.0	14.8	14.8
Estimated Impact of Spending	7.6	-4.2		
Planned Contribution to Reserves		0.0	0.0	0.0
Forecast General Reserves @ 31st March	19.0	14.8	14.8	14.8
Risk Assessed Minimum Level - Feb 2013		13.2	13.2	13.2

Source: Cheshire East Finance

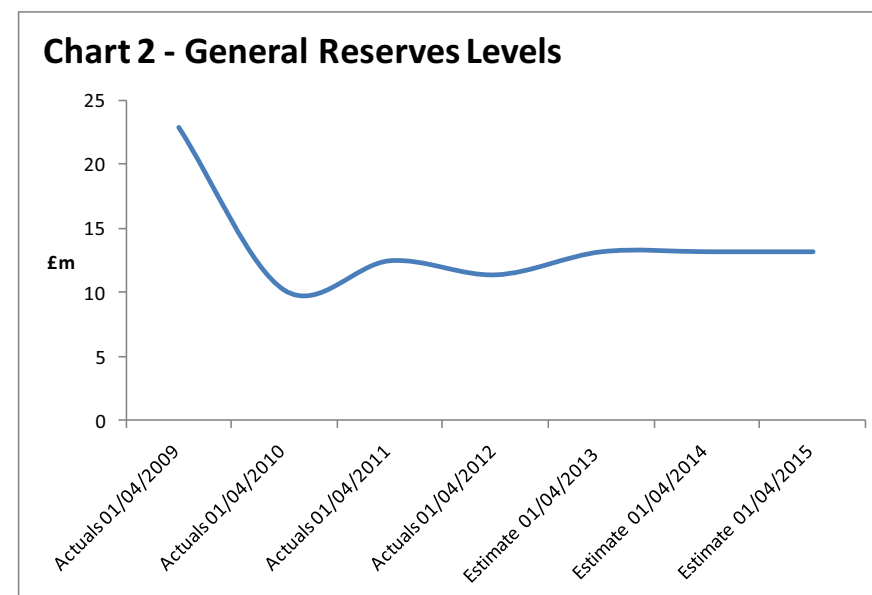
18. **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.



19. Reducing expenditure over time will 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 and automation of services may require investment in information technology.

20. Strategically the Council must therefore utilise short term funding to support change and not to build up reserves. Current reserves levels will therefore be reviewed to protect the Council against risk and should only require amendment if risk materialises or to support short term cashflow issues.
21. **Chart 2** shows how Cheshire East Reserves were initially reduced to support large scale investment, but will now be stabilised over the medium term.



22. The level at which reserves are set for 2013/2014, 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 2013/2014 budget to provide for costs associated with investment in service efficiency and to support the change programme.

Treatment of Revised Balance

23. The Council's General Reserve balance of £19m is £5.8m higher than estimated. In line with the overall strategy to protect the Council against risk and support investment this additional funding will be retained in general reserves and feature as part of the 2014/2015 budget setting process. This approach is practical in that risks have not changed significantly since February 2013 and any investment requirements identified in February have also been provided for in the current budget. The current medium term financial strategy also has a funding deficit in years two and three, so increasing flexibility in general reserves is an appropriate course of action.

General Fund Reserves - Risk Assessment

24. 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 and pressure on public services to reduce overall expenditure are key issues. These present the potential for significant emerging risk.

25. The minimum target level of reserves is therefore quantified by a detailed risk assessment. This approach allows the Council to take account of the circumstances around current structural changes and economic circumstances.

26. 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.

27. Risks are categorised, and potential values are applied to them, this presents the potential exposure to financial risk. **Table 3** (overleaf) 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.

28. The level of risk in the Medium Term Financial Strategy has reduced from the 2012/2013 levels. This has occurred for a number of key reasons:

- Quarterly Reports of Performance have provided consistent forecasts on the closing/opening balance of reserves, reducing the risk that the 2013/2014 budget might open with a deficit. This has now materialised with a small surplus position.
- The Medium Term Financial Strategy (December 2012) detailed significant re-basing of the Council's budget to reflect emerging pressures. The 2013/2014 budget has therefore been based very much on up to date robust figures, reducing the risk of overspending.
- Investment in change management has been quantified and funding is built in to the Medium Term Plans, reducing the risk of change not being delivered in-year.
- Development in the local area is being consulted upon through the Local Plan. This may improve funding levels for the Council in relation to Business Rate Retention, New

Homes Bonus, and Community Infrastructure Levy however such impacts are prudently not factored in to the medium term finances at this stage.

- Council Tax income, which provides the largest element of the Council's non-ringfenced funding, is predicted to remain static. Therefore this does not reflect the possibility of increases in Council Tax levels in future or further freeze grants from central government or additional changes to the way Council Tax is charged.

29. £13.2m remains a relatively prudent overall target for reserves at 5% of the net budget. This reflects the fact that there are still negative financial issues potentially facing the Council in the medium term, such as:

- Changes to the local government financial settlement may create funding deficits.
- 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. The next triennial valuation of the Cheshire Pension Fund will take place on 31 March 2013 with any changes to contribution levels taking effect from 1 April 2014.

30. It is also possible that a number of events could happen in a single year. Cheshire East Council could also 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%).

31. 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	£300,000
	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	£800,000
	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>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>	£7,000,000
Legal costs	<p>Legal challenges to Council service delivery</p> <p>Data corruption and need to improve security</p>	<p>Court costs and Claims for compensation / clear processes and good workforce management</p> <p>ICT service days to repair, loss of service / robust security policies and firewalls</p>	£600,000
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			£13,200,000
% of Net Revenue Budget			5.1%

Source: Cheshire East Finance

32. 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 **£13.2m**.
33. It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2013/2014 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

34. A duty of the S151 Officer is to comment on the adequacy of financial reserves (**see Annex A**).
35. The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The S151 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

36. 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.

37. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the S151 Officer, to ensure balances are spent in line with their purpose.

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

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

39. 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).

40. 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.

41. The protocol for Cheshire East Council earmarked reserves is set out below. The S151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

42. Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the S151 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.

43. Services may also carry forward balances in accordance with Financial Procedure Rules.

44. 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

45. At the time of setting the 2013/2014 budget, it was forecast that the balance on earmarked reserves held by Cheshire East Council would be £5.1m. However, actual contributions to these reserves were higher than forecast, and at 1st April 2013, actual balances on existing earmarked reserves were **£8.6m**. It is estimated that balances will reduce by £2.4m by the end of 2013/2014. **Table 5** (overleaf) shows the position on each earmarked reserve.

46. Within the Service Manager carry forward reserve balance, an amount of £154k relates to Elections. Borough, Town, and Parish Council Elections take place every 4 years. Funding must be budgeted for and accrued over that period to cover the 4 yearly costs. It is therefore requested that Council be asked to approve the establishment of a specific earmarked reserve to hold any underspend on the Elections Budget for use in years when Elections take place.

47. The estimated position on the Insurance Reserve excludes the impact of an historic claim for additional contributions due to be received shortly from the administrators of Municipal Mutual Insurance. An element of risk for this has been reflected in the General Reserves risk assessment.

48. Over 95% of Earmarked Reserves balances estimated to be held at the end of 2013/2014, relate to ongoing or longer term reserves, e.g. Insurance, Extra Care Housing.

Table 5: Earmarked Reserves that are statutory or essential have been retained for 2013/2014

Directorate / +Description	Estimated Available Balances 2013/2014 (Feb 2013) £000	Actual Opening Balances 2013/2014 1 April 2013 £000	Forecast Movement in 2013/2014 £000	Estimated Balance at 31 March 2014 £000	Reason / Use
<u>Children & Families</u>					
Long Term Sickness	0	150	0	150	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account.
Education All Risks (EARS)	0	160	0	160	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
<u>Adults</u>					
Extra Care Housing (PFI)	992	1,128	300	1,428	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
<u>Waste, Recycling & Streetscape</u>					
Landfill Allowance Trading Scheme	0	0	0	0	Carried forward unused allowances to offset future years landfill usage
Streetscape	0	0	0	0	N/A
Crematoria	0	367	-367	0	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.
<u>Development</u>					
Building Control	130	181	-50	131	Ring-fenced surplus (could be used to offset service deficit, if applicable)

Directorate / +Description	Estimated Available Balances 2013/2014 (Feb 2013) £000	Actual Opening Balances 2013/2014 1 April 2013 £000	Forecast Movement in 2013/2014 £000	Estimated Balance at 31 March 2014 £000	Reason / Use
Tatton Park	226	238	0	238	Ring-fenced surplus on Tatton Park trading account
Economic Development	149	223	-223	0	Support for town centres and economic development initiatives
Climate Change	57	67	-67	0	Renewable Energy project
<u>Performance, Customer Services & Capacity</u>					
Enabling Local Delivery	167	365	-365	0	Available to promote local delivery
Partnerships & Grants Support	92	92	-46	46	Funding issued to groups who meet the Council's criteria. It is planned to use the reserve in 2013/2014.
<u>Corporate</u>					
Invest-to-Save	0	255	-255	0	Central reserve to support invest-to-save projects
Elections	0	0	154	154	To provide funds for Election costs every 4 years
Insurance & Risk	3,329	3,712	190	3,902	To settle insurance claims and manage excess costs.
<u>Cross Service</u>					
Service Manager carry forwards	0	1,622	-1,622	0	Specific funding for expenditure slipped against previous year's budget e.g Pay Harmonisation.
Totals	5,142	8,560	-2,351	6,209	

Source: Cheshire East Finance

4. Capital Reserves

49. Cheshire East Council retains a capital receipts reserve to finance future capital expenditure. This reserve is largely financed by capital receipts set aside on the disposal of land, buildings and other assets but can be supplemented from revenue reserves if required.
50. The application of £27.8m of capital receipts to repay capital expenditure that had taken place in 2012/2013 and previous years reduced the balance of the reserve at 31st March 2013 to £1.077m. In 2013/2014, Cheshire East Council is forecast to generate capital receipts of £10m which again will be fully applied to finance the capital programme.
51. Additional funding of £0.4m was set aside at 31st March 2013 from revenue to fund feasibility study work in 2013/2014. The forecast movement on the reserve in 2013/2014 is £0.5m leaving an estimated closing balance of £0.6m.

5. Reserves Strategy Conclusion

- 52. Overall Cheshire East Council is establishing reserves that match the minimum risk levels. This approach can be supported during the medium term and still allows for investment that will create sustainable levels of service.
- 53. This recognises local issues and allows the S151 Officer to comment favourably on the adequacy of reserves.
- 54. 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

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

General Fund Reserves ~ Risk Assessment Working Papers 2013

Cheshire East Council ~ First Quarter Review of Performance 2013/2014

Cheshire East Council ~ Final Accounts 2012/2013

Cheshire East Council ~ Budget Report 2013/2014

Cheshire East Council ~ Three Quarter Review of Performance 2012/2013

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

balances for the year, planned additions / withdrawals and the estimated closing balances.

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

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