

## Cabinet Agenda

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**Date:** Tuesday 9th February 2016  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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

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

1. **Apologies for Absence**
2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any 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 body in question. 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.

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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 19<sup>th</sup> January 2016.

6. **Clean for The Queen 2016** (Pages 7 - 12)

To consider a report seeking approval to support the Clean for The Queen campaign, due to take place in March 2016 in the run up to the Queen's 90<sup>th</sup> birthday in April.

7. **Adult Social Care Fee Rates** (Pages 13 - 84)

To consider a review of the fees paid to care providers within adult social care.

8. **Social Care Case Management System Procurement** (Pages 85 - 110)

To seek approval to award a contract for the Social Care Case Management system.

9. **2015/16 Third Quarter Review of Performance** (Pages 111 - 182)

To consider a report setting out the Council's financial and non-financial performance at the third quarter stage of 2015/16.

10. **The Council's Corporate Plan 2016/20 and Medium Term Financial Strategy 2016/19** (Pages 183 - 390)

To consider a report which presents the Council's Corporate Plan for the years 2016/17 to 2019/20 and the Medium Term Financial Strategy for the years 2016/17 to 2018/19.

11. **Treasury Management Strategy and MRP Statement 2016/17** (Pages 391 - 418)

To consider the Treasury Management Strategy and MRP Statement 2016/17.

12. **Draft Risk Management Policy Statement / Strategy and Outline Framework** (Pages 419 - 436)

To consider a new draft risk management policy statement and strategy and an outline of the risk management framework underpinning the policy statement.

13. **Notice of Motion - Living Wage** (Pages 437 - 440)

To consider and respond to the motion.

14. **Notice of Motion - Pay Ratios** (Pages 441 - 444)

To consider and respond to the motion.

15. **Middlewich Eastern By-Pass Feasibility Stage** (Pages 445 - 478)

To seek authority to undertake the necessary work to inform a decision on whether or not to use the original route's planning approval.

16. **Progressing the Community Infrastructure Levy (CIL)** (Pages 479 - 486)

To seek approval to prepare a Community Infrastructure Levy Charging Schedule for the local planning authority area administered by Cheshire East Council.

17. **Peter Mason Leisure Centre** (Pages 487 - 496)

To consider the findings of surveys carried out of the condition of the fabric of the pool and surrounding area to enable Members to consider an option that will enhance and maximise the leisure offer for the residents of Congleton.

18. **Environmental Services Operating Contract** (Pages 497 - 502)

To consider a request from the Council company Ansa Environmental Services Ltd for an extension to its existing contract for the delivery of Waste and Environmental Services.

19. **Determination of Local Authority Coordinated Scheme and Admission Arrangements** (Pages 503 - 544)

To approve the coordinated scheme and admission arrangements for 2017 and subsequent years subject to any review.

20. **Crewe Town Centre Bus Interchange Facility**

To consider a report proposing that the Royal Arcade site in Crewe Town Centre be the location for a replacement town centre bus interchange facility for Crewe

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**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Cabinet**  
held on Tuesday, 19th January, 2016 at Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

Councillor D Brown (Chairman)

Councillors A Arnold, Rachel Bailey, J Clowes, J P Findlow, S Gardner,  
P Groves and D Stockton

**Members in Attendance**

Councillors Rhoda Bailey, P Bates, T Dean, L Durham, S Edgar, D Flude,  
M Grant, G Hayes, S Hogben, A Kolker, A Moran, D Newton, J Rhodes and  
B Walmsley

**Officers in Attendance**

Mike Suarez, Peter Bates, Caroline Simpson, Bill Norman, Heather  
Grimbaldeston, Nigel Moorhouse Peter Hartwell and Paul Mountford

**Apologies**

Councillors L Gilbert and M Jones

**77 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**78 PUBLIC SPEAKING TIME/OPEN SESSION**

Sue Helliwell referred to an appeal against a planning decision regarding the proposed development of 70 houses off Crewe Road, Alsager. The appeal having been dismissed, she thanked the Council and its planning officers and the barristers who had taken part in the appeal. She also asked if the Alsager traffic survey could be brought up to national policy level. The Chairman, Councillor D Brown, as Portfolio Holder for Highways, agreed to take the suggestion on board and asked the Executive Director of Economic Growth and Prosperity to take appropriate action.

Sylvia Dyke expressed concern about the number of discharges into Valley Brook, Alsager which had flooded recently. She asked if the Council would plot the course of the Brook and check what discharges would be going into the Brook when all the developments that had received permission had been completed. She also referred to an application to build 750 houses at White Moss Quarry and the desire of local residents

that there should be some restoration work undertaken at the Quarry. She asked if the Council would expedite a meeting between legal officers, local residents' representatives and Alsager Town Council to discuss the agreement relating to White Moss Quarry before the planning application for the proposed development was considered. The Portfolio Holder for Housing and Planning replied that a liaison meeting with local residents had taken place in November 2015. He undertook to provide a written response before the planning application was considered.

## **79 QUESTIONS TO CABINET MEMBERS**

Councillor D Flude asked for an update on plans to welcome Syrian refugees into Cheshire East, including details of numbers and date of arrival. The Chairman undertook to provide a written response. Councillor Flude also asked if there was financial assistance available to people on benefits to help them meet the cost of pest control measures carried out in their homes. Again, a written response would be provided.

Councillor D Newton referred to research published by Oxford University into children's centres which demonstrated that such centres made a real and significant difference. He asked what weight Cheshire East Council would give to the research when deciding whether or not to close children's centres. The Portfolio Holder for Children and Families, Councillor Rachel Bailey, replied that for children's centres to be effective it was important to reach the families that the Council needed to engage; Cheshire East's rural demographic meant that at the moment, some of those people were unable to access services. The current consultation was about ensuring that the centres with the highest footfall were safeguarded whilst also ensuring that services were delivered in new and innovative ways to improve service delivery outside of existing buildings.

## **80 MINUTES OF PREVIOUS MEETING**

### **RESOLVED**

That the minutes of the meeting held on 8<sup>th</sup> December 2015 be approved as a correct record.

## **81 NOTICE OF MOTION - TAXI LICENSING**

Cabinet considered the following motion which had been moved by Councillor Rhoda Bailey and seconded by Councillor Dorothy Flude at the Council meeting on 17<sup>th</sup> December 2015:

*"Drivers of hackney carriages and, in particular, private hire vehicles licensed by other authorities are operating in this area.*

*This Council would not be notified of their criminal offences committed subsequently, as the law requires the Police to notify only the Authority which granted the licence of any notifiable offences.*

*In view of the prevalence of child sexual exploitation and the dangers caused by children being trafficked from one area to another, that this Council takes steps to lobby for legislation to change the law, to extend the requirement to notify, and to reduce the ability of applicants to obtain licences in authority areas other than where they live.”*

Councillors Bailey and Flude attended the meeting and spoke in support of the motion.

**RESOLVED**

That Cabinet supports the spirit of the motion and resolves that the Leader or Deputy Leader write to all local MPs, the Local Government Association and the Secretary of State for Transport setting out the Council's concerns and seeking the Government's current position in relation to the Law Commission review and any planned changes to taxi legislation with a view to positively influencing any changes where possible.

**82 EVERYBODY SPORT & RECREATION ANNUAL REPORT**

Cabinet considered a report on the first year of operation and performance of the charitable trust “Everybody Sport & Recreation” through the presentation of its first Annual Report to the Council.

Councillor Andrew Kolker, Chairman of the Trust, and Peter Hartwell, the Trust's Chief Executive, attended the meeting and presented the report to Cabinet, highlighting the key achievements over the last year and the challenges and opportunities ahead as detailed in the report.

The Portfolio Holder for Open Spaces, Councillor S Gardner, thanked the Chairman and Chief Executive for their hard work over the last year and congratulated the Trust on its achievements to date.

**RESOLVED**

That the progress made by Everybody Sport & Recreation in its first year of trading as an independent charitable trust be noted.

**83 CORPORATE PARENTING COMMITTEE**

Cabinet considered a report proposing the establishment of a new Corporate Parenting Committee.

Whilst the existing Corporate Parenting Board comprising officers and jointly chaired by the Portfolio Holder for Children and Families and young people representatives from the Children in Care Council had been effective in developing and monitoring a strategy for cared for children and care leavers, it did not have influence at a policy level. A committee of

members appointed on a cross-party basis was therefore proposed. The proposed terms of reference were attached at Appendix 1 to the report.

The Committee would act in an advisory role to Cabinet, which would assist the Council in continuing to fulfil its legal obligations and responsibilities towards cared for children and care leavers.

Cabinet felt that all Members of the Council as corporate parents should receive regular progress reports once the Committee had commenced work.

### **RESOLVED**

That

1. a Corporate Parenting Committee be appointed with cross party membership of 12 Elected Members and the terms of reference at Appendix 1 to the report;
2. the Committee shall have the status of an advisory committee and include representative young people from the Children in Care Council to perform an advisory role to the Committee;
3. the Committee shall, once its membership has been agreed, formally commence its role;
4. the existence of the Committee be noted in the Council's constitution; and
5. all Members of the Council receive a progress report on a quarterly basis.

### **84 CORPORATE POST AND PRINT**

Cabinet considered a report seeking approval to proceed with the procurement of a corporate print and post contract.

The recommended approach was a hybrid mail solution as detailed in the report. The programme would be split into three phases to enable the Council to trial the solution with two service areas before it was rolled out to the wider Council.

Councillor D Flude sought further information on the procurement options set out in the report. The Portfolio Holder for Finance and Assets undertook to provide Councillor Flude with a written response.

### **RESOLVED**

That authority be delegated to the Chief Operating Officer in consultation with the Portfolio Holder for Finance and Assets to undertake the

procurement and award of contracts to the new provider and to take all necessary steps to implement the new contract.

### **85 LEGAL CLAIM AGAINST THE COUNCIL**

Cabinet received an update in respect of a legal claim against the Council.

#### **RESOLVED**

That authority to agree the terms of settlement at Mediation be delegated to Peter Bates (Chief Operating Officer), in consultation with Mike Suarez (Chief Executive), Brenda Smith (Director of Adult Social Care and Independent Living), Bill Norman (Director of Legal Services), Councillor Janet Clowes (Portfolio Holder for Adults, Health and Leisure) and Councillor Paul Findlow (Portfolio Holder for Performance).

The meeting commenced at 2.00 pm and concluded at 3.14 pm

Councillor David Brown (Chairman)

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## CHESHIRE EAST COUNCIL

### Cabinet

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**Date of Meeting:** 9<sup>th</sup> February 2016  
**Report of:** Steph Cordon, Head of Communities  
**Subject/Title:** Clean for The Queen 2016  
**Portfolio Holder:** Councillor L Gilbert, Communities

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#### 1. Report Summary

- 1.1 To ask for approval for supporting the Clean for The Queen campaign, due to take place on March 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> 2016 in the run up to the Queen's 90<sup>th</sup> birthday on 21<sup>st</sup> April 2016. Support to be made both financially and through an active media and communications campaign.
- 1.2 Supporting this campaign provides an opportunity to reach all communities across Cheshire East, putting residents first and allowing residents to take pride in the areas in which they live. This promotes self-sustainability and civic pride.
- 1.3 Cabinet are being asked to make the decision to ensure maximum publicity of the campaign through traditional channels and via social media to stimulate conversation, maximise opportunities for people to get involved with Clean for The Queen and to learn about other community involvement opportunities.

#### 2. Recommendation

- 2.1 To actively promote and publicise, through the Council's communications and media team, the Clean for The Queen campaign and associated resources made available through the Clean for The Queen Local Authority Resource Pack. This pack includes logos, posters, links to websites to order discounted items, briefing note for elected members and marketing and media support.
- 2.2 The campaign will encourage all communities across Cheshire East to get involved with the national campaign to Clean for The Queen and join forces with litter charities across the whole of the Country. Groups specifically targeted will include: existing clean teams, schools, colleges and the university, uniformed groups, faith groups, voluntary and community groups and individuals who want to come together to be a part of the largest litter blitz throughout the UK.
- 2.3 To make available a small grants fund totalling £7,000 to allow people to apply, through a simple application process, for a litter picking pack

consisting of 6 litter pickers, 6 bag hoops, 6 high visibility vests, a quantity of bin liners and a box of disposable gloves. This funding would allow for 100 packs to be made available to the community of Cheshire East.

- 2.4 The litter picking packs will be retained by the groups to continue to clean their local areas. Information will be provided on how to formalise their group into a clean team or to join an existing clean team and provide a legacy beyond the Clean for The Queen campaign.
- 2.5 Applications for and distribution of the litter packs will be managed by the Partnerships and Communities Team in-conjunction with ANSA Environmental Services. The application will be judged against a set of principles for groups coming together to use the equipment for the campaign and to continue to use it once the initial Clean for The Queen campaign has been completed. Principles will include committing to using the equipment during the period of 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> March, agreeing to provide before and after photographs of the area cleaned and committing to the consideration of either completing on-going clean-ups of their local area or joining an existing clean team.

### **3. Other Options Considered**

- 3.1. Communities are able to directly purchase 'tidy packs' and litter picking equipment direct from the organisations supporting the campaign, however the low cost packs focus more on publicity materials, with litter picking equipment being very costly. Focussing on a communications and media campaign only is an option but will not provide the same opportunities as giving access to full litter picking equipment packs, provided free of charge by the Council, for ongoing community use.

### **4. Reasons for Recommendation**

- 4.1 To encourage existing clean teams to take part, along with other established groups and to inspire residents to come together to tackle the litter in their neighbourhoods.
- 4.2 To establish a record of those people coming together to provide further information on how they can continue to be active in their neighbourhoods and to provide support and information for these potential community champions and leaders.
- 4.3 Both options are fully supported by ANSA who have agreed to supply rubbish sacks free of charge. ANSA will also arrange to collect the bags of rubbish as well as provide information on how people can take the rubbish collected to dispose of correctly to encourage ongoing community resilience and self-support.



## **5 Background/Chronology**

- 5.1 Clean for the Queen was launched in association with Country Life Magazine and is supported in part by the Garfield Weston Foundation. Other supporters include Keep Britain Tidy, Clean Up Britain and Campaign to Protect Rural England.
- 5.2 The campaign has been launched to provide a gift for Her Majesty The Queen as she celebrates her 90<sup>th</sup> birthday on 21<sup>st</sup> April 2016. The gift, that will benefit us all, is to rally an army of volunteers across the whole of the country to clean their local areas and in the most monumental of all litter clear-ups.
- 5.3 The first national anti-litter campaign was carried out in 1953, the year of The Queen's coronation, and this was swiftly followed by the establishment of Keep Britain Tidy (and by extension Keep Scotland Beautiful, Keep Wales Tidy and Keep Northern Ireland Beautiful). How appropriate it is then, in the year of The Queen's 90th birthday, that we should all band together to attempt the biggest clean-up in history.
- 5.4 It is hoped that these activities will leave a legacy, that they will encourage more people to reduce their litter habit and to help us all to live more sustainably.

## **6 Wards Affected and Local Ward Members**

- 6.1 The recommendations relate to all wards within Cheshire East

## **7 Implications of Recommendation**

### **7.1 Policy Implications**

- 7.1.1 There are no negative policy implications.

### **7.2 Legal Implications**

- 7.2.1 The Council has the powers to award grants to organisations using its general power of competence in section 1 of the Localism Act 2011. In exercising the power the Council must satisfy its public law duties. In essence this means that in making the decision the Council must have taken into account only relevant considerations, followed procedural requirements, acted for proper motives and not acted unreasonably.
- 7.2.2 An application process to distribute grant funding against set criteria is a clear statement of the criteria that the Council is applying and is essential to rebut any challenge to its decision making process.
- 7.2.3 Conditions may also be imposed requiring that organisations report back to the Council upon expenditure of the grant funds and other outcomes achieved.

7.2.4 Grant funding based on an application process satisfies the Council's public law duties.

### **7.3 Financial Implications**

7.3.1 The total cost of the project is £7,000. This will be funded from the existing Partnerships projects budget.

### **7.4 Equality Implications**

7.4.1 There are no negative equality implications as the campaign is open to all across Cheshire East to apply to.

### **7.5 Rural Community Implications**

7.5.1 The campaign will help to bring rural communities together and could result in new voluntary or community groups coming together.

### **7.6 Human Resources Implications**

7.6.1 No extra personnel will be required to support this campaign as it will be supported by existing communications and media officers and partnerships officers.

### **7.7 Public Health Implications**

7.7.1 Supporting the campaign will give a positive health outcome as people will come together outdoors, receiving fresh air and exercise and will meet other, like-minded, community members.

### **7.8 Other Implications (Please Specify)**

7.8.1 There will be a positive impact on the environment as the campaign aims to clean up many areas across Cheshire East.

## **8 Risk Management**

8.1 Not supporting the campaign could pose a risk to the Council's outcomes in supporting the voluntary and community sector. The campaign provides an opportunity to bring communities together to form new voluntary and community groups for a relatively small financial outlay.

8.2 There is a risk that the campaign could not be successful across Cheshire East, or indeed across the Country, and that communities may not apply for the litter picking packs. This is a small risk and, with the number of litter picking groups across Cheshire East, the equipment can be used by these already established groups as their existing equipment requires replacement.

## 9 Access to Information/Bibliography

9.1 Further information can be found at [www.cleanforthequeen.co.uk](http://www.cleanforthequeen.co.uk)

## 10 Contact Information

Contact details for this report are as follows:-

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## CHESHIRE EAST COUNCIL

### Cabinet

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**Date of Meeting:** 9<sup>th</sup> February 2016

**Report of:** Director of Adult Social Care and Independent Living  
Brenda Smith

**Subject/Title:** Adult Social Care Fee Rates

**Portfolio Holder:** Cllr Janet Clowes, Adults, Health and Leisure

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#### 1. Report Summary

- 1.1 The Council has a legal duty to review the fees paid to care providers within adult social care. The care fees in Cheshire East have remained at the same level since April 2009. The Council last reviewed its fee structure in 2013/14 with the support of RedQuadrant, where it was determined that the current fee level was reasonable and fair. In 2015/16 the Council has again reviewed the care fees. In order to carry out the review, the Council commissioned an independent consultancy, Red Quadrant, to carry out the work. The brief for RedQuadrant was to work directly with care providers, draw on national evidence and legislative requirements and make recommendations to the Council of the fair price for social care services. The Council received the final report from Red Quadrant in October 2015 and took into consideration the views of providers following a series of engagement events and questionnaires. This report details the final recommendations from officers having taken account of the consultants' report and feedback from providers.
- 1.2 The Care Act 2014 adds an additional requirement for Councils to formally consider the cost of care locally. This additional requirement in effect bolsters the previous more informal arrangement where Councils were required to evidence the fair price for care as it determines its local fee structure. Where Councils do not take into account the local costs of care they are more likely to be subject to formal challenge from providers. There have been a number of additional national recommendations that seek to sustain and improve the care market, including those from the UK Home Care Association and the Unison Ethical Care Charter, which encourage those commissioning care to develop and strengthen the local market for care.
- 1.3 This area of the Council's activity is one of the largest contracted service areas that the Council commissions in the external market, with the Council currently spending in excess of £80m on externally commissioned care which caters in a variety of forms for approximately

5,600 Adult Social Care residents. The local care market is vibrant and strong across Cheshire East, with approximately 67% commissioned privately and only approximately 33% commissioned by the Council. The commissioning structure adopted by the Council is vital to ensuring the continued vibrancy of this market and the fee structure adopted by the Council is an important element of the commissioning approach and structure. In developing the care market locally the Council needs to pay due regard to the quality of care in addition to the price of that care.

- 1.4 The purpose of this report is to update Cabinet with an outline of the review undertaken by RedQuadrant, their recommendations, the impact of those recommendations both in care terms, economic terms, financial and budgetary terms and also on the providers and their sustainability. It is important to note that during the review process the Chancellor of Exchequer announced changes with regard to the National Living Wage that required the Council, with RedQuadrant's support, to consider the impact in respect of the proposed fee structure. This has been a significant issue for the Council and will be for other Councils due to the nature of wage levels generally in the care market. The Council has committed to requiring its contracted suppliers to pay the living wage and the fee structure assumed by RedQuadrant takes into account that commitment within their proposals.

## **2. Recommendations**

### **2.1 That Cabinet**

- (a) Note the two Care Home Fees and Home Care Fees reports produced for the Council by RedQuadrant attached to this report as Appendix 1 and 2.
- (b) Endorse the increased fee rates detailed in Section 6.2, with an estimated cost of £5.44m in 2016/17.
- (c) Endorse the implementation of the new rates beginning in April 2016.
- (d) Commission and authorise the Director of Adult Social Care, in consultation with the Portfolio Holder, to explore with providers the impact of the fee structure remaining at its current levels until April 2016.
- (e) Authorise the Director of Adult Social Care to recommission the home care provision to the Council, seeking to co-produce a new arrangement between the customers and residents, providers, advocates and the Council in order to deliver outcomes based provision.

**3. Reasons for the Recommendation**

- 3.1 The Council is required via the Care Act 2014 to assess the viability and sustainability of the fee structure for care services. The Council is required to take account of the local fee structure when making its own recommendations about its future fees.
- 3.2 The Council has operated a fee structure for six years without an increase. This has seen the Council drop to a lower fee structure when compared with our comparator Councils.
- 3.3 The impact of the Chancellor of the Exchequer's announcement in the summer regarding the National Living Wage has resulted in both the Council and the care providers recognising the need for action in respect of this. It will be necessary for all Councils to consider the impact of the National Living Wage on their local fees. It is clear that the impact of the National Living Wage and the associated increase in the wage levels paid by local employers, is impacting on care providers. The consequential impact of this has led to a more substantial recommended increase in the fee rates noted in this report.
- 3.4 The care market across the Council area has become established and vibrant with a flourishing private and social care market. Providers have, through their discussions with RedQuadrant and the Council, stressed the difficulty the current fee levels are having on their businesses. RedQuadrant held a number of consultation sessions with providers in June 2015 where the providers stressed the importance of the care economy within the Cheshire East area and their desires to see this important area of the borough's economy further enhanced and developed. In order to do this it is recognised that this will include an ongoing and developing fair price for care that will allow them to reward and recognise their workforce.
- 3.5 The model for care is changing both locally and nationally, with a number of initiatives combining to drive a requirement for a fundamental review of the commissioning approach to the whole care market. The home care fee review and the summer consultation highlighted a number of opportunities locally that need to be considered and developed. For example moving to an outcome based commissioning approach from the current more traditional time and cost model was something both the Council and a number of care providers are keen to explore. Increasing integration of the social care market with that of the health care market is another important feature that will help to improve the overall care outcomes for our residents.
- 3.6 Because of the nature and complexity of the market, the number of providers and the interactions between different agencies and care providers, it is suggested that a fundamental review now begins and is allotted a period of time through to at least the middle of 2016/17 before proposals are finalised. These proposals would be co-produced between

the Council, the various agencies and partners, their advocates, providers and of course the residents and customers themselves. The proposals will take into account the personalisation agenda and the new requirements within the Care Act 2014.

#### **4. Residential and Nursing Home Fee Levels**

4.1 The report from RedQuadrant is attached as Appendix 1, which details the approach taken in assessing the fee structure, the comparative information available and detailed feedback considered from a range of providers. RedQuadrant highlight in their report that the final recommendations have taken account of the feedback from providers about the local cost of care. Taking account of the local costs of care is an important part of the Care Act 2014 and the further consultation by officers with providers on the recommendations within the report have led to the recommendations being put to Cabinet and detailed in Section 6.2. This demonstrates the collaborative approach to the assessment of the local costs of care.

4.2 The attached appendix contains a variety of extracts of the legislation and case law which relates to the setting of care fees.

4.3 In deriving a 'bottom up' cost of care RedQuadrant have taken into account the recent expert national advisers, Laing Buisson and their costing model for care homes, adapted for the factors affecting the local market . The various assumptions which have been modelled include:

- Average bed base for a home
- Occupancy
- Staffing levels
- Residential staffing levels
- Nursing staffing levels
- Management
- Other staffing levels
- Pay rate assumptions
- Other staffing assumptions
- Other non pay costs
- Maintenance
- Capital/Profit

4.4 During the consultation process a number of the assumptions adopted in the draft report were challenged, along with the associated differential impact as not reflective of local conditions. In particular the nursing pay levels quoted initially of £11.92 per hour were challenged as unrealistic. This has been increased to £14.42 per hour. The assumed occupancy level of 96% has equally been challenged and based on the current local position, this has been reviewed and the Council accept this to be an average of 95%, with some further work with the market through 2016/17 to firm the position. This has been based on a range of factors including size of home and nature of the care home service model changing to an



increased level of turnover. A number of the other assumptions used were modified in the light of feedback from the providers.

4.5 In making its recommendations RedQuadrant have advised the Council of a number of factors which it should consider as part of its deliberations. These include:

- the fact that the current fee levels paid by the Council are low and becoming increasingly low compared to the bottom up calculations
- the impact of the National Living Wage
- that the care market in the area is large and diverse with high utilisation levels and the Council purchasing approximately 33% of the total market
- that the Council is able to make placements at the current fee rates on most occasions
- that there has been no increase since 2009

4.6 RedQuadrant has made a number of recommendations in respect of care home fees, with the following proposed fees (excluding the element paid by the NHS for Free Nursing Care). These have been considered by officers and providers have been consulted further on these recommendations. It is proposed that the revised fees offered by the Council for 2016/17 should be as detailed in the table below. The figures included for the years 2017/18 have been included as the indicative fees for these periods based on the increase in the national living wage. It is intended that further direct work will take place between Council officers and the care home providers to review the local cost of care in preparation for subsequent fee levels to be determined:

	2014/15	2015/16	2016/17
<b>Residential Care</b>	£376.73	£418.95	£435.68
<b>Residential Care (EMI)</b>	£467.10	£495.46	£515.34
<b>Nursing Care</b>	£433.07	£456.33	£474.53
<b>Nursing Care (EMI)</b>	£467.10	£477.82	£489.86

4.7 The estimated financial impact of these fee increases, based on current placement levels is £3.413m for 2016/17.

4.8 The use of residential care as a service response is one which the Council is seeking to avoid unless this is the only appropriate option to meet needs. It is recognised that for most people, receiving care and support in their own home is the preferred option. For some people the residential service option has been the service response to meet the particular needs in the absence of services available in the community. As new developments continue and more intensive response services in a crisis are made available it is expected that for some people the need for residential care will be removed. In developing new approaches to

care, therefore, it is possible that reductions in residential and nursing care could be achieved. If a reduction of 12% in residential care and 6% for nursing care was achieved this could save an estimated £300,000. If those reductions could be increased to 20% and 10% respectively an estimated £470,000 could be saved from the overall levels of expenditure. The overall budgetary impact is considered in the financial section of this report.

- 4.9 One key area of work currently being planned is for commissioners across health and social care to work with all key partners to develop a strategy for care home services, both residential and nursing, based on a number of key principles including ensuring the commissioning of a model of residential services fit for the future with a clear focus on the outcomes for the resident.

## **5 Home Care Fee Levels**

- 5.1 RedQuadrant has adopted a similar approach to the review of the Home Care fee structure, with the same Care Act 2014 requirements applying to this market. The review included assessing the agency home care market, the direct payment system for individuals who wish to purchase their own care and the payment system to personal assistants. A similar approach to the review completed with the care home providers was undertaken including workshops with providers, sharing a draft report, discussion with those providers that wished to provide additional information plus consideration of comparative information.
- 5.2 In addition to taking into account the implications of the Unison Ethical Care Charter, RedQuadrant utilised the research of the United Kingdom Homecare Association (UKHCA) in building the 'bottom up' costing of home care.
- 5.3 RedQuadrant compared the Council with fifteen other Councils, who are part of the Council's nearest statistical neighbours as identified by CIPFA, utilising the Personal Social Services Expenditure return (PSSEX) from 2013/14 which was the latest data available at the time the report was written. The principal finding was that activity was lower than the comparators and gross costs were also lower than the comparators, implying that fee levels were lower than the comparators.
- 5.4 In building the 'bottom up' costs, RedQuadrant have utilised the National Living Wage, the impact of National Insurance levels quoted by the UKHCA, travel time and mileage costs.
- 5.5 One of the major issues that has been explored as part of the review has been the indirect costs of the Home Care agencies and what is termed by the UKHCA as Staff Support Costs. The UKHCA have assessed these staff support costs at 27% until April 2016, reducing to 25.5% thereafter. This level of overhead includes a wide range of costs including for example, management, office costs, training and so forth.

This was an area of contention during the period of consultation with providers arguing that their indirect costs had risen considerably having to incur additional expense meeting the requirement of the new national Care Certificate. In developing the bottom up cost RedQuadrant allowed 22% plus 3% for the profit margin leaving 25% overall.

- 5.6 In later years the National Living Wage will continue to impact on the fee structure, requiring increases by the Council, this will also impact on the differential pay rates applied across the care market structure, which is an issue the Council has been considering with its own pay structure. Future close working with care providers will ensure that the impact of these factors will be taken into account when setting annual fee levels.
- 5.7 The Home Care pay structure has three distinct elements, the payments direct to home care agencies, the allocated amounts for direct payments to the customer where they choose to purchase their own care and the allocation of payments to personal assistants where these are employed directly by the customer or someone on their behalf. The nature of each of these service types provided is different and the proposed pay structure takes the different nature into account. Agencies recruit, train and employ care staff, require a level of infrastructure and require that the carers they employ have to travel from one customer to the next during their working day, which needs to be factored into the pay levels. Customers who employ personal assistants directly, typically via a direct payment, do not have the infrastructure or overheads, are not required to cover travel time etc. so do not need the same levels of pay to sustain the employment.
- 5.8 Within the home care fee review there are a number of additional service types, the first example being for a service called Shared Lives and the second for all the residents who receive care from the Extra Care facilities, with night sitting and care being a third. These services are still being considered and decisions will need to be taken in line for an April implementation. The service levels within these service areas are relatively small in comparison to the main home care services and the increases will be incorporated into the overall budget allocations detailed within this report.
- 5.9 The Council has taken the decision to cease the commissioning of 15 minute home care calls from April 2015. In order to manage the market in terms of capacity and quality, cases are being reviewed on a phased basis. Whilst the numbers of customers receiving 15 minute calls is reducing this needs to be accelerated and it is anticipated that in the early part of 2016/17 all 15 minute calls will have ceased. For this reason it is proposed that the rate remains unchanged for the short duration of these calls being in situ. No new 15 minute calls will be commissioned and all existing 15 minute visits will be quickly phased out. For customers who still wish to have their care delivered in 15 minute blocks alternate arrangements will be available.

- 5.10 The Council's current fee structure has a variety of elements, including a rate for the south of the borough and a different rate for the east area, together with weighted payments for short periods of care (less than an hour). As personalised care is the priority for the customer and commissioning for outcomes is the direction of travel for the Council, it is intended that the future arrangements for home care commissioning will be to commission a block number of hours per week and for the customer and the home care provider to agree how these will be delivered. The brief for RedQuadrant therefore requested one rate across the Borough with shorter visits being prorated to the hour where this is required.
- 5.11 Consultation with the providers indicated that to achieve this without destabilising the market it would be advisable to progress with a transitional year of a semi blended rate. The proposal therefore will include a weighted payment for the 30 minute calls. No 15 minute calls will be commissioned by officers going forward and therefore the rate for this period of care will be removed. Visits for 45 minutes will be set at 75% of the new hourly rate.
- 5.12 The table below shows the impact of the proposals.

Time	Current 15/16 rates		Blend	Proposed	Highest
	South	East			%Difference
15 mins	£5.52	£5.77	£5.63	£5.52/£5.77	0%
30 mins	£7.67	£8.03	£7.82	£8.20	6.46%
45 mins	£9.92	£11.41	£10.67	£10.65	6.85%
60 mins	£11.22	£12.55	£11.97	£14.20	21.12%

- 5.13 The financial impact of the above increases have been modelled on the current patterns of care that change from period to period but are reasonably constant to provide an indication for costing purposes. The above increase will cost an additional £2.028m overall in 2016/17.
- 5.14 Whilst the proposals accommodate the commissioning of shorter periods of care, the Council has made it clear to providers that over the coming months officers will be working closely with the sector to develop a new model for the commissioning of home care which will focus on outcomes for customers. From 2017/18 the Council will be commissioning care for outcomes and based on a single hourly rate. The new model of care will be co-produced by providers, customers, their carers and commissioners. This should allow a more sustainable level of care to be developed and one that helps to demonstrate improved value for money overall.
- 5.15 The proposal for supported living is to set an hourly rate of £13.33 and to align care packages to this rate over the first half of 2016/17. This will be done by reviewing on a case by case basis through individual care reviews to ensure individuals' needs are met. Some care providers

currently accept the Council's current rate of £12.45 per hour and some have negotiated a higher hourly rate.

- 5.16 Direct Payments are an alternative mechanism available to individuals to receive cash in order to meet their eligible care and support needs. The Council currently has 744 individuals who choose a direct payment instead of commission care. The proposal is to remove the current two rates for South and East of the Borough and introduce a single hourly rate set at the same level as the hourly commissioned rate, which would allow our residents choice and flexibility around how their needs are met. The current rates are £11.22 per hour in the South and £12.55 in the East of the Borough, which would increase to one single rate of £14.20 per hour. For Direct Payments for those who wish to employ a Personal Assistant, the rate is proposed to increase from £10.38 per hour to £11.50 per hour.
- 5.17 It has been recognised that domiciliary support packages delivered to individuals in their own home can be disrupted when an individual is hospitalised for a period – this is because the Council closes the package at the point of the customer's hospitalisation. This can mean that the individuals' package of support, which has supported them adequately well prior to the hospital admission, is not available for their planned discharge. This has an impact on the discharge processes whilst alternative care is sourced to meet the needs of the individual. It is proposed that the Council continues to pay the domiciliary care provider for up to 2 weeks of an individual's hospital stay, on the understanding that the care package will be available on discharge. The customer would be charged for this period of time in the normal way if they are assessed as able to contribute.

## **6 Recommended Changes to Fees**

- 6.1 The tables below detail in full the proposed changes to fees. The reports produced by RedQuadrant have been fully considered and used as the basis for consultation with providers. Engagement with providers and consideration of the recommendations made by RedQuadrant has led to the proposed changes to a range of fees as detailed in 6.2.

6.2 The proposed changes in summary:

	2014/15	2015/16	2016/17
<b>Residential Care</b>	£376.73	£418.95	£435.68
<b>Residential Care (EMI)</b>	£467.10	£495.46	£515.34
<b>Nursing Care</b>	£433.07	£456.33	£474.53
<b>Nursing Care (EMI)</b>	£467.10	£477.82	£489.86

Domiciliary	Current 15/16 rates			Proposed
Time	South	East	Blend	2016/17
15 mins	£5.52	£5.77	£5.63	£5.52/£5.77
30 mins	£7.67	£8.03	£7.82	£8.20
45 mins	£9.92	£11.41	£10.67	£10.65
60 mins	£11.22	£12.55	£11.97	£14.20

	Current Rate per hour	Proposed Rate 2016/17
Direct Payment for Agency Care	£11.22 / £12.55	£14.20
Direct Payment for Personal Assistance	£10.38	£11.50
Supported Living	£12.45	£13.33

## 7 Financial Implications

- 7.1 The Council has not increased its Adult Social Care fees since it came into existence in 2009. Over the first six years of the Council many other Councils have increased their fees, particularly when the pension incomes have been increased by the Governments. In benchmarking terms the Council has moved from near the top of the tables to near the bottom now.
- 7.2 The impact of the Living Wage on the Adult Social Care market will be significant, requiring all Councils, in line with their Care 2014 requirements, to increase their fee structures and levels. It is the view of RedQuadrant that once Councils assess their local requirements they will need to increase their fees, with a substantial national impact across the country.
- 7.3 In assessing the impact of the proposed fee structure locally the finance team have used information from the social care systems. The units of commissioned care (e.g. volume of hours; number of care packages) can vary from period to period, so whilst the information included within this report is as accurate as possible the full impact does change, including

the impact on individual providers, who will have a different mix of residents that they are caring for from period to period.

- 7.4 The budget setting for 2016/17 (Pre Budget Report) includes a proposed allocation of £5.1m for fee increases. The initial assessment by the finance team is that the increased fee structure will cost the Council £5.4m in 2016/17 with a further increase due to the Living Wage in 2017/18.
- 7.5 Taking all relevant factors into account at this stage it is anticipated that the fee structure will be achievable within the overall budget envelope (subject to Council approval in February 2016).
- 7.6 It is proposed to recommission home care during the remainder of 2015/16 and into 2016/17, where the aim is to redesign the home care offer working with residents, partners and the providers. The newly designed offer will seek to improve the outcomes of our residents focussing on an outcome based model of care. This review will incorporate a review of the differences between agency provided care with that provided by personal assistants.

## **8 Legal Implications**

- 8.1 The Care Act 2014 requires Councils to consider the fee structure applicable to their local area, taking into account the circumstances of the local market, its viability, sustainability and ability to provide sufficient appropriate care provision to the Council's residents at the proposed fee level. The approach taken by RedQuadrant, including the period of consultation, feedback and reflective increases, has enabled the Council to comply with the requirements of the Act.
- 8.2 Before setting its fee structure, the Council has carried out a period of consultation. The legal principles that must be adhered to in relation to consultation are that:
  - a. Consultation must be undertaken at a time when proposals are still at a formative stage;
  - b. It must include sufficient reasons for particular proposals to allow those consulted to give intelligent consideration and an intelligent response;
  - c. Adequate time should be given for the purpose of consultation; and
  - d. The product of consultation must be conscientiously taken into account when the ultimate decision is taken.
- 8.3 The Council has complied with its duty to consult by taking the following approach. The Council requested that RedQuadrant include within their consultation draft report a clear indication to providers that, should the Council decide to adopt the RedQuadrant proposals in full; the Council

will rely upon the period of consultation undertaken by RedQuadrant.

- 8.4 This report recommends that the Council accepts the RedQuadrant recommendations in full in relation to Residential and Nursing Home Fee Levels and Home Care Fee Levels. Whilst the final proposals from RedQuadrant are different from their initial proposals shared with the market, it is suggested that this represents a low risk of challenge, as the changes have all been increases. Additionally, the Council intends to share the final report with providers and discuss the reports with them via face to face provider forum meetings.

## **9 Wards Affected**

- 9.1 All wards affected.

## **10 Local Ward Members**

- 10.1 All ward members.

## **11 Policy Implications**

- 11.1 The proposals if accepted support the delivery of the Medium Term Financial Strategy (MTFS).
- 11.2 This proposal is in keeping with the requirements of the Care Act 2014 which requires the Council to assess the viability and sustainability of the fee structure locally.

## **12 Implications for Rural Communities**

- 12.1 The proposal will support those in rural communities to continue to access care services in a range of locations across Cheshire East.

## **13 Risk Management**

- 13.1 Ensuring adequate services in the independent sector market to meet current and future needs of local residents is critical.
- 13.2 By taking account of the local fee structure when making its own recommendations about its future fee structure the Council is mitigating this risk, both for the Council and residents.

## **14 Background and Options**

- 14.1 As outlined earlier in the report the Council competitively tendered to appoint a suitably qualified consultant to undertake an independent assessment of social care fees paid by Council. Red Quadrant Consultants have consulted with providers and due regard has been given to the costs incurred when supporting people in care services.



- 14.2 Have having commissioned an independent review of fees if the Council were to operate contrary to the recommendations, it must be able to show a rational basis on which to depart from it.

**15 Access to Information**

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

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## Care home fees: report for Cheshire East Council

29<sup>th</sup> October 2015

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## Brief for project

RedQuadrant was commissioned by Cheshire East Council in May to make recommendations for future care home fee levels. Specifically we were asked:

1. To carry out an independent review of fair price for care for Residential and Nursing Home services within the Borough of Cheshire East and to review fee sustainability in residential and nursing home care generally (to include Learning Disability and Mental health provisions). This includes:
  - a. Establishing and updating information on the elements that makes up the unique standard cost of care, during the term of a new Care Home agreement.
  - b. Reviewing fee sustainability in residential and nursing home care (including establishing and updating information on the elements that make up the unique standard cost of care) during the term of a new care home agreement including a analysis of Fair Price for Care requirements
  - c. Options to influence the market established fee levels above the council fee levels

## Purpose of this report

We have undertaken the following activities in relation to this project

- Interviewed a range of stakeholders from the Council, CCG and others
- Reviewed performance data, policy papers and other documentation
- Undertaken two workshops with local care home providers (see Appendix one)
- Prepared draft recommendations on which we have consulted with providers
- Reviewed feedback from providers (eight providers gave feedback - BUPA, CLS, HC-One, Maria Mallaband, Sharston House, Woodeaves, Porthaven and Care UK)

This report is our final report which summarises our findings and makes recommendations for future fee levels. The revised recommendations are now somewhat different from the draft recommendations as we have taken account of the feedback received about the local cost of care

## Context

When setting fees for care home providers the Council is required to follow legislation and to take account of relevant guidance and case law. Below there is an extract from an article in *Local Government Lawyer*<sup>1</sup> written in February 2013 which summarises, in simplified form, the legal requirements:

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[http://www.localgovernmentlawyer.co.uk/index.php?option=com\\_content&view=article&id=13115%3Aon-taking-care-cautionary-tales-and-lessons-to-be-learnt&catid=52&Itemid=20](http://www.localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=13115%3Aon-taking-care-cautionary-tales-and-lessons-to-be-learnt&catid=52&Itemid=20)

“The law is based upon statute, directions, statutory guidance and non-statutory guidance...together with a significant injection of case law.

1. S. 21 National Assistance Act 1948 enables councils to make provisions for residential accommodation for persons who by reason of age, illness or disability are in need of care;
2. S. 47 National Health Service and Community Care Act 1990 requires assessments of needs, when appropriate, and the provision of care;
3. The National Assistance Act 1948 (Choice of Accommodation) Directions 1992 sets out the core obligation: where a council has assessed that a person needs residential care then it shall make arrangements for that accommodation. But the cost will not be more than the council would "usually expect to pay" i.e. the council will pay the "usual cost";
4. The Local Authority Circular (2004) 20 (i.e. statutory guidance) states: In setting and reviewing the usual cost, councils should have due regard to the actual costs and to other local circumstances (Hint: read this requirement twice);
5. *Building Capacity and Partnership in Care* (DoH 2001) (i.e. non statutory guidance): "Providers have become concerned that...[fees are held down, or driven down]... to a level that recognises neither the costs ...not the inevitable reduction in the quality of service provision. This may put individuals at risk and destabilise the system. ...Contract prices should not be set mechanistically", there should be "clear systems for consultation with all (and potential) providers", but NB providers should ensure that they are "able to provide a full breakdown of the costs of the services";
6. s. 149 Equalities Act 2010 imposes a general duty for a council to have due regard to the need to (a) eliminate discrimination, (b) advance equality of opportunity and (c) foster good relations etc. It is an onerous duty and must be exercised with rigour and an open mind;
7. *Pembrokeshire* [2010] 3514: Para 28 - "Following guidance is not mandatory: but an authority can only depart from it for good reason"; Para 29 "...the more the proposed deviation from guidance, the more compelling must be the grounds"; Para 79 it is "important that the authority makes a rational and reasoned decision to use a particular criterion in the context of the model it has adopted, and is able and willing to share that reasoning with interested persons, including providers";
8. *Sefton* [2011] 2676: Para 70 - "In my view the statutory [and non-statutory] guidance do not contemplate that there will be any significant imbalance between the usual cost of care and the actual cost";
9. *Newcastle* [2011] 2655; Para 49 - "Where the local authority has asked itself the right question, has used an evidence-based system to ascertain the actual cost of care and has then made a difficult decision about the allocation of resources the court will support it";
10. *Redcar and Cleveland* [2013] 4: Para 57 "Whilst benchmarking is likely to provide useful information to a local authority wishing to ascertain the actual costs of care it will need to be combined with some information which relates specifically to its own area before it can be said to have reliably established what the actual costs of providing care are likely to be".

The critical phrase here is that used in point 4: when setting fees Councils should have “due regard to the actual costs [of providing care] and to other local circumstances”. In the *Northumberland* judgement, published after the summary above, Judge Supperstone stated:

“As such it [i.e. the requirement to have due regard to the actual costs of providing care] means no more than that, when determining what they are usually prepared to pay for residential care, authorities should bear in mind, amongst other matters, the providers' need to recover their costs.

Usual fee rates should not be set by authorities without any consideration being had to the question of whether it is viable to provide care at those rates. However, even if ‘having due regard to the actual costs of providing care’ should be understood as requiring a more specific consideration of actual costs, the circular does not require authorities to calculate or ascertain the actual cost of care.<sup>2</sup>”

The *South Tyneside* judgement in July 2013 qualifies this point. The judgement is summarised by Belinda Schwehr of Care and Health Law as follows:

“The judgment in *South Tyneside* establishes that the actual cost of care must be conscientiously considered by reference to evidence – if it is not to be done arithmetically, then the state of the actual market, vacancy rates, and numbers of homes in agreement are an alternative basis. But if it is to be done by reference to a tool, that tool must be a sensible tool; and this case says that one that leaves out return on capital/equity, is not rationally able to be defended.”

After looking at other recent cases in this field, the judge found as follows, as a matter of law:

‘In my Judgment return on capital is a real cost for care homes and, therefore, is a cost which the Council must have due regard to, under Paragraph 2.5.4 of the Building Capacity Circular. ...[t]he Birmingham case makes it clear that return on capital is an actual cost and that the real debate is how much that cost is. Whilst there may be cases where the local authority can properly conclude on the facts that capital cost is properly met by capital growth, that question of capital cost must be considered and due regard paid to it.’<sup>3</sup>

Thus there is clearly an expectation that Councils are expected to consult with providers but Councils have discretion over how this is done. Judge Supperstone in *Northumberland* stated the following:

“As regards consultation, he said the council was not required to quantify costs in the way contended for by the claimants. “That being so, the absence of a quantification of costs could not invalidate the consultation process,” Mr Justice Supperstone said, adding that

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<sup>2</sup> [http://www.localgovernmentlawyer.co.uk/index.php?option=com\\_content&view=article&id=13231%253Acounty-council-in-rare-high-court-win-against-care-home-providers&catid=52&Itemid=20](http://www.localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=13231%253Acounty-council-in-rare-high-court-win-against-care-home-providers&catid=52&Itemid=20)

<sup>3</sup> [http://www.nationalcareforum.org.uk/viewNews.asp?news\\_ID=572&sector\\_id=12](http://www.nationalcareforum.org.uk/viewNews.asp?news_ID=572&sector_id=12)

the claimants could have requested a quantification of actual costs, but they did not do so.<sup>4</sup>

The *Torbay* judgement in late 2014 clarifies two further points:

- “the intensity and nature of the inquiry which is required of the local authority is primarily a matter for the decision maker” i.e. the Council has some discretion over how it determines the actual cost of care; and
- “the decision was unreasonable as the model considered top-up fees paid by privately paying “residents which were not relevant. This took into account costs in an unlawful manner and was contrary to Government guidance”<sup>5</sup>.

The following points were made by David Collins Solicitors on behalf of Maria Mallaband Group Ltd as part of the consultation process:

**“Financial obligations on providers;**

Under the Health & Social Care Act 2008, care homes are required to register with the Care Quality Commission. Pertinent to the funding issues in dispute:

(1) Regulation 13 of the Care Quality Commission (Registration) Regulations 2009 requires care home operators to take all reasonable steps to ensure the financial viability of their care home operation for the purposes of meeting all of their legal obligations pertaining to their service.

(2) Regulation 18 of the Health & Social Care Act 2008 (Regulated Activities) Regulations 2014 requires care home providers to ensure that sufficient numbers of suitably qualified, competent, skilled and experienced staff are deployed to meet the needs of the residents within the care home. In the case of a care home providing nursing services, this will include the need to ensure that there are sufficient numbers of suitably qualified, competent, skilled and experienced nurses on duty at all times.

**Care Act 2014:**

2. Prior to 1 April 2015, the source of a local authority’s duty to provide care and accommodation was contained within section 21 of the National Assistance Act 1948 and directions made under it in Department of Health Circulars LAC (93)10 and 2004(20). By virtue of those provisions, local authorities had a duty to make arrangements for providing “residential accommodation for persons aged eighteen or over who by reason of age, illness, disability or any other circumstances are in need of care and attention which is not otherwise available to them”. By virtue of section 26 of

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<sup>4</sup> [http://www.localgovernmentlawyer.co.uk/index.php?option=com\\_content&view=article&id=13231%253Acounty-council-in-rare-high-court-win-against-care-home-providers&catid=52&Itemid=20](http://www.localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=13231%253Acounty-council-in-rare-high-court-win-against-care-home-providers&catid=52&Itemid=20)

<sup>5</sup> [http://www.localgovernmentlawyer.co.uk/index.php?option=com\\_content&view=article&id=21249%3Acare-home-providers-win-high-court-battle-with-council-over-payments](http://www.localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=21249%3Acare-home-providers-win-high-court-battle-with-council-over-payments)



the 1948 Act, local authorities had the power to fulfil this duty by making arrangements with the private sector.

3. LAC 2004(20) required local authorities when setting care home fee rates (referred to therein as the 'usual costs'), to have "due regard to the actual costs of providing care and other local factors" and to requiring them "to be sufficient to meet the assessed care needs of supported residents in residential accommodation" (paragraph 2.5.4).

4. As from 1 April 2015, there is now a new statutory regime governing the provision of care by local authorities. A local authority's obligations are now set out primarily in the Care Act 2014 (**'the 2014 Act'**). Those statutory obligations are considerably more onerous than the previous and more limited obligation to pay due regard to the actual costs of care when setting care home fees within the confines of LAC 2004(20).

5. The 2014 Act is supported by the Department of Health's Guidance: 'Care and Support Statutory Guidance' (October 2014) (**'the Guidance'**).

6. Attention is drawn to the following sections of the 2014 Act:

Section 1 of the 2014 Act places a general duty on local authorities (when exercising their functions under the Act) to promote an individual's well-being. This includes the promotion of the suitability of living accommodation. The Guidance refers to this duty as 'the well-being principle' (see Chapter 1 of the Guidance).

6.2. Section 5(1) of the 2014 Act places an obligation on local authorities to:

*"(1) ...promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market –*

*(a) has a variety of providers to choose from who (taken together) provide a variety of services;*

*(b) has a variety of high quality services to choose from;*

*(c) has sufficient information to make an informed decision about how to meet the needs in question."*

6.3. In performing its duty under section 5(1), section 5(2) of the 2014 Act requires a local authority to have regard to a number of matters, including:

*"(b) the need to ensure that it is aware of current and likely future demand for such services and to consider how providers might meet that demand;*

*...*

*(d) the importance of ensuring the sustainability of the market (in circumstances where it is operating effectively as well as in circumstances where it is not);"*

6.4. Section 5(3) of the 2014 Act provides that:

*“(3) In having regard to the matters mentioned in subsection (2)(b), a local authority must also have regard to the need to ensure that sufficient services are available for meeting the needs for care and support of adults in its area and the needs for support of carers in its area.”*

6.5. Section 18 of the 2014 Act places an obligation on local authorities to meet any eligible adult’s needs for care and support. Section 8 of the 2014 Act sets out examples of how a local authority may meet those needs, which includes the arranging of the adult’s accommodation, care and support within a care home.

7. Chapter 4 of the Guidance is entitled ‘Market shaping and commissioning of adult care and support’. It provides local authorities with guidance on their duties arising under section 5 of the 2014 Act. Chapter 4 is stated to cover the following principles underpinning market-shaping and commissioning activity:

- *focusing on outcomes and wellbeing;*
- *promoting quality services, including through workforce developments and remuneration and ensuring appropriately resourced care and support;*
- *supporting sustainability;*
- *ensuring choice;*
- *co-production with partners.*

8. Chapter 4 includes the provision of the following guidance:

☐ *“High-quality, personalised care and support can only be achieved where there is a vibrant, responsive market of service providers. The role of the local authority is critical to achieving this, both through the actions it takes to directly commission services to meet needs, and the broader understanding and interactions it facilitates with the wider market, for the benefit of all local people and communities.” (paragraph 4.1)*

☐ *“Market shaping means the local authority collaborating closely with other relevant partners...” (paragraph 4.6)*

☐ *“Local authorities **must** facilitate markets that offer a diverse range of high-quality and appropriate services. In doing so, they must have regard to ensuring the continuous improvement of those services and encouraging a workforce which effectively underpins the market. The quality of services provided and the workforce providing them can have a significant effect on the wellbeing of people receiving care and support, and that of carers, and it is important to establish agreed understandable and clear criteria for quality and to ensure they are met.” (paragraph 4.21)*

*“People working in the care sector play a central role in providing high quality services. Local authorities **must** consider how to help foster, enhance and appropriately*

*incentivise this vital workforce to underpin effective, high quality services.” (paragraph 4.28)*

*“When commissioning services, local authorities should assure themselves and have evidence that service providers deliver services through staff remunerated so as to retain an effective workforce. Remuneration must be at least sufficient to comply with the national minimum wage legislation for hourly pay or equivalent salary.” (paragraph 4.30)*

*“When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and **fee levels** for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the wellbeing of people who receive care and support, and allow for the service provider ability to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow retention of staff commensurate with delivering services to the agreed quality, and encourage innovation and improvement.” [Emphasis added] (paragraph 4.31)*

*“Local authorities should understand the business environment of the providers offering services in their area and seek to work with providers facing challenges and understand their risks.” (paragraph 4.34)*

*“Local authorities **must not** undertake any actions which may threaten the sustainability of the market as a whole, that is, the pool of providers able to deliver services of an appropriate quality – for example, by setting fee levels below an amount which is not sustainable for provider in the long-term.” (paragraph 4.35)*

*“5. Where a local authority is responsible for meeting a person’s care and support needs and their needs have been assessed as requiring a particular type of accommodation in order to ensure that they are met, the person must have the right to choose between different providers of that type of accommodation provided that:*

- *the accommodation is suitable in relation to the person’s assessed needs;*
- *to do so would not cost the local authority more than the amount specified in the adult’s personal budget for accommodation of that type;*
- *the accommodation is available; and*
- *the provider of the accommodation is willing to enter into a contract with the local authority to provide the care at the rate identified in the person’s personal budget on the local authority’s terms and conditions.*

*6. This choice must not be limited to those settings or individual providers with which the local authority already contracts with or operates, or those that are within that local authority’s geographical boundary. It must be a genuine choice across the*

*appropriate provision.” (Annex A: Choice of accommodation and additional payments, paragraphs 5 and 6)*

*“The personal budget is defined as the cost to the local authority of meeting the person’s needs which the local authority chooses or it required to meet. However, the local authority should take into consideration cases or circumstances where this ‘cost to the local authority’ may need to be adjusted to ensure that needs are met. For example, a person may have specific dietary requirements that can only be met in specific settings. **In all cases the local authority must have regard to the actual cost of good quality care** in deciding the personal budget to ensure that the amount is one that reflects local market conditions. This should also reflect other factors such as the person’s circumstances and the availability of provision. **In addition, the local authority should not set arbitrary amounts or ceilings for particular types of accommodation that do not reflect a fair cost of care.** Guidance on market shaping and commissioning is set out in Chapter 4. Local authorities **must** also have regard to the guidance on personal budgets in Chapter 11, and in particular paragraph 11.23 on calculating the personal budget.” [Emphasis added] (Annex A: Choice of accommodation and additional payments, paragraph 11)*

#### **Equality Act 2010:**

9. Further, local authorities are required to act in accordance with their obligations arising under the Equality Act 2010. Section 149(1) of the 2010 Act provides so far as is material:

*“(1) A public authority must, in the exercise of its functions, have due regard to the need to-*  
*a) eliminate discrimination....,*  
*b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*  
*c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”*

10. In *R (South West Care Homes Ltd & Ors) v Devon CC* [2012] EWHC 2967 (Admin), however, Judge Jarman QC accepted that a local authority’s public sector equality duties arising under the 2010 Act applied to decisions on residential care home fees. In *R (Members of the Committee of Care North East) v Northumberland County Council* [2013] EWCA Civ 1740, the Court of Appeal accepted that there:

*“... should be a structured attempt to focus upon the details of equality issues”, see paragraph 61 of Bracking v Secretary of State for Work and Pensions [2013] EWCA Civ 1345 is readily understandable if the decision taker is having to demonstrate compliance with the statutory duty to have due regard to various factors as part of the public sector equality duty imposed by section 149 of the Equality Act 2010.”*

11. The Equality Act allows for a challenge to be brought by persons (real or legal) who have been treated less favourably because of their association with persons who are disabled (or have any particular disability).

**Consultation Obligations:**

12. In *R v North East Devon Health Authority, ex parte Coughlan* [2001] QB 213, paragraph 108, the Court stated:

“...whether or not consultation of interested parties and the public is a legal requirement, if it is embarked upon it must be carried out properly. To be proper, consultation must be undertaken at a time when proposals are still at a formative stage; it must include sufficient reasons for particular proposals to allow those consulted to give intelligent consideration and an intelligent response; adequate time must be given for this purpose; and the product of consultation must be conscientiously taken into account when the ultimate decision is taken.”

13. The requirement to provide ‘sufficient reasons’ was considered by the Court of Appeal in *R (Eisai) v National Institute for Health and Clinical Excellence* [2008] EWCA Civ 438, a case concerning a decision of NICE not to authorise the use of a particular drug for cost-effectiveness reasons. The claimant in that case argued that NICE ought to have disclosed a fully-executable version of the model it had used to assess cost-effectiveness, rather than the read-only version they had been given. In accepting that argument, the court made it clear that the test is what fairness requires (see paragraph 27 of the judgment). In his judgment Richards LJ relied on the judgment of Lord Diplock in *Bushell v Secretary of State for the Environment* [1981] AC 75, at page 96, who held that ‘[f]airness ... also requires that the objectors should be given sufficient information about the reasons relied on by the department as justifying the draft scheme to enable them to challenge the accuracy of any facts and the validity of any arguments upon which the departmental reasons are based’. The Court held that, in the circumstances of the case before it, it was necessary for NICE to disclose a fully-executable version of the model.

Key factors included: (i) the importance of the issue at hand, and (ii) the importance of the model to the decision (see paragraphs 34-36). At paragraph 66, Richards LJ held that:

“...procedural fairness does require release of the fully executable version of the model. It is true that there is already a remarkable degree of disclosure and of transparency in the consultation process; but that cuts both ways, because it also serves to underline the nature and importance of the exercise being carried out. The refusal to release the fully executable version of the model stands out as the one exception to the principle of openness and transparency that NICE has acknowledged as appropriate in this context. It does place consultees (or at least a sub-set of them, since it is mainly the pharmaceutical companies which are likely to be affected by this in practice) at a significant disadvantage in challenging the reliability of the model. In that respect it limits their ability to make an intelligent response on something that is central to the appraisal process.”

David Collins Solicitors argue that the approach taken in the consultation process does not meet the legal criteria stated above because, in their view, we have not taken account properly of the requirement to consider the actual cost of care

“By applying a confused and irrational approach to the costs of care within East Cheshire, [the Council (through the agency of RedQuadrant)] has misdirected itself as to the costs of care within East Cheshire. The proposals contained within the Report are flawed and irrational. In doing so, as matters currently stand, the Council is not in a position whereby it can rationally make any decisions regarding its duties arising under section 5 of the Care Act. Accordingly, were the Council to adopt the proposals contained within the Report at the present time based upon the work undertaken to date by RedQuadrant and the approach taken within the Report, the Council will enter into public law error; thereby making any decision taken by the Council amenable to judicial review. “

“The Council must not proceed on the basis of the Report and the proposals contained within it”

We are not lawyers and thus not qualified to give legal advice. However our understanding of the requirements of the council in this area is that the Council is obliged to take account of the actual costs of care when setting fees, can do this in a number of ways but it cannot consider top-up fees in this process. The Care Act strengthens this duty by requiring the Council to ensuring that the level of fees set allows for a sustainable local market to exist. Furthermore the consultation process when setting fees should be fair and open

In this exercise we have considered occupancy levels, ease of placement by the Council and a calculation of reasonable costs using information on local costs of care to come to a view as to what fee levels should be. We have not undertaken a market wide cost of care exercise as this, in our view, is not required to comply with the legislation and has a number of defects as an approach; however we have shared outline calculations (and the assumptions and methodologies behind these calculations) with the provider market and have modified our approach when presented with reasonable evidence on local costs that differed from our original assumptions. We also propose that any provider who feels that the proposed fees are inadequate, are given the opportunity to present their actual costs of care on an open-book basis. This in our view complies with the requirements of the legislation

## Cost of care in Cheshire East

As part of our review we have carried out a ‘bottom up’ costing exercise for both residential and nursing care. The purpose of this exercise is to consider the factors affecting the local costs of care within the local authority area. We have taken account of the most recent Laing Buisson (LB)<sup>6</sup> costing models for care homes as outlined below as well as information on local costs. Where we have not used LB assumptions we have explained why.

Where possible we have attempted to identify local, reasonable costs of residential and nursing home care using an evidence based approach which is discussed in further detail below. As the

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<sup>6</sup> LaingBuisson provide a set of data on care costs that is gathered from providers and produces cost models derived from this data

purpose of this project is to make recommendations for standard fees across a range of care homes we have used average costs wherever appropriate. It is also important to emphasise that we are not stipulating that homes should comply with the occupancy levels, salary levels, cover arrangements or any other parameter set out below: these are decisions for individual home providers to take.

The assumptions which we have modelled are detailed below:

- **Average Bed Base:** The model works on the basis of average bed numbers across all Cheshire East care homes for older people. This was calculated to be 40 beds.
- **Occupancy:** Expected occupancy levels are assumed to be 96% for the purpose of the calculation. Although LB base their calculations on 90% occupancy they do state that nationally over 50% of care homes are running at over 95% occupancy, a target which we believe to be achievable. Indeed overall occupancy levels were 95% in a snapshot exercise across the Council in June 2015. Some providers argued that a 95% occupancy rate should be used as this does reflect actual local conditions: however, as clearly significant numbers of local providers re operating at higher levels of occupancy than this we feel it is not unreasonable to use the higher %
- **Staffing Levels:** Whilst the Care Quality Commission (CQC) regulates the care home industry they do not provide any prescriptive formulas regarding minimum safe staffing levels, nor does the Council prescribe staffing levels within homes. Additionally the regulatory body for the nursing profession, the Royal College of Nursing (RCN) does not offer their own guidance other than reference to the Irish 'Regulation and Quality Improvement Authority' (RQIA) for nursing care levels. Ultimately of course care home proprietors are responsible for ensuring a safe level of staffing in their homes and the Council is responsible for ensuring levels of funding to ensure a safe level of staffing. However different providers approach staffing in very different ways so it is not possible to define a standard safe staffing level across all services. Our approach is thus to use the RQIA model as a basis but modified in the light of feedback.

Two providers (including David Collins Solicitors) criticised our use of the RQIA staffing model on the basis that these were Irish and thus not applicable locally. There clearly will be a wide range of staffing structures and rotas used locally and we have reflected these by modifying our model for all four types of care in the light of consultation on actual costs as follows:

- inclusion of 10 minute handover time for each shift
- modification of shift patterns from 6 to 7 hours for Early, 6 to 7 hours for Late and 12 to 10 hours for Night

Two providers argued that Activity Co-ordinators should be included as a cost for each home, but, although there is a contractual requirement to ensure that an adequate

range of activities is provided, there is no contractual requirement to employ an Activity Co-ordinator and, presumably, not all homes do so

**Residential Staffing Levels:** The RQIA guidance states that any residential home with between 31-40 residents should have one person in charge with three to four care on duty during the day and two members of staff on duty at night with an additional member on call. We have assumed 10 minutes handover per worker at the end of each shift. The night guidance is however based on a high dependency unit, with no definitive guide for medium to low evening dependency. Taking this into account the model for nights has been reduced to allow for between two and three staff on duty and one on call. The staff to patient ratio used for this model is as follows:

Early	1 Care Worker for 10 Clients (7 hours)
Late	1 Care Worker for 10 Clients (7 hours)
Night	1 Care Worker for 17 Clients (10 hours)

This equates to 15.45 hours care per person per week, based on 96% occupancy. We have assumed that no registered Nurses work in Residential homes.

One provider observed that the LB model assumes 21.5 hours care per person per week in the north-west, somewhat more than we have calculated here.

- **Residential Staffing Levels with Mental Health Needs:** The baseline assumptions from above have been applied though staff to patient ratios have been amended to reflect the increased level of support required. We have assumed 10 minutes handover per worker at the end of each shift. We have assumed that between two and three additional care staff would be required to support the daily care of the residents in the home. At night a high dependency staffing level of three to four care staff has been applied with one on call staff member for during the night.

The staff to patient ratios used for this model are as follows:

Early	1 Care Worker for 6 Clients
Late	1 Care Worker for 6 Clients
Night	1 Care Worker for 12 Clients

This equates to 24.6 hours care per person per week, based on 96% occupancy. This is slightly higher than the figure of 24.5 modelled by LB in the north-west

- **Nursing Staffing Levels:** The RQIA also makes reference to the Rhys Hearne dependency models, which use the care requirement of the patient to determine the level of staffing required over a 24 hour period. A summary of the care levels is detailed below:

Care Group	Care Type	Estimated Direct Care Require Per Day
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A	Self-Care	1
B	Average Care	2
C	Above Average Care	3
D	Maximum Nursing Care	4

Taking into account the above model the following assumptions have been made in relation to the level of care required for each level:

Care Group A	0%
Care Group B	0%
Care Group C	50%
Care Group D	50%

These %s have been modified in the light of feedback from providers that our previous figures did not adequately reflect the reality of the level of need of people being referred by the Council

Based on this the following staff to patient ratios were determined:

Early	1 Nurse and/or Care Worker for 6 Clients
Late	1 Nurse and/or Care Worker for 6 Clients
Night	1 Nurse and/or Care Worker for 12 Clients

This equates to 25.17 hours care per person per week, based on 96% occupancy and 10 minutes handover per person at the end of each shift.

We have assumed that the ratio of registered nurses to care workers follows a 26:74 split, consistent with the LB model.

- **Nursing Staffing Levels with Mental Health Needs:** In order to assess the staffing model for those nursing homes with mental health needs the Rhys Hearne dependency model was again used. In this case we assumed that patients were split 80% to care group D and 20% to care group C. These %s have been modified in the light of feedback from providers that our previous figures did not adequately reflect the reality of the level of need of people being referred by the Council. This results in the below patient ratios:

Early	1 Nurse and/or Care Worker for 5 Clients
Late	1 Nurse and/or Care Worker for 6 Clients
Night	1 Nurse and/or Care Worker for 9 Clients

The above model equates to 27.02 nursing hours per patient per week, based on 96% occupancy and 10 minutes handover per person at the end of each shift.

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The same registered nurse split and pay scale assumptions have been applied as those within purely nursing homes.

- Management:** Every care home regardless of status or occupancy has been assumed to have one Manager. No allowance has been made for any backfill cover due to annual leave, sickness, etc. Two providers argued for the need for a deputy manager and/or management cover for absences. In the light of this and other provider feedback we have assumed one senior care worker on each shift where a manager or nurse is not available; as was pointed out this is consistent with the RQIA guidance.
- Other Staff Groups:** The calculations for the roles of admin, domestics and catering staff were computed in line with the RQIA guidance. Only domestics and catering staff had an element of 'timeout cover' provided for within the calculations.
- Pay Rate Assumptions (2015/16):** All salaries (except for nursing staff – see below) were calculated using the average figures for that staff group contained within the report National Minimum Dataset for Social Care (NMD-SC) within the Cheshire East and North West area. The quoted rates for care staff, catering and domestics are a little above the current minimum wage for people over 21 of £6.50 per hour and we have adjusted these to take account of the increase in minimum wage in October 2015. The website [payscale.com](http://payscale.com) was also referred to in order to ensure that rates of pay were consistent. The rates used are as follows:

Staff Group	Care Home Rate
Qualified Nursing (per hour)	£14.00
Care Staff (per hour)	£6.65
Senior Care Staff (per hour)	£7.65
Catering (per hour)	£6.65
Domestics (per hour)	£6.60
Admin (per hour)	£7.35
Residential Manager (per annum)	£26,280
Nursing Manager (per annum)	£30,034

One provider quoted LB composite rates for the North West in 2014/15 as being £12.61 for nursing, £6.90 for care staff, £7.39 for catering and £6.70 for domestic staff. However, NMD-SC figures are derived from local survey data and thus seem reasonable to use and more relevant to local costs. Similarly one provider quoted a rate of £9 per hour for catering costs, considerably in excess of the rate from NMD-SC data. As no other provider made this point we consider it reasonable to use the NMD-SC rates for catering staff.

The main challenge in this area during the consultation was in relation to pay for nursing staff where we used £11.92, a figure taken from NMD-SC. A number of responding providers reported that this rate was too low and that the market

rate was somewhat higher – with figures of £12.61 (see above) - £14.00 being quoted. We have used £13.30 as this is the mid-point of the range of figures quoted.

- **Other Staffing Assumptions:** The National Insurance (NI) rate has been applied at 7% across the board as there will be variations of full and part time staff which will impact on differing levels of NI payable. A pension contribution of 1% has been applied to account for the current minimum employer contribution. We have not applied a higher pension % for managers as some providers have argued for as there is no evidence from NMD-SC or payscale.com that this is routinely offered. For nursing/care staff a 20% pay enhancement has been built in for Sunday enhancements, and a 25% pay allowance has been used to account for any on call arrangements. The on call applies to night cover, whereby one staff member may be required to be on call at home, should the need arise to provide additional cover. As it is assumed unlikely that staff will need to be called out frequently, a cost equivalent to 25% of a night shift payment has been applied to the fees.

As agency staff may be required in exceptional circumstances an agency premium has been applied to nursing. This represents 2.5% of qualified staff and 1.5% of care workers, and is applied as a 100% cost increase.

A 'timeout' allowance has been applied to all of the staffing levels, other than Management posts and admin. This comprises of 28 days annual leave, 5 days sickness and 3 training days, with annual leave in line with statutory requirements.

- **Other Non-Pay Costs:** The non-pay costs have been calculated on the basis of the LB care calculation model 2014 plus one year of CPI and include the following categories
  - Food;
  - Utilities;
  - Handyman and Gardening;
  - Insurance;
  - Medical Supplies;
  - Domestic & Cleaning Supplies;
  - Trade & Clinical Waste;
  - Registration Fees;
  - Recruitment;
  - Direct Training Expenses;
  - Other Non-Staff Current Expenses.

We initially used 95% of the LB figures on the basis that their data reflects national averages and it would be reasonable to expect some of these costs to be a little cheaper in Cheshire East than in, say, the south-east or London. We modified this to 100% in the light of feedback from providers

We have not included a figure for corporate overheads, despite this being a parameter included in the LB cost model. Indeed as LB state

“Previous reports on the model published in 2002, 2004 and 2008 had argued that those costs which relate to the administration of a care home group, and which would not be incurred by a standalone care home operator, should be ignored for the purposes of estimating what fee rates councils should pay, since such overheads are best regarded as portfolio management costs which corporate investors are prepared to absorb within their gross rate of return”<sup>7</sup>

This argument seems strong to us particularly as many homes are run by small scale operators. We have however included £5000 per home to cover audit and other requirements of running a business. This was argued as inadequate by one provider – however, the reality is that real costs in this area will vary considerably depending on the type of provider.

- **Maintenance/Services:** These are split to maintenance capital expenditure, repairs and maintenance and contract maintenance of equipment. For this we have applied the fair price toolkit values from LB adding one year of CPI inflation. The argument has been made that we should use a higher value for maintenance based on our assumptions about the age of properties – however the LB values are derived from survey returns which (presumably) reflect maintenance costs over homes of a range of ages
- **Capital/operator profit:** The LB model has again been used as a basis for this calculation. Using the required occupancy rate alongside floor space benchmarks, turnkey build costs and land allowances (assuming 0.75 acres required to build a care home), the capital figure has been determined, applying inflation where necessary. We have based land values on current local land prices and the figure of £601k per acre derived from this is consistent with the LB model which states £605k per acre for the North West. Though the LB model assumes a return on capital investment of 7%, we have reduced this to 5% reflecting the current very low rate of inflation. The LB Cost of Care Model assumes a maximum 70% capital cost adjustment factor which is applied only to those homes failing to meet up to new building standards. This adjustment is applied only to the building costs element. As many of the residential homes are older properties, we have, following discussions with commissioners, assumed that 50% do not comply with the 2002 National Minimum Standards and thus have applied a capital adjustment of 35%. Nursing homes however offer a more modern selection of properties: we have assumed that 25% of nursing homes do not comply and thus have applied 17.5% reduction factor.

One provider argued that “the building cost allowed for in the cost of capital calculation should increase by more than CPI - the BCIS’s Building Cost Indices indicate a rise of

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<sup>7</sup> *Fair Price for Care for: a toolkit for care homes for older people and people with dementia* LaingBuisson 2014 p40

9.8% for the period from December 2014 to March 2016.” However we would argue that this level of precision would require unpicking the whole model used and, in effect, setting individual prices based on the individual cost of capital in each home and, in particular its current age and physical condition. This would make calculation an average impossible

We have not included a separate calculation for operator profit which clearly providers expect to achieve. The LB model assumes a further 5% on top of cost of capital of 7%: whilst providers expect to make a profit we think it is reasonable to argue that this should not be included in a cost of care calculation, as it is not a direct cost of care (although the case law is clear that cost of capital is a legitimate cost of care). However if providers are unable to make profits then this could threaten the sustainability of the local market, and thus leave the Council in breach of its’ duties in relation to the Care Act (see below for suggested approach in this area)

**Other information on cost of care:** a number of providers supplied information on their cost of care calculations. We have summarised these below:

- Craegmoor: requested 2% uplift for 2015/16
- Care Tech: wanted “inflationary uplift” for 2015/16
- MHC: requested 2.9% increase for 2015/16
- Huntercombe: requested 2.5% increase for 2015/16
- Delam: requested 2% uplift for 2015/16
- Care UK: requested 2.4% uplift for 2015/16
- BUPA: requested 3.46% uplift for 2015/16 to cover “part of the funding gap”

The table below gives cost of care calculations supplied by providers

	<b>Proposed rates 15/16 inc FNC</b>	<b>Care UK</b>	<b>BUPA</b>	<b>HC-One</b>	<b>CLS</b>
<b>Residential Care</b>	£415		£684	£509	£462
<b>Residential Care (EMI)</b>	£491	£626		£537	£565
<b>Nursing Care</b>	£562		£781	£607	
<b>Nursing Care (EMI)</b>	£584	£747		£640	

There are a number of features of this table

- There is widespread variation in cost between providers indicating that any consideration of the actual cost of care needs to make a judgement on what is a reasonable cost and what is not;
- Notwithstanding this all quoted figures by providers are considerably in excess both of current rates and proposed rates;
- Part of the difference will be due to different assumptions on utilisation with, for example, BUPA modelling costs on 90% occupancy;

- A further substantial part of the difference will be assumptions on depreciation, central office and profit costs with, for example, CareUK assuming 20-25% of costs in these categories compared to 12-14% in our model
- This is not the whole story however as some providers (eg CareUK) are clearly providing staffing at levels well above what we have modelled as reasonable

**Conclusion:** Our calculation indicates that the fees currently paid by Cheshire East for 2015/16 are somewhat less than our estimated cost of running a care home based on the above set of assumptions, with an average difference of -4.4% across the four categories

	<b>Bottom up costs net of FNC</b>	<b>Current Cheshire East fees</b>	<b>% difference</b>
<b>Residential Care</b>	£415.94	£376.73	-9.4%
<b>Residential Care (EMI)</b>	£490.90	£467.10	-4.8%
<b>Nursing Care</b>	£446.50	£433.07	-3.0%
<b>Nursing Care (EMI)</b>	£462.32	£467.10	1.0%

**2016/17 costs:** From April 2016 the national living wage (NLW) of £7.20 must be paid by care homes for staff over the age of 25. For 2016/17 we have therefore remodelled our calculations, assuming that all staff are paid NLW as a minimum. We modified our approach following consultation with providers: previously we had modelled costs based on only 75% of staff being over 25 and thus entitled to NLW but this was felt to be invidious, impossible to implement in practice and inconsistent with the Council's own approach to employees. We also increased salaries for all other staff by 3% to partially maintain differentials, a rate proposed by one provider,

Inflation, based on the OBR's estimate of CPI (1.8%) has also been applied to other costs. In the consultation version we had applied a 0.75% efficiency factor but we have removed this following feedback from providers: although we do not think assuming an efficiency factor is inherently unreasonable given that all parts of the public sector have to find such savings one provider did make the point that insurance premiums were likely to go up by more than inflation as these were often linked to salaries; the same provider also pointed out that CQC registration costs had also gone up by more than inflation in recent years. Another provider argued that food inflation was likely to be greater in future years. Taking all of this into account we consider an uplift linked to CPI to be reasonable

The breakdown of the resulting costs is as follows:

	<b>Bottom up costs net of FNC</b>	<b>Current Cheshire East</b>	<b>% difference</b>
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		fees	
<b>Residential Care</b>	£432.22	£376.73	-12.8%
<b>Residential Care (EMI)</b>	£513.37	£467.10	-9.0%
<b>Nursing Care</b>	£465.68	£433.07	-7.0%
<b>Nursing Care (EMI)</b>	£482.81	£467.10	-3.3%

2017/18 costs: For 2017/18 we have assumed a NLW rate of £7.65 per hour. This is a little less than the figure we used in the consultation version: it is slightly unclear how the 2017/18 NLW will be set but it appears that the ambition is £9.00 per hour by 2020 and we have assumed £0.45 increments a year towards this target. We have also applied CPI at 1.7% (OBR estimate), increased other salaries by 3% and taken into account mandatory pension increases of 1% from October 2017. The breakdown of the resulting costs is as follows:

	Bottom up costs net of FNC	Current Cheshire East fees	% difference
<b>Residential Care</b>	£448.54	£376.73	-16.0%
<b>Residential Care (EMI)</b>	£534.77	£467.10	-12.7%
<b>Nursing Care</b>	£481.69	£433.07	-10.1%
<b>Nursing Care (EMI)</b>	£519.83	£467.10	-10.1%

There is clearly a significant difference between these calculated costs of care and current fees which will need a response from the Council

**Care Home Additional Hourly Rates:** At times some clients will require additional one-to-one care over and above the base fee levels. For this reason we recommend that a standard hourly rate be applied where care is required above the base rate. The proposed fees have been calculated using a bottom-up approach with the same pay rate assumptions detailed in the earlier section (i.e. hourly rate plus NI, pension, timeout allowance). From 2016/17 we have assumed that care staff will move onto the living wage. We have made the same assumptions as earlier with the workforce rate of pay split due to age. In addition an allowance has been made for the following non pay areas (some based on the LB model):

- Registration Checks
- Recruitment
- Direct Training Expenses

- Other Management Costs
- Margin @ 5%

The calculated hourly rates are as follows:

	2015/16	2016/17	2017/18
Care Worker	£10.08	£10.87	£11.51
Registered nurse	£20.50	£21.10	£21.71

No comments were received from providers on the methodology for calculating these rates. We have modified these rates from those on which we consulted to take account of the change in approach to NLW and the increase in the nursing hourly rate

## Sustainability of local market

Cheshire East has approximately 100 care homes with approximately 4030 registered care beds for older people. The Council commissions about one-third of the available beds in the area, and CCGs, self-funders or other councils commission the balance. We understand that the following facts are true;

- Occupancy levels within local care homes are high, with the snapshot figure of 95% well in excess of the national averages quoted by LB (typically 87-90% occupancy levels are quoted in national surveys);
- There is considerable interest in developing new care homes in Cheshire East to the point where over-saturation of the market has become a policy concern of the Council;
- The Council rarely has difficulty in making placements

Thus there is no evidence of market failure or lack of a sustainable local market despite the widespread provider view that rates paid by the Council are too low. This could of course change rapidly, particularly if the Council succeeds in its ambition of reducing the number of placements it makes in the medium term but there is simply no evidence that the current market is anything other than effective and sustainable

## Workshops with Residential and Nursing Care Home Providers

### Residential and nursing care home provider feedback from the workshops

We held two workshops with residential and nursing home care providers. They were attended by 17 representatives from 10 provider organisations. These were: MHA, CLS, Tunnicliffe House, Highfield House, BUPA, Porthaven Care Homes, HC-One, The Laurels, Four Seasons Health Care, and Care UK (see Appendix 1 for detailed feedback).

**Workshop One** was attended by MHA, CLS Care Services, Tunnicliffe House, Highfield House and BUPA. The key issues raised by members of the workshop were:



- The cost pressures they are experiencing, and increasing costs despite a reduction in the headline rate of inflation;
- Recruitment and retention of nurses and care workers as a result of low pay levels and high local employment levels;
- Concern that private funders are charged more than Council funded service users, which will be highlighted by the introduction of care accounts under the Care Act;
- Concern that people entering residential care for an assessment under the Care Act, are being placed at the Council rate even though they are self-funding and could pay the full self-funding rate. Social workers are saying that when a service user goes into residential care under the 12 week disregard, they must be charged the Council rate, even though they will be a self-funder and would otherwise be paying the higher self-funding rate. This threatens provider's existence because they use self-funders to subsidise the lower Council rates;
- Their fear that a shortage of Council staff to do assessments as required by the Care Act will result in delays in referrals to their homes, and subsequent vacancies. This will threaten their financial viability because of the high occupancy assumption included in the fee setting;
- The amount of return on capital included in the calculations of the fee levels; and
- They would like block contracts because it would give them increased financial security and allow them to plan ahead and flex their costs.

**Workshop Two** was attended by Porthaven Care Homes, Bupa, HC-One, The Laurels, Four Seasons Health Care, and Care UK. The key issues raised by members of the workshop were:

- Their increasing costs and the financial pressure they are experiencing;
- They need to charge top-ups but social workers are opposed to this, and this puts them in a difficult position;
- Recruitment and retention of nurses and care workers as a result of them being unable to compete with other employers;
- The need for a balance of self-funders and Council funded service users in a home to make it financially viable, but the Care Act will make the difference between the two levels more obvious;
- The shortage of bed spaces for reablement for people needing step up or step down provision; and
- The potential to block purchase one to three beds in a home for respite care.

### Conclusions from workshops

The discussions in the two workshops covered similar issues. Both workshops included discussion about the cost pressures providers were experiencing as a result of the increasing cost of living; the difficulty in recruiting and retaining staff when they could obtain higher paid work elsewhere; and the need for a balance of self-funders and Council funded service users in the homes

Both workshops raised the potential implications of the Care Act, in particular the way in which the introduction of care accounts will highlight the difference in the fee levels paid by self-

funders and the Council. They were also concerned that a shortage of Council staff to do assessments as required by the Care Act will result in delays in referrals to their homes, subsequent vacancies, and threaten their financial viability because of the high occupancy assumption included in the fee setting. Both workshops took place prior to the announcement that the implementation of care accounts would be delayed until 2020, thus mitigating many of the points raised

Both workshops expressed interest in the use of block contracts. Block purchasing offers guaranteed placements and financial stability to providers, but there is a risk that it results in higher costs for the Council, as it pays for voids, and for voids arising as a result of delays in Council processes in placing service users in the homes. Workshop One discussed it in relation to residential and nursing care home places, as opposed to spot contracts. Workshop Two discussed it in relation to respite care. They also discussed the need for more reablement with step up and step down beds.

### Discussion and recommendations for fee levels

The Council is obliged to take account of the cost of care when setting fees. However there are a range of fees that the Council could set that would meet this criteria. There are a number of factors to consider:

1. The calculation above models the actual cost of care based on our understanding of reasonable local costs. It indicates that current fees do not fully cover current average costs and this will become more acute from 2016/17 onwards. The fee levels for residential care homes in particular are low both in relation to comparison with the bottom-up calculation
2. The local care home market is large and diverse. Utilisation across the care home sector is high (reported to be 95% in June 2015) and the Council only purchases 33% of beds, indicating that there are plentiful alternative funders for care beds (including CHC, other authorities and self-funders). Thus there is no current evidence of market failure or collapse
3. The Council is currently able to place people within the Borough at current fee rates on most occasions
4. There has been no fee increase since 2009 although costs have obviously increased since then. There was widespread disappointment amongst providers at the lack of a fee increase in 2014/15 when one had been expected

We recommend the following:

1. For 2014/15 the Council should not give an uplift partly because of point 2 above and the level of proposed increase in 2015/16 but also because of the considerable bureaucratic complexity this would involve, including re-assessing all client contributions (this point was disputed by one provider who felt that there should be a backdated increase applied from 1<sup>st</sup> April 2014);
2. For 2015/16, we recommend an increase of 10% for residential care homes, 5% for residential with EMI, 4% for nursing and 1% for nursing with EMI. These increases are

significantly in excess of the rates recommended to Cabinet in 2015 for two years and in excess of the rates requested by providers for 2015/16;

3. For 2016/17 we recommend an uplift of a further 4% for residential care, residential EMI and nursing provision;
4. For 2017/18 we recommend an uplift of a further 4% for residential care, 5% for residential EMI, 2% for nursing and 7% nursing with EMI;

We recommended the following rates for additional one-to-one care:

	2015/16	2016/17	2017/18
Care Worker	£10.08	£10.87	£11.51
Registered nurse	£20.50	£21.10	£21.71

5. Given the difficulty of recalculating all fees and client contributions since April we recommend that the 2015/16 increase be applied on a pro rata basis after the 2015/16 fee levels have been agreed ie we propose that increases are not backdated to 1<sup>st</sup> April but applied from the date of agreement, allowing providers to discuss the impact of their increased costs during 2015/16 prior to the agreed date of implementation (an alternative approach would be to increase the fees on a *pro rata* basis from the date of agreement);
6. These fees are proposed as average fees designed to cover a range of circumstances: if providers are genuinely struggling to cover reasonable costs on these fee levels they need to be given the opportunity to request fee uplifts over and above these levels by showing their costs on an open book basis. The Council should assess these requests reasonably
7. These fees are predicated on the premise that the current market is vibrant and sustainable. The Council needs to continue to monitor this situation and be prepared to alter its' approach if the situation changes

In summary the proposed fees are thus:

	2014/15	2015/16	2016/17	2017/18
<b>Residential Care</b>	£376.73	£414.52	£431.11	£448.35
<b>Residential Care (EMI)</b>	£467.10	£490.26	£509.87	£535.36
<b>Nursing Care</b>	£433.07	£450.39	£468.41	£477.78
<b>Nursing Care (EMI)</b>	£467.10	£471.77	£483.57	£517.42

The impact of this recommendation is as follows for 2015/16:

	Bottom-up costs	Current fees net	Diff current/	Proposed Fee 15/16 net FNC	Diff current	Diff new fee/BUC
--	-----------------	------------------	---------------	----------------------------	--------------	------------------

	<b>net FNC</b>	<b>FNC</b>	<b>BUC</b>			
<b>Residential Care</b>	£415.94	£376.73	-9.4%	£414.52	10.0%	-0.3%
<b>Residential Care (EMI)</b>	£490.90	£467.10	-4.8%	£490.26	5.0%	-0.1%
<b>Nursing Care</b>	£446.50	£433.07	-3.0%	£450.39	4.0%	0.9%
<b>Nursing Care (EMI)</b>	£462.32	£467.10	1.0%	£471.77	1.0%	2.0%

The impact of this recommendation is as follows for 2016/17:

	<b>Bottom-up costs net FNC 16/17</b>	<b>Proposed fees 16/17 net FNC</b>	<b>% difference 16/17 fees -15/16 fees</b>	<b>% difference 16/17 fees – BUC</b>	<b>% difference 16/17- 14/15 fees</b>
<b>Residential Care</b>	£432.22	£431.11	4%	-0.3%	14.4%
<b>Residential Care (EMI)</b>	£513.37	£509.87	4%	-0.7%	9.2%
<b>Nursing Care</b>	£465.68	£468.41	4%	0.6%	8.2%
<b>Nursing Care (EMI)</b>	£482.81	£483.57	0%	0.2%	3.5%

The impact of this recommendation is as follows for 2017/18

	<b>Bottom up costs net FNC 17/18</b>	<b>Proposed fees 17/18 net FNC</b>	<b>% difference 17/18 fees to 16/17 fees</b>	<b>% difference 17/18 fees - BUC</b>	<b>% difference 17/18-14/15 fees</b>
<b>Residential Care</b>	£448.54	£448.35	4%	0.0%	19.0%
<b>Residential Care (EMI)</b>	£534.77	£535.36	5%	0.1%	14.6%
<b>Nursing Care</b>	£481.69	£477.78	2%	-0.8%	10.3%
<b>Nursing Care (EMI)</b>	£519.83	£517.42	7%	-0.5%	10.8%

## Appendix 1: Feedback from consultation with the Council's residential and nursing care home providers on 22<sup>nd</sup> and 23<sup>rd</sup> June 2015

### Workshop 1

It was attended by seven residential and nursing care home providers:

- Toby Simon, MHA, Woodlands, Poynton
- Sheila Wood-Townend, CLS Care Services
- Cassandra Shreeve, Tunncliffe House, Macclesfield
- Denise Moss, Highfield House
- Tracey Stakes, CLS Belong Villages
- Zara Carter, BUPA
- One other attendee who did not sign in.

They made the following comments:

- A lot of service users cannot pay top ups and the Council does not pay enough.
- They rely on top ups from self-funders to pay for Council service users. This issue has been there for years.
- One charity has put private fees up by £20-25/week so the Council's fee is even less by comparison.
- If people come into residential care for an assessment under the Care Act because that is their right, and the Council says they must be placed at the Council rate even though are a self-funder and could pay the self-funding rate, providers will not be able to continue to exist, because they use self-funders to cross subsidise the Council rates. SWs are saying that when a service user goes into residential care under the 12 week disregard, they must be charged the Council rate, even though they will be a self-funder. This will result in a big problem. They should still be coming in under a private contract because they can self-fund.
- Self-funders are choosing cheaper places.
- People are pushing harder to get CHC funding than in the past.
- They get a lot of requests to see service user's notes.
- People are more aware of their rights.
- CHC affects residential care as well as nursing care because service users do not necessarily go into a nursing home if they have dementia.
- There is a £200 difference between the Council and private rate / week. So the private person is paying £100 towards the Council rate and they all know that.
- Situation deteriorating rapidly.
- Provider's fear that a lack of staff in Council's to do assessments as required by the Care Act will result in vacancies. They don't need many to make a home unviable because they are operating on the margins of profitability. But Councils do not know how many people will want assessments. Delays in referrals and assessments could affect viability.
- Hospital discharge – not big issue.
- Recruitment and retention is a problem as they come out of recession. Nurse recruitment is particularly difficult. Recruiting at the minimum wage is hard when others

pay more. Staff go to the agencies because they get paid more, and homes go to agencies if they can't recruit.

- Nursing staff – there is a general shortage. They pay £13/hour and they can get £18/hour elsewhere.
- Care workers are paid at or around the minimum wage. They are competing with supermarkets, etc.
- They have the minimum number of nurses on duty. The Council doesn't stipulate the number in their contracts nor does CQC. They have 1 on all the time, and another if necessary.
- Good practice is 1 to 4 care staff to service users during the day for dementia care, but they don't do it because it costs too much.
- They use staffing levels which have been generally accepted for many years (agreed 28 years ago in 1 home), but service user needs have increased. Self-funder payments cross subsidise what they pay for.
- If the Council sets the staffing levels then they would have to pay extra for it; but they don't set the levels.
- The Council quality assures the care, and they think some of the requirements are unnecessary.
- No management time allowed in the contract for dealing with inspections; there is a long list of people inspecting – Healthwatch, fire, CQC, environmental health, infection control, the Council contracts monitoring team. Bureaucracy is an increasing burden because of the number of inspections.
- Food costs have gone up despite them going down nationally because they were already getting the discounts. Insurance costs have increased. They are putting the prices up because of previous claims. CQC costs have gone up. Energy prices have gone up.
- CQC inspections cost them more because they are checking more areas. This requires more management time. They need to complete information before CQC arrive.
- Occupancy was unrealistic in RedQuadrant's last report: 95-96%, when LaingBuisson put it at 90%.
- If they had block contracts they would like it. Block contracts would need to be for 75%+ beds to make it work for providers.
- Top up fees for additional 1:1 care involve paying in effect a domiciliary care worker to do it.
- Some disagreed with the break-down of costs in RedQuadrant's last report.
- They want the return on capital to reflect risk and reward, because their risks have increased as the complexity of cases has increased. LaingBuisson recommended 7% + 5% for profit. RedQuadrant disagreed with this amount.
- The service user's contribution has increased but it has not been passed to the homes.
- Service users go into a home for 6 weeks, and then there should be a review when they decide whether it should be a permanent placement. Usually it is. But an increasing number remain on extended short stay placements. Sometime it is the service user's choice.
- If the Council has less money it has to pay less placements.

- Most service users are too dependent for re-ablement. Some may be able to go home if it is adapted, with care, but it takes a long time to arrange. Most have exhausted the other options before they got there. They may need 24 hour domiciliary care which is expensive. Also it is stressful for service users to go into residential care and then home.
- Delayed discharges are not an issue for people going into residential care. It is an issue for people requiring aids and adaptations on their own homes.
- If they linked quality assurance to payment to increase the amount paid for a service, it would require Council resources to set up, maintain, etc.
- When they have LA inspections they have 4 people do it. The number could be reduced to save money.
- The Council could just pay the service user their assessed fee without a set price.
- Wigan Council has a spot contract which is short.
- Paying net – providers participated in a net payment pilot but customers and providers didn't like it.
- Payment in advance could only be done on a block contract, but it is not a particular benefit to providers.
- Providers can't reclaim VAT on the welfare elements of the service they provide but if they set up a separate company for Council service users which the Council paid they could reclaim VAT. Would need to change the contract to do this.

### Workshop 2

It was attended by ten residential and nursing care home providers:

- Lance Tipper, Porthaven Care Homes, LLP
- Julie Lowndes, Porthaven Care Homes, LLP
- Irene Pointon, Bupa Greengables Nursing Centre
- Linda Brooks, Bupa Newton Court Nursing and Residential Home
- Gill Bratt, HC-One
- Chris J. Thomas, The Laurels
- Philip Middleton, The Laurels
- Karen Cullen, Four Seasons Health Care
- Paula Gresham, Care UK, Station House
- Neil Kerry, Care UK, Station House

They made the following comments:

- Increasing costs from cost of living increases means they have got to charge top ups, but SWs oppose it and that puts them in a difficult position.
- Fees don't meet actual care costs.
- Cost pressures: salaries – they have to pay more to recruit staff. Competition from the NHS for nurses means they have to offer an increased salary for nurses. They can't compete with agencies.
- General shortage of nurses.
- Care staff earn more with the Council or NHS – they pay £9.
- Trying to upskill staff so they can then pay them more, but they leave.

- BUPA give staff bonuses and incentives (physio, access to BUPA fit if they are ill).
- Aldi pay £9/hr.
- It is about seeing care work as a career progression as well as the money.
- Use a dependency tool to assess needs. Flex the rota according to the dependency levels. Try to use own staff rather than agency staff. Flex the rota on vacant beds.
- Non staff costs have increased.
- CQC has changed how they look at things, so providers need to make sure they reach their targets and have the right staff in, and there is a greater risk of enforcement resulting in a fine, so they have to include that in their costs, but it is not a big issue.
- Have joint visits from the Council and DCLG.
- All have a mix of Council and private funded service users.
- Average occupancy in one last year was 92%, and in another it was 91%.
- It is a balance between private funders and Council funded to keep homes sustainable.
- Fewer private funders than in the past at the moment but it depends where they are situated. There are a lot of care homes in Cheshire East so there is a wide choice.
- Service users want to stay in their own area.
- Are asking the Council for top ups because it causes resentment in the home if they charge different rates.
- The Care Act makes the price differential more obvious.
- Shortage of bed spaces for reablement for step up/down.
- City Care in Nottingham provides a service to provide short term care to reable people rather than provide a home. It is spot purchased for people coming out of hospital. They need a staff team equipped to reable rather than maintain dependency.
- Service users are so ill by the time they get into residential care they can't be reabled.
- Could block purchase 1-3 beds reserved for respite but homes prefer a long term person. For respite to work they need to reserve the bed all year.
- Provider forum – not attended them. It is more important for them to build their own relationship with the local Council team.
- Packages of care – takes time to get changes sorted – it depends whether they have got a SW or not as to how quick it is.



## Home care fees: consultation and analysis for Cheshire East Council

19<sup>th</sup> October 2015

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## Brief for project

RedQuadrant was commissioned by Cheshire East Council in May to make recommendations for future fee levels. Specifically we were asked

1. To carry out an independent review of fair price for care Domiciliary Care within the borough of Cheshire East and comparator authorities from Cheshire East's CIPFA family group- the "market analysis". This includes:
  - a. Analysis of out of borough services for ad hoc commissioning.
  - b. Review of fee sustainability in the Domiciliary Care sector during the likely term of the new agreement including an analysis of Fair Price for Care requirements and the implications of implementing the Unison Ethical Care Charter
2. To develop for consideration by the Council appropriate and fair prices for care and support fees that take account of the principles of the Care and Support and Aftercare (Choice of Accommodation) Regulations 2014 whether or not they are expressly applicable and which has regard to the Council's financial position so far as is reasonable, based on the work undertaken with care home and domiciliary care service providers and the intelligence gained during the market analysis.
3. To offer suggestions as to how to sustainably grow the market in areas where there is a current shortage of choice and provision.
4. To offer market analysis, position statement, review of fee levels and advice on the following areas:
  - Direct Payments (taking account of new pension responsibilities from April 2015)
  - Fee structures for Extra Care, Respite, other supplementary commissioned services including Shared Lives and Rapid Response Domiciliary Care
  - Setting Rates for Individual Personal Budgets for full-cost payers who wish to access a Care Account
  - Telecare banded service costs – to include a review of the free community alarm service for those aged over 85
  - A review of the impact of mandating payment of the Living Wage and the payment of travel time on fee levels and it's consequence on capacity and sustainability in the market

## Purpose of this report

We have undertaken the following activities in relation to this project

- Interviewed a range of stakeholders from the Council, CCG and others
- Reviewed performance data, policy papers and other documentation
- Undertaken two workshops with local care home providers (see Appendix one)
- Prepared draft recommendations on which we have consulted with providers

- Reviewed feedback from providers (nine providers gave feedback – Rossendale, Alternative Futures, AbleWell Care, Intercare, Archangel, Eden Care, HCSS, Sure Care, Tracey Ault)

This report is our final report which summarises our findings and makes recommendations for future fee levels. The revised recommendations are now somewhat different from the draft recommendations as we have taken account of the feedback received about the local cost of care

## Context

When setting fees for care home providers the Council is required to follow legislation and to take account of relevant guidance and case law. The requirements in relation to other types of care have, traditionally been far less prescriptive. However the Care Act 2014 strengthens the general duties on local authorities when setting fees. Relevant features of the Act include:

- Section 1 of the 2014 Act places a general duty on local authorities (when exercising their functions under the Act) to promote an individual's well-being. This includes the promotion of the suitability of living accommodation. The Guidance refers to this duty as 'the well-being principle' (see Chapter 1 of the Statutory Guidance).
- Section 5(1) of the 2014 Act places an obligation on local authorities to:  
*"(1) ...promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market –*  
*(a) has a variety of providers to choose from who (taken together) provide a variety of services;*  
*(b) has a variety of high quality services to choose from;*  
*(c) has sufficient information to make an informed decision about how to meet the needs in question."*
- In performing its duty under section 5(1), section 5(2) of the 2014 Act requires a local authority to have regard to a number of matters, including:  
*"(b) the need to ensure that it is aware of current and likely future demand for such services and to consider how providers might meet that demand;*  
*...*  
*(d) the importance of ensuring the sustainability of the market (in circumstances where it is operating effectively as well as in circumstances where it is not);"*
- Section 5(3) of the 2014 Act provides that:  
*"(3) In having regard to the matters mentioned in subsection (2)(b), a local authority must also have regard to the need to ensure that sufficient services are available for meeting the needs for care and support of adults in its area and the needs for support of carers in its area."*

- Chapter 4 of the Guidance states:

*“High-quality, personalised care and support can only be achieved where there is a vibrant, responsive market of service providers. The role of the local authority is critical to achieving this, both through the actions it takes to directly commission services to meet needs, and the broader understanding and interactions it facilitates with the wider market, for the benefit of all local people and communities.” (paragraph 4.1)*

*“Market shaping means the local authority collaborating closely with other relevant partners...” (paragraph 4.6)*

*“Local authorities **must** facilitate markets that offer a diverse range of high-quality and appropriate services. In doing so, they must have regard to ensuring the continuous improvement of those services and encouraging a workforce which effectively underpins the market. The quality of services provided and the workforce providing them can have a significant effect on the wellbeing of people receiving care and support, and that of carers, and it is important to establish agreed understandable and clear criteria for quality and to ensure they are met.” (paragraph 4.21)*

*“People working in the care sector play a central role in providing high quality services. Local authorities **must** consider how to help foster, enhance and appropriately incentivise this vital workforce to underpin effective, high quality services.” (paragraph 4.28)*

*“When commissioning services, local authorities should assure themselves and have evidence that service providers deliver services through staff remunerated so as to retain an effective workforce. Remuneration must be at least sufficient to comply with the national minimum wage legislation for hourly pay or equivalent salary.” (paragraph 4.30)*

*“When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and **fee levels** for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the wellbeing of people who receive care and support, and allow for the service provider ability to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow retention of staff commensurate with delivering services to the agreed quality, and encourage innovation and improvement.” [Emphasis added] (paragraph 4.31)*

*“Local authorities should understand the business environment of the providers offering services in their area and seek to work with providers facing challenges and understand their risks.” (paragraph 4.34)*

*“Local authorities **must not** undertake any actions which may threaten the sustainability of the market as a whole, that is, the pool of providers able to deliver services of an*

*appropriate quality – for example, by setting fee levels below an amount which is not sustainable for provider in the long-term.” (paragraph 4.35)*

*“The personal budget is defined as the cost to the local authority of meeting the person’s needs which the local authority chooses or it required to meet. However, the local authority should take into consideration cases or circumstances where this ‘cost to the local authority’ may need to be adjusted to ensure that needs are met. For example, a person may have specific dietary requirements that can only be met in specific settings. **In all cases the local authority must have regard to the actual cost of good quality care** in deciding the personal budget to ensure that the amount is one that reflects local market conditions. This should also reflect other factors such as the person’s circumstances and the availability of provision.” [Emphasis added] (Annex A: Choice of accommodation and additional payments, paragraph 11)*

Thus there is an expectation that fees set by councils for all types of care should take account both of the actual cost of good quality care and the need to ensure a diverse array of local provision. Furthermore, it is clear from the brief for this project that the expectation of the Council is that fees need to be set at such a level as to allow providers to recover reasonable costs. We have focused on understanding costs and the broader market in our approach below

## Benchmarking and Comparisons

### CIPFA Nearest Neighbours Comparator Group

The benchmarking exercise has been performed against the local authorities defined by CIPFA as the closest socio-economic group, taking into account such factors as population, age, unemployment and council tax bandings. The group of fifteen comparator authorities is defined as follows:

- |                                 |                              |
|---------------------------------|------------------------------|
| 1. Cheshire West and Chester    | 9. North Somerset            |
| 2. Wiltshire                    | 10. East Riding of Yorkshire |
| 3. Shropshire                   | 11. York                     |
| 4. Bath and North East Somerset | 12. Bedford                  |
| 5. Herefordshire                | 13. Poole                    |
| 6. Solihull                     | 14. Warrington               |
| 7. Central Bedfordshire         | 15. South Gloucestershire    |
| 8. Stockport                    |                              |

### Demographics

As population is one of the key drivers behind the number of people receiving social care, the population of each of the authorities was taken into account when undertaking all analysis. Using the most recent detailed data (mid 2013 estimates) from the Office of National Statistics (ONS) all data could be expressed in terms of cost or activity per population. Cheshire East is estimated to have a population of 372,707 including 219,742 adults (18-64 age bracket) and 78,035 older people (65 and over).

## PSSEX Benchmarking Outcomes

Using 2013/14 PSSEX data from the Health and Social Care Information Centre (HSCIC) we were able to benchmark key data for Cheshire East against their nearest neighbour authorities, as defined by the CIPFA nearest neighbours model. The outcomes of this analysis should not be used in isolation as average figures could be significantly impacted upon should an authority have submitted inaccurate data. Additionally, the data is already over one year out of date, and therefore authorities may have very different data for the last twelve months.

The information below analyses the information at a weekly and aggregate package of care level, it is not possible from the PSSEX information to extract the comparative hourly rates. Utilising the benchmarked average unit costs, weekly average packages of care and the averages per head of population it is possible to determine the shape of the Council's care levels. All data was based on the gross cost and activity.

## Home Care

1. Home care average weekly costs for older people were 13% above peers, though with activity 41.2% lower; gross costs were also 32.1% lower than expected.
2. Due to higher than average activity (26.5%) and higher than average weekly costs (38.3%), gross costs for learning disabilities were 111.7% higher than peer group.
3. Though activity was only marginally below average for mental health clients, average weekly costs were at £526.61, 138.3% higher than peers, thus increasing gross costs by 144.2%.
4. As with all home care client groups, physical disabilities had a higher than average weekly cost by 21.6%. Activity was, at 57.5%, just over half that of the comparator group.

## Direct Payments

- Direct payments for older people were 53.8% higher in terms of weekly cost. Activity was also higher by 14.5%, resulting in gross costs 99.9% higher than peers.
- Learning disabilities activity was only 12.1% higher than comparator group though the weekly costs were also higher by 18.1% giving rise to gross costs 35.9% higher than the group.
- Average weekly costs of £92.21 were 24.4% lower than the comparator group for mental health, though as activity was 43.6% higher, gross costs were 98.6% higher than comparator group.
- Physical disabilities had lower than average activity (26.8%) as well as weekly costs (12.3%), thus resulting in gross costs being 34.6% lower than expected for the population size.

(Note the above analysis utilises the weekly packages of care, they do not determine or indicate comparative information about the individual unit (hourly) rates paid by the Council).

## Bottom Up costing

### Home care costs

As part of our review we have again carried out a 'bottom up' costing exercise for domiciliary care fees. We have used assumptions from within the UKHCA<sup>1</sup> model as a basis for some of the support costs methodology as outlined below. In addition we have relied on our professional judgement and experience, and wherever possible, used regional benchmarking data to enable us to set costs at an appropriate level.

- **Unison Ethical Care Charter:** the Unison Ethical Care Charter<sup>2</sup> was launched in 2013 and is an attempt "to establish a minimum baseline for the safety, quality and dignity of care by ensuring employment conditions which a) do not routinely short-change clients and b) ensure the recruitment and retention of a more stable workforce through more sustainable pay, conditions and training levels."

There are a number of components to the Charter including

- The starting point for commissioning of visits will be client need and not minutes or tasks. Workers will have the freedom to provide appropriate care and will be given time to talk to their clients
- The time allocated to visits will match the needs of the clients. In general, 15-minute visits will not be used as they undermine the dignity of the clients. Homecare workers will be paid for their travel time, their travel costs and other necessary expenses such as mobile phones
- Visits will be scheduled so that homecare workers are not forced to rush their time with clients or leave their clients early to get to the next one on time
- Those homecare workers who are eligible must be paid statutory sick pay
- Zero hour contracts will not be used in place of permanent contracts
- All homecare workers will be paid at least the UK Living Wage
- All homecare workers will be covered by an occupational sick pay scheme to ensure that staff do not feel pressurised to work when they are ill in order to protect the welfare of their vulnerable clients.

We have followed these assumptions in our calculations below, unless otherwise stated

- **Staff Salary Costs:** NMDS-SC indicates that domiciliary care staff are paid an average of £7.18, compared to currently vacancies within the Cheshire East area which indicated hourly rates of between £6.70 and £7.90. It is not however known what level of experience will fall into this level of pay. We have therefore modelled the rates based on £7.20 per hour as this lies near the midpoint of current advertised roles and equates to the new national living wage (NLW)<sup>3</sup> of £7.20 per hour from April 2016. We have also modelled costs in relation to

<sup>1</sup> 'United Kingdom Homecare Association Limited – A Minimum Price for Homecare' version 3.0, July 2015

<sup>2</sup> <https://www.unison.org.uk/content/uploads/2013/11/On-line-Catalogue220142.pdf>

<sup>3</sup> 2015 budget announced new national living wage with effect from April 2016.



the current UK Living Wage (UKLW)(£7.85 per hour in 2015/16), assumed to be uplifted by 1% in April 2016 and 2% in April 2017

- **Other Staffing Assumptions:** The National Insurance (NI) rate has been applied at 9.5% across the board as there will be variations between full time and part time staff which will impact on the differing levels of NI payable. In the consultation version of this report we used 7% but after provider feedback have uplifted this to the figure used in the UKHCA report

A pension contribution of 1% has been applied to account for the current minimum employer contribution, which is consistent with UKHCA recommendations. National minimum employer pension contributions will increase in future years to 2% from October 2016 and 3% from October 2017, and this is taken account of in the proposed rates for 2016/17 and 2017/18.

A 'timeout' allowance of 13.6% has been applied which comprises of 28 days annual leave, 5 days sickness and 2.5 training days. This is virtually identical (0.2% lower) than the UKHCA recommendation. We have not priced an occupational sickness scheme as this is not included in the UKHCA recommendations

- **Mileage Costs:** An allowance of 2 miles per hour of contracted time has been allocated to the hourly fee, which is consistent with the assumptions made in a similar exercise in 2012 but less than the UKHCA assumption of 4 miles per hour of contracted time. Several providers challenged us on this point, pointing out that some journeys undertaken by carers take much longer than this: however our rationale for this is that we have been asked to set one rate to cover both rural and urban locations and this must imply an average weighting to each area of cost
- **Travel Time:** There will be an element of non-productive time due to staff members travelling between clients. We have used the UKHCA recommendation of 11.4 minutes for every hour which is consistent with the assumptions made in a similar exercise in 2012 (7.5 for urban locations and 15 minutes for rural locations) and assumed that this will be paid for. Our rationale for this is that we have been asked to set one rate to cover both rural and urban locations.
- **Staff Support Costs:** The UKHCA model assumes staff support costs totalling 27% of the total price until April 2016 and 25.5% thereafter. This budget line is assumed to include the following costs:
  - Branch staff: Registered manager, supervisors, coordinators, finance and admin staff, quality assurance costs;
  - Office costs: Rent, rates, maintenance, water, lighting and heating, insurance, cleaning and equipment hire;
  - Training etc: Induction training, external training and qualifications;

- Recruitment: Recruitment advertising, criminal record disclosures;
- IT equipment: Computer systems, telephones, electronic call monitoring;
- Marketing: Advertising and marketing;
- Consumables: Uniforms, personal protective equipment;
- Finance: Bank charges, interest, depreciation.
- Print and postage: Printing, postage, stationery;
- Business travel: Fuel, tax, insurance, vehicle leasing, repairs, mileage, accommodation and subsistence;
- Legal/professional: Legal, professional accountancy, registration fees;
- General: Donations, subscriptions, translation services, general expense

The UKHCA figures seem extremely high in our view. We initially applied a rate of 17%, which we believe to be more realistic for costs across all client groups: this was based on our previous experience of commissioning care services and the views expressed by commissioners of what margin they would expect to see in tendering exercises.

This area was one of the main subjects of contention in the consultation process. Many providers argued that costs in these areas had gone up considerably since the last fee increase and there were increased requirements in this area (eg the Care Certificate) that resulted in higher costs. There does seem little doubt that there are genuine cost pressures in this area. Indeed one provider quoted a KPMG cost of care exercise in Birmingham that, apparently, showed:

- “The average business costs for supported living are 31%, the median is higher.
- The average business costs for dom care is 27% - bang on the UKHCA recommendations!”

We have applied a rate of 22% in our revised model. Together with a profit margin of 3% this results in 25% of the proposed fee being paid in indirect costs. although there is evidence that actual costs are about this proportion we still consider this rate to be uncomfortably high. We suggest that an open tendering exercise would produce a lower rate in this area

- **Profit Margin:** A margin of 3% has been applied which is suggested by the UKHCA.
- **Bottom up home care costs 15/16:** The figures above result in a bottom-up cost of home care of £15.28 per hour (=25.5p per minute) for 2015/16. The impact of paying UKLW is to increase this cost to £16.57 per hour
- **Bottom up home care costs 16/17:** As the 15/16 figure is based on a £7.20 hourly pay rate for home care and this is the level at which the NLW for 2016/17 is set we have used this figure as the basis for the 16/17 costs also. With the impact of pension increases we calculate £15.32 as the cost for 16/17. The impact of paying UKLW is to increase this cost to £16.80 per hour

- **Bottom up home care costs 17/18:** we estimate that the NLW will increase to £7.65 in 2017/18; previously we had modelled costs based on only 75% of staff being over 25 and thus entitled to NLW but this was felt to be invidious, impossible to implement in practice and inconsistent with the Council's own approach to employees. Using NLW for all employees leads to a fee rate of £16.38 for 2017/18. The impact of paying UKLW is to increase this cost to £17.27 for 2017/18
- **Impact of bottom-up costs:** At present Cheshire East are using a 15 minute fee structure for all domiciliary care. There are also two sets of fees for the east and south of the Borough. For the future the authority intends to use a standard hourly rate which will be pro- rataed to reflect the time of the appointment. Current rates are set out below as is the impact of setting fees using the bottom-up costs and one standard rate

Appointment time	South Rate per call	East Rate per call	Blended E/W Rate per Call	Bottom-up calculation	Diff bottom-up/blended	Diff bottom-up/East	Diff bottom-up/South
15 minutes	£5.52	£5.77	£5.63	£3.83	-32%	-34%	-31%
30 minutes	£7.67	£8.03	£7.82	£7.66	-2%	-5%	0%
45 minutes	£9.92	£11.41	£10.67	£11.49	8%	1%	16%
60 minutes	£11.22	£12.55	£11.97	£15.32	28%	22%	37%

- **2015/16 costs and fees:** The bottom-up figures above are based on one rate being set across the Borough with no differential rates for 15, 30, 45 and 60 minute calls. This approach will bring greater clarity both for providers and commissioners. However, in practice implementing this rate would require considerable changes to current arrangements and it is unlikely that these changes can be implemented this financial year. Thus there is a question as to whether any increase should be offered for this financial year. The table above shows that bottom-up costs are significantly less than the rates paid for 15 minute calls, slightly less than the rates paid for 30 minute calls in the south and considerably more than the rate for 45 minute calls in the south and all 60 minute calls. The decision on whether an increase should be offered thus depends on the ratio of 15, 30, 45 and 60 minute calls amongst providers: this will vary considerably amongst providers thus meaning that a fair overall increase is impossible to calculate. However as there has been a decision to no longer commission 15 minute calls this discrepancy should disappear over time as presumably these are then re-provided as 30 minute calls. The impact of this change on the fees paid to providers for 15 and 30 minute calls was greater in the consultation version of this proposal and attracted negative comment from providers but the figures above, effectively show a very modest impact on one call category and considerable increases in other categories

### Direct Payments

We have calculated Direct Payment costs in two different ways:

1. We have used the same methods for building up costs as detailed above for domiciliary care. However we have not included travel time and mileage costs – arguably these should not be considered in the DP calculation. Furthermore where Direct Payments are used to purchase personal assistants there should be less need for support cost overheads so we have reduced these to 5% to cover insurance. There should also be no need for profit margin when employing Pas. Where Direct Payments are used to purchase care via an agency it is reasonable for the agency to expect a similar contribution towards overhead costs and margin – we have modelled this at 25% as with commissioned home care
2. We have done the same calculation as in 1 but we have based the pay costs on the UKLW of £7.93 per hour (£7.85 plus 1%) for 16/17 and £8.09 (plus 2%) for 17/18

The impact of these two different methods is shown below

Method 1	2015/16	2016/17	2017/18
DP agency rate	£12.05	£12.11	£12.98
DP PA rate	£9.82	£9.87	£10.58
Method 2			
DP agency rate	£13.14	£13.33	£13.72
DP PA rate	£10.37	£10.53	£11.19

Both methods can be defended: method two has the advantage of allowing care workers to be paid more than NLW.

It could, however also be argued that the DP agency rate should be set at the rate for commissioned home care as otherwise there is no incentive for providers to provide care in this way

### Supported living

At present the same rates are used for home care (which we are defining here as episodic care being provided to people living in their own home, usually to older people and typically non-intensive) and supported living (which we are defining here as continuous/near continuous care being provided to people living in supported living arrangements, usually to adults with learning disabilities and typically intensive). Using the same cost-bases for both types of service cannot be defended when the home care rate is set as above, because the home care costs includes a substantial component of cost for travel time and mileage which obviously do not apply in supported living settings. Effectively the supported living and DP rates thus should be the same on this argument. One provider argued that

“Your report has not taken into account that Customers requiring round the clock support are more complex and therefore more likely to require the intervention of Senior Branch Staff. These staff will be in addition to the rostered staff member/s already supporting the Customer, and are an extra cost with no additional revenue available for the intervention they provide.”

The point of course does not take account of the areas where indirect costs might be lower eg the rostering and co-ordination of peripatetic home care workers is more complex than for workers in supported living. The same provider reported the KPMG cost of care exercise in Birmingham as showing 31% of costs in complex placements were indirect, implying that 34% of the fee should go on indirect costs. We think (based on our experience of commissioning supported living in a variety

of settings) that this is a very high ratio of indirect costs, that a tendered pricing exercise would result in providers quoting at below this rate and thus to expect the Council to pay this level is not reasonable. Thus we recommend continuing to price supported living based on a 25% indirect costs ratio

### Sleep-ins

The council currently pays £45.44 per night for sleep-ins, equivalent to £5.05 per hour assuming a 9 hour shift.

There were two legal cases in relation to sleep-ins in 2014 which changed practice in this area. Their impact was summarised by PinsentMasons as follows:

“...the legal position [now] seems fairly settled – for a sleep-in shift of this type, the entire shift will count as working time for NMW [National Minimum Wage] purposes.

How does this fit with the practice of paying a fixed fee for sleep-in shifts? The simple answer is that it doesn't (subject to the point set out below). It therefore remains to be seen whether employers in the care sector continue to flout the law and hope for the best, or whether they will start to pay in line with NMW. If the latter, the big question is this: who will dare to jump first? It is worth stressing that the above cases do not necessarily mean that employers will have to pay sleep-in shifts at NMW rate. What they mean is that the time spent on a sleep-in shift will count as working time for the purposes of the NMW calculation”<sup>4</sup>

Thus a set rate for sleep-ins that is below the minimum wage is only applicable if the workers undertaking the sleep-in are earning enough above the minimum wage to take their total income to above minimum wage for the payment period

It seems likely that many people undertaking sleep-ins will be paid at or near minimum wage , particularly from April 2016: thus the seems little alternative to increasing sleep-in rates to NMW/NLW levels in this scenario (plus associated NI and leave costs), although the rate could be maintained at the present level for people doing sleep-ins who earn more than this

### Comparison of fee levels with other authorities

We have attempted to compare current fees paid by Cheshire East with those paid by others. All of the comparator authorities in the CIPFA comparator group were contacted in order to establish their current fees. In addition to this three further local authorities – Flintshire, Denbighshire and Wrexham - were also included to ensure that the comparison size included neighbouring authorities. To date we have gained the fees from nine of the eighteen identified authorities. Where authorities had a range of rates for one particular area, an average rate has been used in the analysis. In some cases there are no fees noted as they may vary between clients/providers. The results are discussed below by client group.

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<sup>4</sup> <http://www.pinsentmasons.com/ELP/The%20rising%20costs%20of%20a%20quiet%20'sleep-in'.pdf>

## Domiciliary Care

The table below shows the costs paid for domiciliary care by comparator authorities:

<b>Council</b>	<b>Older People</b>	<b>Learning Disabilities</b>	<b>Physical Disabilities</b>	<b>Mental Health</b>
Cheshire East	£11.97 - 60 min £10.52 - 45 min £7.82 - 30 min £5.63 - 15 min			
Wiltshire	Commission outcomes not hours	£13.00 to £23.78	£13.00 to £23.78 per hour	£15.00
Poole	£14.28	£14.00	£14.28	£14.28
Warrington	£11.37 - 60 min £11.68 - 45 min £12.18 - 30 min £19.76 - 15 min			
Herefordshire	£13.98			
Flintshire	£14.78 - 60 min £11.09 - 45 min £9.82 - 30 min			
East Riding	Average £14.28 (provider prices used), with an additional cost of £0 - £10 per hour for rural locations			
Bedford Borough	£14.70 (average) for home care			
South Gloucestershire	Home care varies according to provider from £14.16 to £21.04 per hour. If a domiciliary care package is particularly hard to place, we may offer an enhanced hourly rate. Sleep ins vary according to provider.			
Central Bedfordshire	Home care varies according to provider from £11.75 to £19.00 per hour.			

Cheshire East are not the only authority to be currently paying fees on 15 minute blocks, with Warrington and Flintshire also doing so. Compared to those authorities who pay on an hourly rate the Cheshire East fee is lower than its peers, with the closest hourly rate being £13.00, which is 8.6% higher than Cheshire East. The majority of respondents have hourly rates within the range of £14-£15.

## Direct Payments

<b>Council</b>	<b>Direct Payments Hourly Rate</b>			
	<b>Older People</b>	<b>Learning Disabilities</b>	<b>Physical Disabilities</b>	<b>Mental Health</b>
Cheshire East	£12.55	£12.55	£12.55	£12.55
Wiltshire	Range from £15.32-£17.22	£16.06 per hour	£16.06 per hour	£16.06 per hour

Poole	£14.28	£14.28	£14.28	£14.28
Warrington	£10.61			
Herefordshire	If Direct Payment for Domiciliary Care then based on standard rate, otherwise on need.			
Flintshire	Variable by negotiation			
East Riding	The usual rate for 2014/15 was £11.00 per hour but this is increased high needs.			
Bedford	Between £10.13 and £12.53 per hour.			
South Gloucestershire	£17.80	£17.80	£17.80	£17.80
Central Bedfordshire	£14.10	£14.10	£14.10	£14.10

### Personal Assistants

Council	Personal Assistants			
	Older People	Learning Disabilities	Physical Disabilities	Mental Health
Cheshire East	£12.55	£12.55	£12.55	£12.55
Wiltshire	£11.84 - £13.65	£11.84 - £13.65	£11.84 - £13.65	£11.84 - £13.65
Poole	n/a			
Warrington	n/a			
Herefordshire	n/a			
Flintshire	FCC provides £10.56 per hour for people to employ PA's. Includes employment on costs.			
East Riding	n/a			
Bedford	£7.50 per hour (payable to the PA)			
South Gloucestershire	£11	£11	£11	£11
Central Bedfordshire	£7.89 ph (payable to the PA)			

### Outcome based commissioning

Outcome-based commissioning is widely regarded as an important aspect of the personalisation agenda (see Appendix 2 for more information). Commissioning on the basis of individual outcomes, rather than placements, shifts the emphasis away from systems and processes, and onto the quality of the service and the impact on the SU. It focuses on reducing the care needs of SUs, improving their quality of life and maximising their independence.

With growing pressure on adult social care resources, the goal of promoting efficient, outcome-focused services has never been more important. As the Care Act introduces market shaping and commissioning responsibilities, and a greater focus on outcomes within assessments, the use of outcomes based commissioning has considerable merit.

## Benefits of an outcome based commissioning model

The benefits of an outcome based commissioning model are:

1. It is person-centred and focuses on the outcomes that service users (SUs) say matter most to them.
2. It maximises SUs capabilities, delaying or reducing the need for services, and promoting their independence.
3. It empowers SUs to have choice and control in their lives and over their care and support.
4. It minimises costs by reducing the long term needs of SUs.
5. It reduces waste and helps to improve the financial efficiency of the service.
6. It holds providers directly to account for the service they provide.
7. It maximises SUs support within their communities from family, friends and community and voluntary sector providers.
8. It incentivises providers:
  - to look at the most efficient and effective way of delivering what the SU needs, which may include community and voluntary sector providers or other services;
  - not to create dependency; and
  - to invest in their staff who will need support and training to work in a way in which they enable SUs to achieve the outcomes they have identified that they want to achieve.
9. It supports providers to pay care workers (CWs) at least the UKLW and guaranteed hours contracts because they have agreed volumes of work in a geographical area.
10. Providers have a geographical area in which they provide services to all the SUs so they can make economies of scale, and reduce CWs travelling time between SUs. This makes the work more attractive to CWs.
11. It supports collaborative working and sharing between providers, because they are not in competition with each other for SUs or for CWs.
12. Having one provider for both re-ablement support and home care services would improve the continuity of care for SUs and reduce administrative costs and information sharing issues.
13. It is consistent with the increased focus on outcomes and payment by results/use of tariffs within the NHS.
14. It is consistent with the national policy drive towards payment by results as seen in a number of major policy areas (e.g. substance misuse treatment, offender rehabilitation, employment services).

## Consultation with Domiciliary Care Providers

The Council has 90 domiciliary care providers on its list of providers, and commissions 70 to provide domiciliary care for approximately 1,150 people.

### Domiciliary care provider feedback from the workshops

We held two workshops with domiciliary care providers. They were attended by 27 representatives from 21 domiciliary care provider organisations. These were: Care Connect, SureCare Cheshire East, Intercare Services, Valleywood Care, You Like Your Way, Alice Chilton In-Home Care Services Ltd,



Care Needs Ltd, Kare Plus, Cheshire and Staffordshire Homecare Ltd, Quality Care (Staffordshire) Ltd, Lantern Care Services Crewe, AR1 Homecare, Insafehands, Lady Verdin Trust, Evolving Care Ltd, Embrace Group, Homecare4u, Salopian Care, Spiritual Inspiration Ltd, SOS Homecare Ltd and Lantern Care Services (see Appendix 2 for detailed feedback).

**Workshop One** was attended by representatives from Care Connect, SureCare Cheshire East, Intercare Services, Valleywood Care, You Like Your Way, Alice Chilton In-Home Care Services Ltd, Care Needs Ltd, and Kare Plus.

The key issues raised by members of the workshop were:

- Recruitment and retention is very difficult, because of the salary levels they pay to domiciliary care workers. This is compounded when they do not pay travel time between calls;
- Providers risk having to hand work back to the Council because they cannot recruit staff to do it;
- They have cost pressures;
- Provider forums are not held regularly and are poorly attended; they suggested that they could be improved by allowing providers to put forward agenda items, and having senior Council staff attend;
- They are paid two different rates, depending on the geographical area, which they disagree with;
- It is difficult to get a package of care changed when a service user's needs change;
- Allowing service user's to choose their provider makes it difficult for providers to make economies of scale by caring for a number of service users living near to each other;
- Social workers specifying what time a service user should have, for example, breakfast, makes it difficult for providers to meet the demand at that time – they need to be able to negotiate this with the service user;
- The Council has stopped commissioning 15 minute calls, but these are needed for some tasks, for example, giving eye drops, so it should be the service user's decision;
- There was some interest in outcome based commissioning as a way of dealing with these issues, but some scepticism that it would make any difference; and
- Better crisis management, and planning for the end of reablement would reduce the number of requests for providers to deliver emergency domiciliary care.

**Workshop Two** was attended by representatives from Cheshire and Staffordshire Homecare Ltd, Quality Care (Staffordshire) Ltd, Lantern Care Services Crewe, AR1 Homecare, Insafehands, Lady Verdin Trust, Evolving Care Ltd, Embrace Group, Homecare4u, Salopian Care, Spiritual Inspiration Ltd, SOS Homecare Ltd and Lantern Care Services.

The key issues raised by members of the workshop were:

- Recruitment and retention – this is not necessarily improved by offering travel time and a higher hourly rate;
- Providers are unable to take work because they cannot recruit the staff to do it;
- It is particularly hard to recruit in rural areas because care staff want to work where they live, and this is not necessarily where the service user is;
- It is hard to recruit staff for palliative care because they are only required for a short period of time for a service user;

- Providers are experiencing cost pressures as a result of the increasing cost of living;
- There has been an increase in the amount of administration involved in running a domiciliary care agency;
- It is difficult to get a package of care changed when a service user's needs change;
- A fixed allowance of time per day does not give providers the flexibility to deal with people whose needs are fluctuating on a daily basis;
- They were positive about outcome based commissioning as a way to deal with the issues they are experiencing, and some had had experience of this in other areas;
- They were concerned that outcome based commissioning may result in the use of fewer domiciliary care providers, but service users who do not want to use the provider delivering domiciliary care in their area can commission their own care from another provider using Direct Payments; and
- The Council pays them promptly which is good.

## Conclusions

The issues raised in the two workshops were very similar, with both of them highlighting the difficulty in recruiting and retaining staff when they could obtain higher paid work elsewhere; the cost pressures providers were experiencing as a result of the increasing cost of living; the difficulties involved in getting a package of care changed; and the issues associated with providing a service across a geographical area that is flexible enough to meet service user needs, at a competitive price. Workshop Two included people who had experience of using outcome based commissioning elsewhere and were positive about it. However, Workshop One did not have anyone with any experience of it and was a bit sceptical that a change to outcome based commissioning would help to address the issues they were experiencing. (See Appendix 3 for more information on outcome based commissioning).

## Discussion and recommendations for fee levels

### Home care, supported living and Direct Payments

The Council needs to take account both of the actual cost of care and the need to retain market diversity when setting home care fees. There are a number of factors to consider

1. Home care average weekly costs for older people are significantly above comparators; this seems to be due to greater commissioning of hours as rates are not out-of-kilter with comparator authorities
2. Direct Payment average weekly costs and activity are both greater than comparators; again this seems to be due to greater commissioning of hours as rates are not out-of-kilter with comparator authorities
3. The current rates are overall probably a little below average compared to comparator authorities although like-for-like comparisons are hard to make
4. There are geographic pockets within the Borough where placements are increasingly difficult to make

5. Providers are claiming a high proportion of cost relating to indirect costs. We believe these costs to be largely genuine but we strongly query a model of provision of care where a third to a quarter of all costs are in back-office and indirect functions rather than directly associated with carer costs
6. the current practice of the Council setting fees based on actual costs of care, combined with the current time and task approach to commissioning care will lead to greatly increased costs in this area in the future: provider costs will continue to increase and there are few incentives currently in the system to reduce the number of hours commissioned

We recommend the following in relation to fees:

1. The Council moves to paying a single rate for home care across the Borough with no east/south split in pricing and no differential rates for 15, 30 and 45 minute packages
2. This will be quite a complex process to implement: we therefore recommend that new arrangements for home care should be introduced from 1<sup>st</sup> April 2016 and the rate of £15.32 per hour set until 31<sup>st</sup> March 2017
3. There should be separate rates for personal assistants at £10.53 and other Direct Payments at £13.33 for 2016/17
4. The rates for 2017/18 should be £16.38 for home care, £11.19 for personal assistants and £13.72 for Direct Payments respectively
5. Providers should be allowed the option of proposing higher rates for Direct Payment clients on a case by case basis provided they can give a clear rationale for this and with a ceiling of the home care rate
6. Supported living rates should be £13.33 for 2016/17 and £13.72 for 2017/18; these should be set as ceilings
7. The Council should not increase fees for 2014/15 but should be prepared to listen to arguments from individual providers for fee increases, provided that provider costs are shown on an open-book basis
8. The Council should develop its plans to introduce outcome-based commissioning of home care and include providers in this process
9. The sleep-in rate should be calculated as the NLW hourly rate (plus NI and leave on-costs) multiplied by 9 hours where workers are being paid at NLW levels; the rate should remain the same as at present otherwise

We recommend the following in relation to commissioning:

10. The Council should move towards developing an outcome-based approach to commissioning of home care as soon as possible. The current time and task approach to commissioning will prove very expensive if allowed to continue
11. as part of this approach the Council should tender for a much smaller number of providers to provide home care (with the tender evaluation partly based on price), perhaps on a cost and volume basis as in Wiltshire and perhaps within geographically based localities as is Wiltshire and Cheshire West and Chester
12. Alongside this the Council should strongly promote the use of DPs and, in particular, PAs as an alternative way of meeting care needs. PAs in particular can offer better outcomes

at lower cost and with more money going to the carer; this will require some investment in infrastructure to support PAs and a review of current assessment and placement practices

13. Supported living packages should be retendered on an outcome-focused basis with the aim of reducing the number of commissioned hours where safe and appropriate to do so and with part of the tender evaluation being based on price

## Appendix 1: Feedback from consultation with domiciliary care providers

### Workshop 1

It was attended by ten domiciliary care providers:

- Richard Wyatt, Littleton Hall Ltd, Care Connect
- Sue Ritchie, SureCare Cheshire East
- Paul Brandrick, SureCare Cheshire East
- Mike Doherty, Intercare Services
- Stuart Coxon, Valleywood Care
- Grace Moffitt, You Like Your Way
- Karen Perry, Alice Chilton In-Home Care Services Ltd
- Andy Wardle, Care Needs Ltd
- Lesley Crowe, Kare Plus
- Jamie Hickson, Kare Plus.

They made the following comments:

- Recruitment is their biggest problem. They risk having to hand work back to the Council because they can't get the staff, because they go to other jobs where they can be paid more. It is especially an issue when they do not pay travel time. It is more of an issue in Crewe, but not in Bury.
- Retention is also a big issue.
- Recruitment and retention are both harder now than 6 yrs ago, even when they pay travel time.
- Current position is unsustainable because providers can't pay staff enough because the Council doesn't give them enough money;
- Some can't bid for work because they have not got staff to do it.
- The skill level drops because good staff leave.
- No collective feedback from the Council from the previous consultation 3 years ago, and they have been unable to get feedback when they have approached the Council individually.
- They don't do whole hours of care they do parts of an hour.
- The length of calls has reduced.
- 1 provider does 1 hour calls only so it doesn't pick up LA work.
- Provider forums not well attended so one provider said they didn't go because it was not well represented by the market.
- Provider forums supposed to be quarterly but they are not held quarterly, and not attended by senior Council people. Providers should be allowed to put forward agenda items.
- Their relationships with care arrangers are ok.
- It is difficult if they need to increase the package of care (POC). They have to contact the duty team because SWs have closed the case. This takes longer and the duty team don't know the case.
- When they get the package increased it is often not reflected in the contract, so they have to push for the money to be backdated.
- They have to wait 3 weeks before an increase will be considered. SWs say they don't increase the POC until they contact them with a decision, but the extra is required earlier.

- This also works the other way when they need to reduce the POC; they email SWs to say need to reduce the POC.
- Short calls are a false economy. 1 provider had done an analysis of it and had wanted to discuss it with the Council but the Council was not interested.
- Paid more in Congleton than Crewe /hr and they don't think it is right.
- SWs define what time they want the call, which makes it hard to provide the call at that time.
- Block contracts assume that the service user is willing to accept the provider /carer on offer. But choice of where to go destroys the provider's ability to manage geographical areas.
- Cheshire West & Cheshire pay the minimum wage + travel time.
- They all need to look at things differently.
- Crisis management, re-ablement and planning for when it ends, and better care would help avoid requests for emergency domiciliary care.
- Council staff changes lead to inconsistent ways of doing things.
- Some cynicism about outcome based commissioning (OBC) – 'is another way to pay them less'.
- Insulting to staff to pay them to do the work and not pay travel time. They need to pay carers more /hour.

### Workshop 2

It was attended by 17 domiciliary care providers:

- Clair Scott, Cheshire and Staffordshire Homecare Ltd
- John Mussell, Cheshire and Staffordshire Homecare Ltd
- Paul Ravenscroft, Quality Care (Staffordshire) Ltd
- Kirsty Burns, Lantern Care Services Crewe
- Irene Merricks, AR1 Homecare
- Rachel Wright, Insafehands
- Charlotte Parton, Insafehands
- Chris Yearsley, Lady Verdin Trust
- Carol Vickers, Evolving Care Ltd
- Jenny Payne, Embrace Group
- Ryan Brummitt, Embrace Group
- Stephanie Roberts, Homecare4u
- Heather Haley, Salopian Care
- Tracy Ault, Spiritual Inspiration Ltd
- Richard Jackson, SOS Homecare Ltd
- Chris Atherton, SOS Homecare Ltd
- Moira Mccumskey, Lantern Care Services.

They made the following comments:

- They have recruitment issues. It is not just about salary. They have tried offering £12.00 / hour and still only got four applicants – normally they pay £8.30 / hour.
- Zero based contracts are an issue for some people but others don't want contracts.

- People are not applying for jobs. Low unemployment locally so there is a limited pool of people. All potential staff have been round all the agencies and decided where they want to work.
- Petrol price is an issue, so that people don't want to go out of their own area.
- Providers can't take on more hours because they can't recruit staff.
- In Staffordshire the Council offered better terms and conditions and one provider lost 4 staff to the Council. Providers can't compete with this but it has not happened in Cheshire East.
- There are people on a Council list that they can't provide care for.
- All service users want breakfast at the same time, and providers can't do it.
- Increasing numbers of domiciliary care providers.
- Travel time is an issue.
- For palliative care, and end of life the Council will pay whatever the domiciliary care providers ask for the last 2-3 weeks of life.
- Providers can do as much palliative care as they want – a list of people needing it goes out every day, but staff don't want to go out to rural areas, and staff are only required for short period of time, so it is hard to recruit them.
- Self-funders come from word of mouth.
- Providers charge the same rate for Council funded service users and self-funders. The self-funders ring the Council to check the price before they ring the domiciliary care agency and ask for the same rate.
- Cost pressures – 1 provider pays double time on bank holidays to keep staff but they don't get the money from the Council.
- One said they had spoken to their company solicitor who had said they will be breaking the law if they don't pay travel time.
- When new care agencies open they are using the same group of carers – it is someone deciding to set up on own, whilst others close.
- Schools had stopped doing health and social care courses so young people have not been doing care, and older workers are retiring so there is a staff shortage; colleges /schools have now started to do them again this year.
- Low status of carers – you only hear about nurses pay in the media and not social care pay.
- Perception that care is an easy thing to go into, but when the young people start and see the training and NVQ they have to do when they are people who have already failed academically, it puts them off.
- CQC now use key lines of enquiry (KLOEs) – this has increased workload for providers.
- Care Certificate – it must be obtained within a specified number of weeks, so their practice has to be observed.
- Extra documentation is required for CQC.
- Fees have to cover staff in the office to meet the regulations as well as provide care. The amount of administration has increased significantly.
- The Council has stopped commissioning 15 min calls, but it is needed for some calls, e.g. giving eye drops. Thinks the Council should not take a blanket approach – it should be at the service user's request.
- 15 min calls should be paid proportionally more because of travel time involved, and because two 15 min calls is double the admin of a 30 min call.

- Outcome based commissioning (OBC) would be better because people's needs fluctuate.
- Unless they have pods of carers in different places, it takes longer to travel to rural areas.
- Don't want rural 15 min calls because of travel time and admin costs involved.
- Pay enhanced sleep in rate which is higher than the Council pays – other councils recognise this following legal challenge.
- Travel time has to be counted as part of the minimum wage – HMRC has said so and they are blitzing care companies, asking them to do it.
- One provider had experience of OBC in South Wales – 'it is brilliant': the provider meets the assessor to write the POC, and then the provider can change it, and so long as they deliver the agreed number of hours/week they are all happy. The provider talks to the service user to talk about how they should deliver the hours. The SW is not there, but provisionally accepts it, depending on the discussions with the service user about times, etc.
- Under current arrangements, when the provider meets the service user to talk about delivering the care, and family wants breakfast at a different time to what the service user has agreed with the SW, the provider has to go back to the SW to agree the change. OBC would cut out all that to'ing and fro'ing.
- Once the POC has been in place for 6 weeks, the SW closes the case and the provider has to go back through the duty team if there are any problems or the package needs changing; this takes extra time. They have to wait 2 weeks before get a response. It is difficult to get an assessor. They get paid when the case is assessed and agreed by the SW manager even though they are already providing the extra care. Some others are done within the same day. So the time it takes is variable. If it needs reducing they get an immediate response.
- Current way of being given times to call on the service users is not sensible because their needs vary on a daily basis.
- In Newcastle they are looking at swapping service users into geographical areas, so e.g. if 4 domiciliary care agencies are going to 1 block, they would swap service users so they all go into one.
- Staffordshire say that all the work has to go on the framework first – it can't just be swapped from 1 domiciliary care agency to another.
- In another area they have put proximity to another service user as a criterion for winning the tender.
- With OBC - how would the Council assess whether the outcome has been achieved – in South Wales it is: 'is the SU happy?'
- OBC is better for the service user than task based commissioning and better for the agency – there was no opposition in the room to it.
- There are a lot of providers here so reducing them to approx. six for OBC would mean that a lot will go out of business.
- There is a risk of the price going down to the lowest and company folding.
- Paying in advance would remove the uncertainty about when providers are paid; some LA's pay weekly, monthly, some 3 months in arrears; all were happy with the Council's approach.
- It would need to be transparent and monitored for OBC to work properly.
- It is harder to develop outcomes for older people, easier for LD and MH.
- OBC is good for people with dementia because the care is flexible to meet their need; the flexibility if they are bed bound and need a hoist is not an issue.



- Positive about OBC.
- If a service user doesn't want the provider under OBC they can take a DP; this allows other agencies to exist.
- The Council's rate is low, but they pay promptly which is good.
- For some service users providers wait for payment whilst the SW puts it on the portal.
- The Council can pay a salary enhancement for reablement, etc, which they provide in house and which providers cannot compete with. But the Council has to pay inherited terms and conditions, and also the Council is the provider of last choice for service users who cannot be placed with any other provider.

## Appendix 2 Outcome Based Commissioning

### Outcomes Based Accountability

Outcomes Based Accountability (OBA) is an approach to planning services and assessing their performance that focuses attention on the results – or outcomes – that the services are intended to achieve. It was developed by Mark Friedman and described in his book, 'Trying Hard Is Not Good Enough', in 2009. OBA is the basis for Outcomes Based Commissioning. The OBA model has been used in the USA and several countries worldwide as a way of structuring planning to improve outcomes for whole populations and for improving services. It is seen as more than a tool for planning effective services. It can become a way of securing strategic and cultural change: moving organisations away from a focus on 'efficiency' and 'process' as the arbiters of value in their services, and towards making better outcomes as the primary purpose of their organisation and its employees.

Key features of OBA include:

- population accountability, which is about improving outcomes for a particular population within a defined geographical area; and
- performance accountability, which is about the performance of a service and improving outcomes for a defined group of service users.

The approach involves:

- The use of simple and clear language;
- The collection and use of relevant data;
- The involvement of stakeholders, including service users and the wider community, in achieving better outcomes; and
- The distinction between accountability for performance of services or programmes on the one hand, and accountability for outcomes among a particular population on the other.

### What are Outcomes?

An outcome is 'an impact on quality of life conditions for people or communities'. There are three types of performance measure in OBA:

1. How much did we do? (our traditional pre-occupation)
2. How well did we do it? (important, but not as important as...)
3. Is anyone better off/what difference did we make?

Answering the third question has driven recent work on outcome based commissioning within Adult Social Care (ASC), most notably in Wiltshire Council with its Help to Live at Home Service.

There are two types of outcomes in OBA:

1. Individual outcomes; and
2. Broader community or service level outcomes, in which providers are paid to reduce the number of SUs going into residential care in a year.

### Outcomes Based Commissioning

The use of outcomes in local government is developed by Richard Selwyn, in his book, 'Outcomes & Efficiency: Leadership Handbook', 2012. This describes how to implement a new outcomes and efficiency model to build a resilient government organisation that is able to radically and quickly transform. It includes designing the system of services, partners and citizens; implementing a full commissioning model to manage the system; and realising the benefits through dynamic change management.

Outcome-based commissioning is widely regarded as an important aspect of the personalisation agenda. Commissioning on the basis of individual outcomes, rather than outputs, shifts the emphasis away from systems and processes, and onto the quality of the service and the impact on the SU.

Most outcomes have value, both 'soft' (improved SU well-being) and 'hard' (financial). Therefore, investing in them may initially increase expenditure in the short term but deliver subsequent and sustainable larger saving in the medium term. Most outcomes can be realised in the short or at least medium term – often within a year and potentially in time for the next regular care review. If this is implemented well, then the net cost in one budget year should be similar to earlier commissioning budgets. In subsequent years, savings will accumulate and deliver against Council expenditure targets and/or in part, fund more invest to save initiatives in social care, in concert with health partners.

### Outcomes Based Commissioning and Payment by Results

The process of paying providers on the basis of the outcomes they achieve is less widely used than outcomes based commissioning. Payment by Results (PbR) can be introduced into new outcomes based frameworks in pre-declared phases, initially monitored and reported in shadow format ("if PbR were already live this would have been your payment"), and ultimately as a major component of payment, allowing a modest guaranteed element to cover basic staff costs. This approach to payment was introduced in Wiltshire in 2012 in the Help to Live at Home Project.

### The Care Act: Market Shaping and Commissioning

The Care Act introduces new duties on local authorities to facilitate a vibrant, diverse and sustainable market for high quality care and support in their area, for the benefit of their whole local population, regardless of how the services are funded. The Council's commissioning and procurement practices must take account of these wider 'market shaping' duties. These relate to the market shaping and commissioning section of the regulations and guidance for implementation of part one of the Care Act in 2015/16.

To support these developments, Birmingham University has published, 'Commissioning for Better Outcomes – a Route Map'. This was commissioned by the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS). The standards are designed to drive improvement, and provide a framework for councils to self-assess their progress against best practice in commissioning and enable them to identify areas for further improvement. It is being piloted by a small number of local authorities and will be rolled out in January 2015.

With the Care Act requiring a greater focus on outcomes within assessments the use of outcomes based commissioning has considerable merit. Many councils are introducing it. However, it requires considerable change to ASC assessment and care planning arrangements, supporting systems, the providers' approaches to delivering care, the expectations of SUs and carers, and the expectations of community and voluntary sector organisations.

## Benefits of an Outcomes Based Commissioning Model

The benefits of an outcome based commissioning model are:

1. It is person-centred and focuses on the outcomes that SUs say matter most to them.
2. It maximises SUs capabilities, delaying or reducing the need for services, and promoting their independence.
3. It empowers SUs to have choice and control in their lives and over their care and support.
4. It minimises costs by reducing the long term needs of SUs.
5. It reduces waste, and helps to improve the financial efficiency of the service.
6. It holds providers directly to account for the service they provide.
7. It maximises SUs support within their communities from family, friends and community and voluntary sector providers.
8. It incentivises providers to:
  - look at the most efficient and effective way of delivering what the SU needs - which may include community and voluntary sector providers or other services;
  - not to create dependency; and
  - to invest in their staff who will need support and training to work in a way in which they enable SUs to achieve the outcomes they have identified that they want to achieve.
9. The Council aims to ensure an integrated approach to commissioning health and social care services; this is a fundamental part of the council's vision to become a commissioning authority. A key focus is on achieving positive agreed outcomes with service users that increase their independence and wellbeing.
10. It is consistent with the national policy drive towards payment by results as seen in a number of major policy areas (e.g. substance misuse treatment, offender rehabilitation, employment services).

## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Chief Operating Officer, Peter Bates
<b>Subject/Title:</b>	Social Care Case Management System Procurement
<b>Portfolio Holder:</b>	Cllr David Brown

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#### 1. Report Summary

- 1.1. The Social Care Case Management systems provide a set of tools to identify, monitor and deliver social care services in order to meet the needs of Cheshire East residents by providing information, advice, early help and support prevention of issues. Having access to relevant information enables Cheshire East to deliver the Care Act in the most collaborative way in order to put our residents first by meeting the care needs of both adults and children in Cheshire East, allowing people to live at home and as independently as possible, whilst also ensuring the vulnerable in society are safeguarded.
- 1.2. Projects / procurements above £1 million are deemed to be a 'key decision' of the Council and need to obtain 'Cabinet' approval. The purpose of this Cabinet paper is to provide the reasoning, and gain approval to award a contract to LiquidLogic, for the Adults and Children's Case Management system, at a cost of £2.4m for 5 years until March 2021.
- 1.3. The current 2 year GCloud contract with the suppliers of LiquidLogic ends on 25<sup>th</sup> March 2016; therefore it is vital that approval to proceed is granted swiftly to ensure the continued and uninterrupted use of the existing case management system.
- 1.4. This paper seeks Cabinet approval to procure the case management system required to support the implementation of the Care Act 2014 for Adult Social Care and to deliver for Children's social care services the continued system that has been designed and implemented to be legally compliant.
- 1.5. Consideration has also been given to Cheshire East / Cheshire West and Chester (CWaC) Service Reviews to ensure that opportunities for sharing and future economies of scale can be achieved through common solutions, shared platforms and processes. This programme of work is also aligned with other strategic initiatives with the broader partnerships that Cheshire East Council is actively working with. These include: Cheshire Care Record, the North West ADASS Informatics Network (AIN) sub-regional

collaborative Care Act solutions group, the Cheshire East Digital by Design or Digital Customer Services major change programme and the emerging needs of the Complex Dependencies sub-regional agenda with CWaC, Halton and Warrington.

- 1.6. There are in addition some added elements of the product specification which will benefit public health services and their interaction with potential suppliers.

## **2. Recommendations**

- 2.1 That the Cabinet approve the procurement and award of contracts for the LiquidLogic Children's and Adults Social Care Case Management System at an estimated cost of £2.4m over a five year contract period, via the Crown Commercial Service RM1059 Local Authority Software Applications Framework (LASA Framework) in accordance with the Public Contracts Regulations 2015 and Cheshire East Borough Council's Contract Regulations.
- 2.2 That a supplementary capital estimate of £2.4m be approved, funded by £0.75m Adult Social Care grant funding, held within the Commissioning Capital Systems budget and virement of £1.65m from the existing approved Strategic Initiatives allocation.
- 2.3 That authority be delegated to the Chief Operating Officer in consultation with the Portfolio Holder:
  - to enter into all necessary contractual arrangements to deliver the solution; and
  - to use the LASA Framework to procure the LiquidLogic Children's and Adults Social Care Case Management System.

## **3. Other Options Considered**

- 3.1. LiquidLogic Case Management was procured in 2014 through the government G-Cloud framework. This framework is a 2 year pay-as-you-go framework for the rental of application solutions. The full suite of LiquidLogic applications required to meet the Care Act is not available via G-Cloud therefore the LASA Framework is recommended as the most economic direct award framework available. The costs of, and the time commitment required to undertake a full OJEU procurement within the timescales are unachievable.

## **4. Reasons for Recommendations**

- 4.1. This paper outlines what is needed to provide the solutions required to deliver the Phase 2 of the Care Act for Adult Social Care. It builds on the Care Act Phase 1 work previously undertaken in Adults Social Care. This section provides a summary with a more detailed breakdown included within Appendix 2.

- 4.2. The aim has been to identify and provide electronic solutions in the most economic and collaborative way to meet the needs of both Adults Services, Children's Services and Public Health, where appropriate.

- 4.3. There are two key components to the information technology solutions and information sharing requirements:

- Public facing information and systems for residents access
- Professional information and systems for health and social care partners

This paper focuses directly on the technical solutions for the public facing information solutions but ensures indirect/interfaces with the professional solutions identified.

- 4.4. Adults Social Care Priority Outcomes 2015 states the following key strategic outcomes:

- Enable people to live at home and as independently as possible – this is what people say they want
- Enable people to fully contribute to and be supported in strong and supportive communities – (Council Outcome 1)
- Enable people to access information, advice, early help and prevention so that they can help themselves and take responsibility for their well-being
- Enable carers of people to live well and be supported to fulfil their caring roles

The solutions recommended directly support access to information, advice, early help and prevention so that individuals and their carers can be better supported to help themselves and take responsibility for their well-being

- 4.5. Children's Services 2015 states the following key strategic purpose: To ensure that the needs of children, young people and their carers are effectively identified, early enough, so targeted prevention and protective services can promote their well-being and protect them from further harm. The solutions recommended support youth and transition by providing information and advice to partner organisations relating to Complex Dependencies and to support Troubled Families.

- 4.6. Children implemented the case management solution in October 2014 and continue to implement subsequent modules to provide a comprehensive solution for their case management needs.

- 4.7. The proposed solutions will ensure the Council is able to meet its requirements in the implementation of the Cheshire Care Record (CCR). This is a joint record of health and social care information across a range of services including GPs, hospital, community, mental health and social care services. The CCR is dependent on the information held within the technical solutions recommended and continued integration of these systems. The CCR will improve decision making about resident care by facilitating access to vital information which provides a fuller understanding of the health and care needs. The CCR provides a means of bringing data

from multiple partner systems into one place so that there is a comprehensive single view of key elements of the resident's care record.

- 4.8. The Cheshire Care Record (CCR) is a professional portal for sharing health and social care information across the Cheshire footprint. Collaboration between all GP, hospital, community, mental health and social care services.
- 4.9. The introduction of the Cheshire Care Record has the potential to change the nature of and components within a patient's social care package. Better access to see which other services are seeing which resident and their care package, perhaps in terms of the number of home visits required but also in terms of when these visits are required. Care can be better coordinated across all services so that the resident gets visits when they want them, perhaps on different days by different services, thus providing a better and safer service to the patient and ensuring that someone is calling in to see them regularly.
- 4.10. The Cheshire Care Record can also enable the social and community care teams to find if a resident has been admitted to hospital, perhaps if they turn up for their daily visit and they are not there and to also better plan for their discharge so that they know when to resume home care services.
- 4.11. In addition there will be the provision of a Resource Directory (eMarketplace) combining Adults and Children's existing systems, and potentially the Public Health Lifestyle Wellness hub and community navigator.
- 4.12. Procurement of the technical solution proposed in this paper will enable the establishment of multi-agency teams such as those working on Complex Dependency Programme.
- 4.13. The work of the multi agency teams will rely on integration of information from case management solutions. A possible solution proposed is the LiquidLogic Single View and Atom solution, so this paper ensures that the existing components are re-procured to support Troubled families, Safeguarding and associated integration.
- 4.14. Over the last 3 years the Supporting the Front Line project has taken £1.3m out of the budget up to 2015/16, these savings include those relating to the Case Management System (CMS) so savings have already been applied to Support to Social Work teams. Once the CMS is in place this will allow the savings to be delivered.
- 4.15. It is anticipated that improvements in management information as a result of the new systems will lead to more informed decision making and improved budget management, creating benefits in terms of future potential savings.
- 4.16. There may also be savings within Business Intelligence as the reporting from the new systems will be more robust, and easier to access data.



## 5. Background/Chronology

- 5.1. In March 2014: The Contract for LiquidLogic was awarded via G-Cloud; contracts procured through the G-Cloud framework, call-off contracts under G-Cloud frameworks are limited to a maximum duration of 2 years.
- 5.2. In January 2015: ICT Strategy produced a detailed draft business case to deliver the technical components to enable the Care Act 2014; supporting Phase 2 and delivery of Citizen Care Accounts by April 2016. The government have since extended this deadline to 2020.
- 5.3. In September 2015: ICT Strategy was commissioned to produce a detailed proposal on requirements and solutions needed along with a costed implementation plan. Business Analysts undertook work to review the recommendations of the draft detailed business case, validate the statement of business requirements, research scope and update possible alternative solutions, and request updated supplier/provider costs. This resulted in the drafting of a High Level Business Case (HLBC) for consultation with Adults, Children's and Public Health stakeholders.
- 5.4. In November 2015: the HLBC was submitted to Technical Enablers Group (TEG) and then Executive Monitoring Board (EMB), for consideration. On 20<sup>th</sup> November 2015: the HLBC was approved by EMB; which triggered the need to proceed to the next stage (Cabinet Approval to spend > £1m). In order to achieve this as quickly as possible (to enable procurement), the following timetable is being followed:

DEADLINE FOR MGB REPORTS	MANAGEMENT GROUP BOARD	DEADLINE FOR BRIEFING REPORTS	PRE-AGENDA BRIEFING	DEADLINE FOR CABINET REPORTS	CABINET
24-Dec-15 (Thursday) or 04-Jan-16	06-Jan-16	13-Jan-16	19-Jan-16	28-Jan-16	<b>09-Feb-16</b>

- 5.5. On 25<sup>th</sup> March 2016 the G-Cloud call-off contract for LiquidLogic expires and cannot be extended via this framework.

## 6. Wards Affected and Local Ward Members

- 6.1. All Wards will be affected by this proposal

## 7. Implications of Recommendation

### 7.1. Policy Implications

- 7.1.1. This proposal is in keeping with the requirements of the Care Act 2014.

### 7.2. Legal Implications

- 7.2.1. The value of this procurement at over £1,000,000 requires it to comply with both the Council's Contract Procedures and the Public Contracts Regulations 2015 (Public Contracts Regulations). The proposed

procurement route using the LASA framework provides a compliant route for procuring the software applications.

7.2.2. The Public Contracts Regulations permit the direct award of contracts to suppliers who have been appointed to frameworks where the framework sets out:

- (i) all the contract terms governing the supply; and
- (ii) all the objective conditions are in place that are required to make a decision for award of the specific contract to a supplier.

The LASA framework meets the above and permits direct award to suppliers appointed to the framework.

7.2.3. The Council's Contract Procedures provide that, where a legally procured framework agreement is used, there is an exemption to the requirements for competition.

### **7.3. Financial Implications**

7.3.1. The high level business case developed for Children's Services, Adult Social Care and Public Health proposes a strategic investment programme with an estimated cost of £10.3m over five years including all procurements, resources to implement, and ongoing support and maintenance. Programme governance will continue to review and scrutinise the spending profile between capital and revenue over the five year period.

7.3.2. In the immediate future there is an urgent requirement to procure a replacement of the Children's and Adults Social Care Case Management System at a cost of £2.4m over a period of five years. This £2.4m is part of the overall £10.3m stated above. In order to allow this project to progress now as part of getting the new system in place for April 2016 the full £2.4m will be for capital expenditure, funded from a combination of grant funding £0.75m and a virement from the Strategic Initiative allocation of a further £1.65m. This will allow the project to progress whilst the detail is being developed, which is likely to result in some expenditure in later years being assessed and detailed as revenue, which will be built into later year budget setting processes.

### **7.4. Equality Implications**

7.4.1. An Equality Impact Assessment has been completed and is attached as Appendix 1

### **7.5. Rural Community Implications**

7.5.1. The proposal will support the creation of greater choice of type and location of support for those in rural communities to have a personalised response to their circumstances and needs.

- 7.5.2. Service users and carers living in rural communities will be engaged to design the services that will meet their specific needs.

## **7.6. Human Resources Implications**

- 7.6.1. No implications identified, as this paper relates to the provision of the technical solutions required in order to enable the compliant delivery of the Care Act 2014. Resources to implement the solutions are identified in the high level business case.

## **7.7. Public Health Implications**

- 7.7.1. Implications for Public Health are set out in paragraph 4.7 in the reasons for recommendations section 4 of this paper.

## **7.8. Other Implications**

- 7.8.1. No other Implications identified

## **8. Risk Management**

- 8.1. This paper relates to the provision of the ICT systems required in order to enable the delivery of full compliance with the Care Act 2014; the risks detailed here relate to the procurement and implementation of the technical systems, and not the delivery of the Care Act.
- 8.2. Currently, Cheshire East Council is appropriately placed to deliver the full requirements of the Care Act within the timescales defined by government. If timescales were to slip, due to delays in implementation, achieving the requirements within the prescribed timescales may be put at risk.
- 8.3. If the proposals made in this paper are not approved at the Cabinet meeting on 9<sup>th</sup> February 2016, there is a high likelihood that it would not be possible to renew the contract for the Case Management system by 25<sup>th</sup> March 2016. The implications of this would be that access to the social care case management system could be withdrawn, thereby endangering the authority's ability to deliver social care.

## **9. Access to Information/Bibliography**

- 9.1. Appendix 1 - Equality Impact Assessment
- 9.2. Appendix 2 - Reasons for Recommendation - expanded version

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

### **Contact Information**

Contact details for this report are as follows:

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Equality impact assessment is a requirement for all strategies, plans, functions, policies, procedures and services under the Equalities Act 2010. We are also required to publish assessments so that we can demonstrate how we have considered the impact of proposals.

## Section 1: Description

<b>Department</b>	ICT Strategy on behalf of Adult Social Care and Independent Living		<b>Lead officer responsible for assessment</b>		Paul Wright	
<b>Service</b>	Chief Operating Officer		<b>Other members of team undertaking assessment</b>		Gwyn Arrowsmith, Lynn Laverick, Janet Regan	
<b>Date</b>	8 <sup>th</sup> December 2015		<b>Version</b>		Draft	
<b>Type of document (mark as appropriate)</b>	<u>Strategy</u>	Plan	Function	Policy	Procedure	Service
<b>Is this a new/existing/revision of an existing document (mark as appropriate)</b>	<u>New</u>		Existing		Revision	
<b>Title and subject of the impact assessment (include a brief description of the aims, outcomes , operational issues as appropriate and how it fits in with the wider aims of the organisation)</b>  <b>Please attach a copy of the strategy/plan/function/policy/procedure/service</b>	<p><b><u>Implementing the Care Act 2014</u></b></p> <p>The Care Act 2014, together with a range of regulations and statutory guidance, is the base upon which social care will develop over the next few decades. Part one of the Act (and its Statutory Guidance) consolidates and modernises the framework of care and support law; it set out new duties for local authorities and partners, and new rights for service users and carers. It enshrines the new statutory principle of individual wellbeing, the driving force behind the Act, and makes it the responsibility of local authorities to promote wellbeing when carrying out any of their care and support functions. It therefore requires local authorities to establish and maintain an information and advice service about all care and support (not limited to council services) in the area.</p> <p>The Act aims to achieve</p> <ul style="list-style-type: none"> <li>• Clearer, fairer care and support</li> <li>• Wellbeing – physical, mental and emotional – of both the person needing care and their carer</li> <li>• Prevention and delay of the need for care and support</li> <li>• Put people in control of their care</li> </ul> <p>The outcome will be the deliver of 4 key areas</p> <ul style="list-style-type: none"> <li>• Information and Advice</li> <li>• E-Marketplace</li> <li>• Data Warehouse</li> <li>• Care Account</li> </ul>					

## EQUALITY IMPACT ASSESSMENT FORM

	<p>The delivery will adhere to the principles and initiatives being delivered by the Digital Customer Services programme who's aims are</p> <ul style="list-style-type: none"><li>• For services to be primarily delivered through digital channels</li><li>• Designing and promoting services that are 'digital by default'</li><li>• Help meet the councils commitment to be a 'resident first'</li></ul>
<b>Who are the main stakeholders?</b> <b>(eg general public, employees, Councillors, partners, specific audiences)</b>	Both Residents and non-residents of Cheshire East (e.g. Relatives), employees of the authority, Cheshire East Councillors, Community partners, Carers and Care Providers

## EQUALITY IMPACT ASSESSMENT FORM

### Section 2: Initial screening

<b>Who is affected?</b> (This may or may not include the stakeholders listed above)	Both Residents and non-residents of Cheshire East (e.g. Relatives), employees of the authority, Cheshire East Councillors, Community partners, Carers and Care Providers
<b>Who is intended to benefit and how?</b>	<p><b>Residents / Non Residents</b> will benefit from</p> <ul style="list-style-type: none"> <li>• Information and Advice</li> <li>• Self Assessments</li> </ul> <p><b>Care Users</b> will benefit from</p> <ul style="list-style-type: none"> <li>• Personal Budget</li> <li>• Person-centred care</li> <li>• Information and Advice</li> </ul> <p><b>Carers</b> will benefit from</p> <ul style="list-style-type: none"> <li>• Assessment</li> <li>• Carers Support Plan</li> <li>• Personal Budgets – Direct Payments</li> </ul> <p><b>Care Providers</b> will benefit from</p> <ul style="list-style-type: none"> <li>• Prevention, including intermediate care – consider what preventative services are currently offered and what could be delivered in the future.</li> <li>• Independent advocacy – consider offering this service to local authorities in future.</li> <li>• Personal budgets and direct payments – providers should review their commercial terms to enable people using their services to use personal budgets and direct payments.</li> <li>• Integration, cooperation and partnership – provider to consider what services it might offer now and in the future as a result of integration.</li> <li>• Smoothing transition to adult care and support – understand local authorities’ duty to conduct a transition assessment.</li> <li>• Ordinary residence – understand which geographical local authority is responsible for each service user.</li> <li>• Delegation of local authority functions – providers should consider what existing services they might want to offer, and</li> </ul>

# EQUALITY IMPACT ASSESSMENT FORM

			any new services they might wish to develop, that may fit with functions delegated by local authorities.								
<b>Could there be a different impact or outcome for some groups?</b>			<p>Yes. Some groups are less likely to use or may be unable to use the digital channels to access the online services provided by the Care Act.</p> <p>Assisted Digital Services is a key principal that underpins the Digital Customer Services programme and will be embraced by the implementation of the Care Act.</p> <p>In respect to the Digital Customer Services programme - Assisted Digital services will support the groups who are more likely to be digitally excluded. It will include traditional telephony and face to face services and as legacy channels are retired, they are replaced by 'Digital Access Points' which guide customers through the use of digital platforms for requesting Council services or information (e.g. helping customers to use self service machines in selected locations, such as CSCs) and provide a safety net for the more vulnerable.</p>								
<b>Does it include making decisions based on individual characteristics, needs or circumstances?</b>			Implementation of the solutions, required to delivery the Care Act, will give easier access to information which will inform decision makers of the individual's circumstances.								
<b>Are relations between different groups or communities likely to be affected? (e.g. will it favour one particular group or deny opportunities for others?)</b>			Implementation of the solutions, required to delivery the Care Act, will create improved communications links and information sharing between the different groups, so enabling: clearer, fairer care and support; wellbeing – physical, mental and emotional – of both the person needing care and their carer; prevention and delay of the need for care and support; putting people in control of their care.								
<b>Is there any specific targeted action to promote equality? Is there a history of unequal outcomes (do you have enough evidence to prove otherwise)?</b>			None. The solutions to be put in place are designed to enable delivery of the required level of care specific to the individual, on a case-by-case basis, in an equitable manner.								
<b>Is there an actual or potential negative impact on these specific characteristics? (Please tick)</b>											
Age	Y	N	Marriage & civil partnership	Y	N	Religion & belief	Y	N	Carers	Y	N
Disability	Y	N	Pregnancy & maternity	Y	N	Sex	Y	N	Socio-economic status	Y	N
Gender reassignment	Y	N	Race	Y	N	Sexual orientation	Y	N			



# EQUALITY IMPACT ASSESSMENT FORM

What evidence do you have to support your findings? (quantitative and qualitative) Please provide additional information that you wish to include as appendices to this document, i.e., graphs, tables, charts		Consultation/involvement carried out	
		Yes	No
Age	Assisted Digital services will mitigate the impact of this project on this protected characteristic.		✓
Disability	The effect of this project is deemed neutral on this protected characteristic		✓
Gender reassignment	The effect of this project is deemed neutral on this protected characteristic		✓
Marriage & civil partnership	The effect of this project is deemed neutral on this protected characteristic		✓
Pregnancy & maternity	The effect of this project is deemed neutral on this protected characteristic		✓
Race	The effect of this project is deemed neutral on this protected characteristic		✓
Religion & belief	The effect of this project is deemed neutral on this protected characteristic		✓
Sex	The effect of this project is deemed neutral on this protected characteristic		✓
Sexual orientation	The effect of this project is deemed neutral on this protected characteristic		✓
Carers	The effect of this project is deemed neutral on this protected characteristic		✓
Socio-economic status	Assisted Digital services will mitigate the impact of this project on this protected characteristic..		✓
Proceed to full impact assessment? (Please tick)	Yes	No ✓	Date TBC

If yes, please proceed to Section 3. If no, please publish the initial screening as part of the suite of documents relating to this issue

### Section 3: Identifying impacts and evidence

This section identifies if there are impacts on equality, diversity and cohesion, what evidence there is to support the conclusion and what further action is needed

Protected characteristics	Is the policy (function etc....) likely to have an adverse impact on any of the groups?  Please include evidence (qualitative & quantitative) and consultations	Are there any positive impacts of the policy (function etc....) on any of the groups?  Please include evidence (qualitative & quantitative) and consultations	Please rate the impact taking into account any measures already in place to reduce the impacts identified <b>High:</b> Significant potential impact; history of complaints; no mitigating measures in place; need for consultation <b>Medium:</b> Some potential impact; some mitigating measures in place, lack of evidence to show effectiveness of measures <b>Low:</b> Little/no identified impacts; heavily legislation-led; limited public facing aspect	Further action (only an outline needs to be included here. A full action plan can be included at Section 4)
Age				
Disability				
Gender reassignment				
Marriage & civil partnership				
Pregnancy and maternity				
Race				
Religion & belief				
Sex				

# **EQUALITY IMPACT ASSESSMENT FORM**

<b>Sexual orientation</b>				
<b>Carers</b>				
<b>Socio-economics</b>				
<p><b>Is this project due to be carried out wholly or partly by contractors? If yes, please indicate how you have ensured that the partner organisation complies with equality legislation (e.g. tendering, awards process, contract, monitoring and performance measures)</b></p>				

## EQUALITY IMPACT ASSESSMENT FORM

### Section 4: Review and conclusion

<b>Summary: provide a brief overview including impact, changes, improvement, any gaps in evidence and additional data that is needed</b>			
<b>Specific actions to be taken to reduce, justify or remove any adverse impacts</b>	<b>How will this be monitored?</b>	<b>Officer responsible</b>	<b>Target date</b>
<b>Please provide details and link to full action plan for actions</b>			
<b>When will this assessment be reviewed?</b>			
<b>Are there any additional assessments that need to be undertaken in relation to this assessment?</b>			
<b>Lead officer signoff</b>		<b>Date</b>	
<b>Head of service signoff</b>		<b>Date</b>	

Please publish this completed EIA form on your website

## 1. Reasons for Recommendation – Detailed Description

- 1.1. Adult Social Care and Independent Living commissioned the Chief Operating Officers' Service to put in place technical solutions that empower Cheshire East residents to exercise choice and control over their wellbeing, care and support. These solutions also need to work for the care and support workforce and those who provide services and community activities. This paper details what is required to deliver these solutions in response to the brief below. It builds on the Care Act Phase 1 2014-15 work previously undertaken in Adults Social Care.
- 1.2. The aim was to identify and provide solutions to deliver the Care Act in the most collaborative way to meet the needs of both Adults and Children's Services. Incumbent systems and contract end dates have been dovetailed into the implementation plan, to minimise disruption and unnecessary further costs to service areas.
- 1.3. Consideration has been given to a co-ordinated customer experience with respect to Public Health; and, although it is not yet known whether the solution identified can meet all Public Health requirements to deliver a Lifestyle Wellness portal and improved information to the public – this is work in progress and will be explored in more detail.
- 1.4. Opportunities for sharing and future economies of scale could be achieved through common solutions, shared platforms and processes with other local authorities. It is the intention to, wherever possible; include CWaC as a named beneficiary in Adults, Children's and Public Health technical contracts so that they can also call-off the solutions, if appropriate.
- 1.5. This paper also takes into consideration other strategic initiatives; Cheshire Care Record, the North West ADASS Informatics Network (AIN) sub-regional collaborative Care Act solutions group, the Cheshire East Digital by Design or Digital Customer Services major change Programme and the emerging needs of the Complex Dependencies sub-regional agenda with CWaC, Halton and Warrington.
- 1.6. Adults Social Care 2015 have the following key strategic outcomes to:
  - Enable people to live well and for longer – (Council Outcome 5)
  - Enable people to live at home and as independently as possible – this is what people say they want
  - Enable people to fully contribute to and be supported in strong and supportive communities – (Council Outcome 1)
  - Enable people to access information, advice, early help and prevention so that they can help themselves and take responsibility for their well-being
  - Enable carers of people to live well and be supported to fulfil their caring roles
  - Ensuring vulnerable adults are safeguarded

1.7. The solutions recommended directly support access to information, advice, early help and prevention so that people can help themselves and take responsibility for their well-being. The solutions also indirectly support the following specific commissioning intentions:

1.7.1. For all adults:

- Provide support that informs, advises and encourages self-help and self-management to maintain healthy independence.
- Stimulate and enable a range of early help and prevention activity and informal support that prevents the need for more specialist social care support and improves outcomes.
- Greatly increase the choices of support available for social care need so that it can be tailored to particular needs and individual's preferences – personalising support.
- Adults should access the same opportunities to enjoy social/recreational activities in the community as others; strong and supportive communities enable this. Social isolation and loneliness blights lives and must be addressed urgently.
- Further develop support that helps people to gain or regain the capacity to live well independently.
- Enable access to support which affords adults protection from harm and safeguards them appropriately
- Redesign assessment and care management processes and systems to ensure customers receive a timely, effective, outcome-focused service.

1.7.2. Frail Older People

- Develop further the range and scale of community based wrap-around support to keep people living well at home and avoid the risk of needing long-term residential or nursing home care.

1.7.3. Older People Living with Dementia

- Develop the range and coherence of the health, social care and community support for people with dementia and their carers.
- Support the need for early diagnosis and specialist interventions/treatment. For example: Dementia reablement and the use of assistive technology.

1.7.4. Learning Disabilities

- Develop a more effective joint health and social care approach to support adults with complex needs, including challenging behaviour. The complexity of needs is growing in the group of young adults who from children's services to adult social care and health support (often referred to as transition).
- Community inclusion to be developed further to ensure that day time and social opportunities encourage and enable access for adults with learning disabilities, including voluntary work and employment.

1.7.5. Mental Health

- Develop the preventative support to people at risk of and experiencing poor mental health by working with Public Health and Health partners.
- Ensure that informal support is developed and encouraged to provide better community and social inclusion for those recovering from serious mental illness.

1.7.6. Physical and Sensory Disabilities

- Expand awareness of and access to assistive technology to ensure those with disabilities can maximise their personal independence.

1.7.7. Carers

- Increase the range of respite care choices available to ensure that carers can have periodic respite from their caring roles that meets their particular needs and preferences.
- Increase the range of early advice, information and support to people new to the caring role.
- Enable carers to develop skills and expertise to assist them in their caring role.

1.8. Children's Services 2015 have the following key strategic purpose:

To ensure that the needs of children, young people and their carers are effectively identified, early enough, so targeted prevention and protective services can promote their well-being and protect them from further harm. This paper directly supports the following objectives for targeted prevention and support for vulnerable groups:

- Working with a range of partners to close the gap in attainment for vulnerable children
- Targeting youth support to deliver an increase in vulnerable groups in education, employment and training
- Prevent, reduce, re/offending and young people placed in custody.
- Demand Management, re-commission targeted programmes, e.g. Multisystem Therapy, Troubled Families, Parenting support, Short breaks, Family Group Conferences,
- Implement with partner agencies and adult services effective pathways for children with complex needs so there is robust preparation for adulthood.
- Ensure policies and procedures and commissioned services meet the needs of children with disabilities and carers across the levels of need

1.9. The solutions recommended particularly support target youth and transition by providing information and advice, working with partners to provide

professional information on complex dependencies and to support troubled families.

- 1.10. This paper also tries to address the technical solutions required to support the Complex Dependencies programme. The Cheshire and Warrington Complex Dependency Programme has been set up from 2015 following a successful bid for Government funding through the national Transformation Challenge Award scheme. The Programme will build on what is already in place across the Pan-Cheshire Sub Region to establish a new, integrated, joined up model across agencies and services that tackle the causes of crisis for children, families and individuals across a range of related and complex issues. It will also ensure that there is more support available for families and individuals that are already in a state of crisis. In summary, the programme looks at both preventative work to help children, families and vulnerable adults to avoid reaching crisis, and providing crisis management for those that have.
- 1.11. Partners within the sub-region have recognised that there are a number of overlapping issues that lead to crisis and an increased dependency on the state for support. These issues that the Programme will focus on are:
- Working with each locality on Stage 2 of the Troubled Families Programme.
  - Adults and children involved in crime or anti-social behaviour
  - Children who have problems at school
  - Children who need help
  - Children at the edge of care and edge of custody.
  - Adults out of work or families at risk of financial exclusion
  - Individuals and families affected by domestic violence and abuse
  - Abusers of drugs and alcohol.
  - Individuals with a range of (non-age related) health problems
  - Young people affected by homelessness/rough sleeping
  - Although the Complex Dependency Programme will work closely with the Troubled Families Co-ordinators in each locality, the list of issues outlined above shows that the Programme will tackle much more than Troubled Families across the Pan-Cheshire Sub Region. Across the Pan-Cheshire sub-region there are 10,000 individuals affected by these complex dependencies.
- 1.12. The partner organisations that have signed up to the programme are:
- Cheshire East Council
  - Cheshire West and Chester Council
  - Halton Borough Council
  - Warrington Borough Council
  - Cheshire Police
  - Cheshire Police and Crime Commissioner
  - Cheshire Fire and Rescue Service
  - NHS England
  - National Probation Trust



- Cheshire and Greater Manchester Community Rehabilitation Company

1.13. What will success look like?

- Better outcomes for children, individuals and families affected by these complex dependencies.
- The model being an exemplar that can be adopted in other areas across the country.
- Reduced costs for agencies and services.

1.14. The Complex Dependency Programme will again rely on integration of information from case management solutions. A possible solution proposed is the LiquidLogic Single View and Atom solution, so this paper ensures that the existing components (LCS and Single View) are re-procured to support Troubled families, safeguarding and associated integration with LAS, and that Atom will be included within the LASA Framework for potential call off should this be the selected solution going forward. ICT Strategy continues to work with Children's Services on the needs for Complex Dependencies.

1.15. The Cheshire Care Record (CCR) is a professional portal for sharing health and social care information across the Cheshire footprint. Collaboration between all GP, hospital, community, mental health and social care services.

1.16. The Cheshire Care Record will help improve decision making about resident care (adults and children) by speeding up access to vital information which provides a fuller understanding of the care needs rapidly, without having to ask the individual time and time again for the same information or telephone colleagues in other areas of health and social care. This aids efficiency and outcomes.

Examples of benefit areas include:

- Reduced phone calls between the GP, hospital consultants, social workers and community teams.
- Reduced duplicate tests through access to all recent test results, regardless of which organisation requested/processed them
- Reduced admissions to A&E as better able to diagnose and treat patients as they will have access to existing conditions, medication, treatments and test results information
- Earlier discharge from hospital if professionals have access details about the social and community care packages that the resident has in place at home
- Improved safeties by ensuring that any new prescriptions are given are safe to take alongside existing medication and by being aware of known allergies.
- A better experience for residents as they don't have to repeat your story; full medical details, time and time again when seeing different staff groups

- Better coordination of care across multiple teams and organisations, which improves resident experience and improves efficiency.
- 1.17. Cheshire Councils and Community service providers are working together to develop integrated health and social care teams. These teams will combine community, social and primary care staff to plan total care packages and work more closely with residents to do this. However each service provider collects their own information about the individual and records this within their own systems. The Cheshire Care Record provides a means of bringing the summary data from multiple systems into one place so that there is one single view that can then be used in planning meetings about care for individuals.
- 1.18. The introduction of the Cheshire Care Record has the potential to change the nature of and components within a patient's social care package. Better access to see which other services are seeing which resident and their care package, perhaps in terms of the number of home visits required but also in terms of when these visits are required. Care can be better coordinated across all services so that the resident gets visits when they want them, perhaps on different days by different services, thus providing a better and safer service to the patient and ensuring that someone is calling in to see them regularly. Many elderly, frail patients are visited for safeguarding purposes to ensure that they are managing to look after themselves. A more comprehensive service is provided if the delivery of care is managed across a week holistically between agencies to ensure that the residents are being checked routinely throughout the week.
- 1.19. The Cheshire Care Record can also enable the social and community care teams to find if a resident has been admitted to hospital, perhaps if they turn up for their daily visit and they are not there and to also better plan for their discharge so that they know when to resume home care services.
- 1.20. Some key benefits identified by GPs include:
- Radiology results can be seen on the West Cheshire Care Record as soon as the results are available, rather than waiting for the letter notification from the Trust.
  - GPs can track progress on their patients when they are in hospital, this is particularly useful for long stay, complex patients, whom they would not hear progress about until the discharge letter follows, which can sometimes get delayed.
  - Cancer episodes, which may be long term, can be tracked.
  - A patient's lead social worker can easily be identified, including telephone numbers, for example if a GP needs to request an increase in a patient's social care package
  - A summary of the number and frequency of social care visits and their purpose is useful.
  - The mental health summary and cancer summary are both very informative
  - It is quicker to view letters as don't have to separately login to Medisec

- 1.21. The Cheshire Care Record (CCR) is dependent on the information held within the technical solutions recommended and continued integration of these systems.
- 1.22. The CCR Information Governance (IG) Group has representation from Cheshire East ICT Strategy IG, security and compliance teams which are working with Adults Social Care leads to ensure appropriate consent to share and view records is achieved, alongside documented and robust internal policies, processes and procedures.
- 1.23. Public Health will launch a new integrated health and wellbeing service, offering lifestyle advice and support to residents in an integrated way for the first time. This will include new services to create more support for residents who want to be more active and for those who want help to lose weight together with existing services offering support for people who want to stop smoking or need to access sexual health services urgently. We will bring all of these services together with a re-invigorated NHS health checks programme to ensure we can support residents to stay healthy for longer. This will deliver a number of core services which it is mandated to commission which include:
- Appropriate access to sexual health services,
  - Deliver the NHS Health Check Programme
- 1.24. The Integrated health and wellbeing service will also include additional investment to prevention premature mortality and reduce disability. The service will also deliver a full range of support for residents to change and adopt a healthier lifestyles including help to
- Stop smoking,
  - Reduce obesity and
  - Increase physical activity
- 1.25. Between 2015 and 2018, the Public Health agenda will focus more on the risk factors and behaviours that lead to early death and poor health. They are proposing to develop:
- An integrated wellness hub to support healthy behaviours.
  - A school project to improve the emotional health of children and young people.
  - Closer working between health visitors and children's centres.
  - A 'community navigator' service to help people find ways to do the things that will improve their wellbeing: connect, be active, keep learning, and take notice and 'give'.
- 1.26. It is proposed that this paper will enable Public Health to address two of the focus areas listed above, an integrated wellness hub and community navigator. ICT Strategy continue to work with Public Health to determine business requirements and clarify whether the proposed information and advice portal and eMarketplace (with back office integration with LiquidLogic and OCC components) will meet their requirements before

another portal (and associated financial management solutions) are procured.

- 1.27. Public Health have had a Business Case approved to invest in technologies in these areas, and while it is envisaged that this proposal will deliver a proportion of what they need, it is not anticipated that it will deliver the complete solution. It is understood that £200k has been allocated to the Public Health needs, and possibly up to £130k of that amount could be used to fund this business case, if the solution provided the required functionality.
- 1.28. There are two key components to the information technology solutions and information sharing needs of Cheshire East Council:
  - Public facing information and systems for residents, communities about communities, as well as the local care and support systems contained within the Citizens portals and
  - Professional information and systems for health and social care partners delivering some or all elements of planning and support i.e. Cheshire Care Record (CCR) and Complex Dependencies Programme.
- 1.29. This paper focuses directly on the technical solutions for the public facing information solutions but ensures indirect/interfaces with the professional solutions identified. Both approaches require secure identity management and adopt the NHS number as the unique identifier or all aspects related to health and social care.
- 1.30. While considering the public facing (Internet) solutions required for effective implementation of the Care Act requirements, the work being undertaken for the Digital Customer Services programme will be considered in order to avoid duplication and provide a consistent delivery of service.
- 1.31. It is proposed that a system to support the provision of information and advice will be procured (replacing existing third party Care Choices solution) which will:
  - Guide the citizen to relevant information in an attractive manner
  - Enable the citizen to bookmark and otherwise interact with the portal
  - Present audio visual material
  - Enable users to interact with the content through social media
  - Provide Chat rooms and discussion forums
  - Offer alternative solutions to the search for support e.g. housing solutions
  - Allow for self-assessment templates to be referred directly to the appropriate local authority department
- 1.32. In addition there will be the provision of a Resource Directory (eMarketplace) combining Adults and Children's existing systems (and potentially the Lifestyle Wellness) to include:

- A directory of approved providers, with 'self-service' for those organisations to update their records
  - A directory of services (both free and paid for), with 'self-service' for service providers and community input to update their records
  - Integration with the Citizens Portal Care Accounts (linked to back office financial and case management solutions) to enable direct and auditable purchases particularly for both self-funders (capturing expenditure) and those with costed care plans (local authority expenditure).
  - High quality search/browse/mapping of the directory data of a quality that the citizen experiences on other websites such as Amazon.
  - Council administration and moderation tools
- 1.33. Care Accounts will be need to be created by 2020, which integrate with both case management and financial back office systems including:
- Tools to enable citizens and carers to source, budget and pay for, and manage services
  - Access to Care and support plans with a view to co-production of a support plan (or interim documents) with experts in a joint process
  - Summary records
  - Transferrable records between Councils
- 1.34. It is proposed that the systems are procured through call-offs contracts under the LASA Framework (for Cheshire East) that includes all new components above and existing disparate Adults and Children's LiquidLogic and Oxford Computing Centre (OCC) systems (at end of contract date) to ensure parallel contracts with consistent end dates.
- 1.35. The following existing components will be procured through the two new call-off contracts under the LASA Framework with LiquidLogic and OCC:
- ContrOCC Adults
  - ContrOCC Children's
  - Market Place for Children's
  - Supporting People System
  - Children Case Management
  - Adult Case Management
  - LAS Data Warehouse and Business Objects Universe for Statutory Returns
  - LAS Equipment Workspace
  - LLPG integration
  - LDAP integration
  - LCS / LAS Integration
  - Customer Forms Designer and Repository for LCS, LAS & EHM
  - Hosting services
  - LCS Data Warehouse and Business Objects Universe for Statutory Returns
  - ContrOCC Children's Integration

- EHM (Early Help Module)
- EHM Hosting
- EHCP SEN module
- Troubled Families Generic Workspace

- 1.36. The suppliers of both LiquidLogic and ContrOCC have indicated that Cheshire West and Chester (CWaC) could adopt the same approach with two separate call-off contracts under the LASA Framework, but do not advise combined contracts. Economies of scale may be achieved whether technical solutions are implemented in collaboration, such as the eMarketplace and Complex Dependencies Programme. Further analysis will be required to support the Service Reviews and detailed business case.
- 1.37. Council administration and moderation tools may be procured in the short term through Crown Commercial Service RM1557vii Framework (GCloud 7) to enable the services to deliver a sub-regional eMarketplace solution prior to April 2016. It has been assumed that if this third party were not required, and that CoSocius could deliver these elements, similar costs would be incurred.

## CHESHIRE EAST COUNCIL

### Cabinet

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**Date of Meeting:** 9<sup>th</sup> February 2016  
**Report of:** Chief Operating Officer (Section 151 Officer)  
**Subject/Title:** 2015/16 Third Quarter Review of Performance  
**Portfolio Holder:** Cllr P Groves, Finance and Assets  
Cllr JP Findlow, Performance

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#### 1. Report Summary

- 1.1. This report sets out the Council's financial and non financial performance at the third quarter stage of 2015/16 and highlights the latest progress towards achieving the Council's Residents First Outcomes as described in the Council's three year plan 2013 to 2016.
- 1.2. The third quarter review shows how the Council is continuing to build on the positions achieved in the last two years, which demonstrate that the overall financial health, performance, resilience and value for money at Cheshire East Council is strong despite taking £70m out of its cost base since 2011, and freezing Council Tax for the fifth consecutive year. Savings have been consistently achieved through permanent savings of £5m in management costs, efficiency, removing any duplication of effort, and a planned programme of asset disposals. This approach has protected funding provided to front line services. The Council's strong financial position reflects its enhanced governance, innovative delivery arrangements and effective stewardship of public money.
- 1.3. Following the third quarter review the Council's reserves strategy remains effective, with an underspend of £0.3m being forecast. This represents a variance of only 0.1% against a net budget of £246.6m. This is the nearest favourable forecast position to budget ever reported for the Council at this stage in the financial year. In achieving this position the Council is mitigating rising costs in social care. Nationally caseloads are increasing and this is also being seen in Cheshire East. Controlling in-year costs as well as accurate budget setting have made this pressure affordable in 2015/16. The ongoing impact of this pressure is also reflected in the Council's Medium Term Financial Strategy.
- 1.4. Cheshire East is the third largest Council in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Gross annual spending is over £750m, with a balanced net budget for 2015/16 of £246.6m. In quarter three, examples of good performance were:
  - Producing a Community Impact Assessment with partners to support recovery of the site and community in Bosley

- Achieving 2<sup>nd</sup> best ranking in the country for Cheshire East schools
- Confirmed waste recycling rate of 57% which places Cheshire East in top 10% of local authorities

1.5. The attached report, **Annex 1**, sets out further details of how the Council is performing in 2015/16. It is structured into three sections:

**Section 1 Summary of Council Performance** - brings together the positive impact that service performance and financial performance have had on the 5 Residents First Outcomes after three quarters of the year.

**Section 2 Financial Stability** - provides an update on the Council's overall financial position. It demonstrates how spending in 2015/16 has been 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.

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

## 2. Recommendations

2.1 Cabinet is asked to consider and comment on the third quarter review of 2015/16 performance, in relation to the following issues:

- the summary of performance against the Council's 5 Residents First Outcomes (**Section 1**);
- the projected service revenue and capital outturn positions, overall financial stability of the Council, and the impact on the Council's reserves position (**Section 2**);
- the delivery of the overall capital programme (**Section 2, paragraphs 182 to 193 and Appendix 4**);
- fully funded supplementary capital estimates and virements up to £250,000 approved in accordance with Finance Procedure Rules (**Appendix 5**);
- changes to Capital Budgets made in accordance with the Finance Procedure Rules (**Appendix 8**);
- treasury management investments and performance (**Appendix 9**);
- management of invoiced debt (**Appendix 11**);
- use of earmarked reserves (**Appendix 12**);
- update on workforce development and staffing (**Section 3**).

2.2 Cabinet is asked to approve:

- fully funded supplementary capital estimates and virements above £250,000 in accordance with Finance Procedure Rules (**Appendix 6**);
- supplementary revenue estimates to be funded by additional specific grant (**Appendix 10**).



2.3 Cabinet is asked to recommend that Council approve:

- fully funded supplementary capital estimates and virements above £1,000,000 in accordance with Finance Procedure Rules (**Appendix 7**).

### **3. Other Options Considered**

3.1. None.

### **4. Reasons for Recommendation**

4.1. The overall process for managing the Council's budget, promoting value for money and complying with its Finance Procedure Rules, ensures that any changes that become necessary during the year are properly authorised. This report sets out those areas where any further approvals are now required.

### **5. Background/Chronology**

5.1. The Council's quarterly reporting structure provides forecasts of a potential year-end outturn. The forecasts in this report highlight achievements against outcomes and provide an indication of potential risks at this stage of the year.

5.2. At the third quarter stage, the Council's reserves strategy remains effective with a modest underspend of £0.3m (0.1%) against a budget of £246.6m. Portfolio Holders and the Management Group Board continue to focus on managing this position to avoid any impact on the Council's general reserves at year end.

### **6. Wards Affected and Local Ward Members**

6.1. All

### **7. Implications of Recommendation**

#### **7.1. Policy Implications**

7.1.1. Performance management supports delivery of all Council policies. The projected outturn position, ongoing considerations for future years, and the impact on general reserves have been fed into the assumptions underpinning the 2016/19 medium term financial strategy.

## **7.2. Legal Implications**

- 7.2.1. The legal implications surrounding the process of setting the 2013 to 2016 medium term financial strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the third quarter stage in 2015/16. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 7.2.2. The only implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are correctly dealt with through the Finance Procedure Rules as discussed.
- 7.2.3. There may well be legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt with in the individual reports to Members or Officer Decision Records that relate.

## **7.3. Financial Implications**

- 7.3.1. The Council's financial resources are aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively and that business planning and financial decision making are made in the right context of performance – to achieve better outcomes from an appropriate cost base.

## **7.4. Equality Implications**

- 7.4.1. This report is a backward look at Council activities in quarter three and predicts the year end position. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records that relate.

## **7.5. Rural Community Implications**

- 7.5.1. The report provides details of service provision across the borough.

## **7.6. Human Resources Implications**

- 7.6.1. This report is a backward look at Council activities in quarter three and predicts the year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records that relate.

## 7.7. Public Health Implications

- 7.7.1. This report is a backward look at Council activities in quarter three and predicts the year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records that relate.

## 7.8. Other Implications (Please Specify)

- 7.8.1. None

## 8. Risk Management

- 8.1. Performance and risk management are part of the management processes of the Authority. Risks are captured both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders. Risks identified in this report are used to inform the overall financial control risk contained in the Corporate Risk Register.
- 8.2. 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 2015/16 budget - and the level of general reserves – have been factored into the 2016/17 financial scenario, budget and reserves strategy.

## 9. Access to Information/Bibliography

The following are links to key background documents:

[2015/16 Mid Year Review of Performance](#) Cabinet 10/11/15 Item 63

[2015/16 First Quarter Review of Performance](#) Cabinet 29/9/15 Item 34

[Budget Book 2015/16](#)

[Medium Term Financial Strategy 2015/18](#)

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# **Third Quarter Review of Performance 2015/16**

**February 2016**

This report receives scrutiny and approval from Members of Cheshire East Council. As a public report, anyone can provide feedback to the information contained here.

**Anyone wanting to comment can contact the Council at:**

**[shapingourservices@cheshireeast.gov.uk](mailto:shapingourservices@cheshireeast.gov.uk)**



# Introduction

Overall performance, financial health and resilience of Cheshire East Council is strong. It is the third largest Council in the Northwest of England, supporting over 370,000 local people with annual spending of over £750m. The Council continues to strive for further improvements, putting residents first in the provision of over 500 services delivering more for less.

A commitment across the public sector to contribute to reducing the high levels of national debt has meant local government is going through a period of unprecedented change and financial challenge. Cheshire East Council's response continues to be based on innovation and creativity. The Council continues to be relentless in its pursuit of greater efficiency and productivity, and minimising bureaucracy to enable it to deliver a high level of sustainable, quality services for a lower overall cost.

Our commissioning intentions to develop better ways to achieve the Council's five stated outcomes by using a mix of delivery mechanisms is continuing to gain momentum. The Council's philosophy is about much more than simply reducing costs through arranging cheaper provision or about traditional outsourcing. In 2013/14 the Council completed significant reviews of management structures to divert spending to front line services.

At quarter three, the Council's reserves strategy remains effective, with a modest forecast underspend of £0.3m (0.1%) against a budget of £246.6m. This is the nearest favourable forecast position to budget ever reported for the Council at this stage in the financial year.

To support openness and transparency the report has three main sections, to provide background and context, and then twelve supporting appendices with detailed information about allocation and management of public money during 2015/16:

**Section 1** provides a summary of Council performance and brings together service achievement highlights against the 5 Residents First Outcomes in the Council's three year plan.

**Section 2** provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2015/16 is being 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.

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

- **Appendix 1** shows the Three Year Council Plan.
- **Appendix 2** explains Budget changes since Mid Year Review.
- **Appendix 3** shows the latest position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists approved Supplementary Capital Estimates and Virements up to £250,000.
- **Appendix 6** lists requests for Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 7** lists requests for Supplementary Capital Estimates and Virements over £1,000,000 for Council approval.
- **Appendix 8** lists Capital Budget reductions.
- **Appendix 9** provides details of Treasury Management investments.
- **Appendix 10** lists requests for allocation of additional Grant funding.
- **Appendix 11** analyses the position on Outstanding Debt.
- **Appendix 12** lists details of Earmarked Reserves.

*Peter Bates* CPFA CIPD MBA

Chief Operating Officer (Section 151 Officer)

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# 2015/16 Outturn Forecast at Third Quarter Review – Financial Position

2015/16 Third Quarter Review (GROSS Revenue Budget £611.0m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Current Forecast Over / (Underspend) £m	Change from Mid Year Review £m	For further information please see the following sections
Children & Families	43.0	44.1	1.1	0.7	Section 1 - Paragraphs 82-85
Adult Social Care & Independent Living	95.4	96.3	0.9	0.1	Section 1 - Paragraphs 136-140
Public Health	0.0	0.0	0.0	0.0	Section 1 - Paragraphs 130
Economic Growth & Prosperity	6.6	6.6	0.0	0.0	Section 1 - Paragraphs 43-48
Chief Operating Officer: Commissioning Services:					
Building Control etc	1.7	1.8	0.1	0.1	
Environmental (incl Bereavement)	27.3	27.6	0.3	0.1	Section 1 - Paragraphs 99-102
Highways	11.2	11.2	0.0	0.0	Section 1 - Paragraphs 57-58
Leisure	2.0	2.1	0.1	0.1	Section 1 - Paragraph 122-123
Transport	14.6	14.8	0.2	-0.1	Section 1 - Paragraphs 59-61
Communities	9.2	9.2	0.0	-0.2	Section 1 - Paragraphs 31-35
Other (e.g Finance, ICT, Legal, Facilities)	39.4	36.4	-3.0	-1.6	Section 1 - Paragraphs 146-147
<b>Total Services Net Budget</b>	<b>250.4</b>	<b>250.1</b>	<b>-0.3</b>	<b>-0.8</b>	
<b>CENTRAL BUDGETS</b>					
Specific Grants	-19.2	-19.2	0.0	0.0	Section 2 - Paragraphs 154-161
Capital Financing	14.0	14.0	0.0	0.0	Section 2 - Paragraphs 194-197
Transfer to Earmarked Reserve	0.2	0.2	0.0	0.0	Section 2 - Paragraph 214
Corporate Contributions / Central Budgets	1.1	1.1	0.0	0.0	Section 2 - Paragraph 203
<b>Total Central Budgets</b>	<b>-3.9</b>	<b>-3.9</b>	<b>0.0</b>	<b>0.0</b>	
<b>TOTAL NET BUDGET</b>	<b>246.5</b>	<b>246.2</b>	<b>-0.3</b>	<b>-0.8</b>	
Planned Contribution 2015/16 £m		Forecast Variance Quarter 3 £m	Impact on reserves Quarter 3 Forecast £m		
Impact on Reserves	-2.2	0.3	-1.9		
*Increased from £1.7m by in-year transfers to earmarked reserves					
General Reserves Balance	2015/16 Budget (estimated) £m	Quarter 3 Forecast £m			
Opening Balance April 2015	14.2	Actual	14.7		
2015/16 Impact on Reserves (see above)	-1.7	Forecast	-1.9		Section 2 - Paragraphs 208-213
Closing Balance March 2016	12.5	Forecast	12.8		

Note: The financial impact of CoSocius integration is not reflected at present.

# Overview of Performance ~ Putting Residents First

## ACHIEVING THE COUNCIL'S FIVE OUTCOMES

Cheshire East Council provides more than 500 services, supporting over 370,000 residents, and over 17,500 businesses.

Cheshire East has again been recognised as the one of the best places to live in the Northwest

### 1 ~ Our local communities are strong and supportive

- Taking part in two main enforcement operations supported by Cheshire Police, focusing on licensed vehicles
- Working with partners to significantly reduce incidences of antisocial behaviour, and providing Member Briefings on the Council's role
- Running an underage sales operation around the sale of fireworks in the run up to Bonfire Night in order to support safer communities
- Awarding a total of £119,750 in Community Grants to 82 organisations
- Worked with partners to produce a Community Impact Assessment to support the ongoing recovery of the site and community in Bosley

### 2 ~ Cheshire East has a strong and resilient economy

- Latest figures for the value of the visitor economy show a £70m year-on-year increase
- Supporting the creation of 556 new jobs with High Growth small and medium-sized enterprises (SMEs) in the Science Energy and Technology Sector
- Continuing to make strong progress on major transport schemes including opening the Crewe Green Link Road to traffic in December 2015
- Providing fibre broadband to more than 85,000 homes and businesses through the Connecting Cheshire project
- Continuing the build of Crewe Lifestyle Centre on time and on budget for a mid-February 2016 handover to the Council

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

- Achieving second best in the country ranking for Cheshire East schools, with 92.1% of all schools rated 'Good' or better
- Achieving early years foundation stage figures of 68.4% of learners attaining a good level of development compared to 66.7% nationally and 63.7% in the North West
- Achieving figures of 82% of learners attaining Level 4+ in reading, writing and maths combined compared to 80% nationally
- Maintaining low NEET figures at 2.8%
- Establishing a multi-agency group to track and support all 16+ cared for and care leavers

### 4 ~ Cheshire East is a green and sustainable place

- Receiving Further Interim Views on the Local Plan which broadly support the further evidential work carried out
- Improving turnaround times of all types of planning applications
- Achieving confirmed recycling rates for 2014/15 of 57%, an increase from 53.3% the previous year, and in the top 10% of local authorities
- Achieving total savings of £1m for Fairerpower customers

### 5 ~ People live well and for longer

- Developing the Children and Young People's Improvement Plan in response to Ofsted's recommendations
- Submitting an approved Local Transformation Plan to NHS England
- Developing a proposed action plan for empowerment
- Commencing a new Integrated Sexual Health service in October
- Establishing a 0-19 Transformation Board to improve outcomes for Cheshire East children, their families and carers

## FINANCIAL STABILITY

Cheshire East Council is achieving outcomes based on sound financial management. In 2015/16 the Council will operate on an annual budget of more than £750m.

- At quarter three a potential **underspend of £0.3m** is being reported against the Council's net revenue budget of £246.6m.
- This is the **nearest favourable forecast to budget** ever reported for the Council at the quarter three stage.
- **Service Budgets** – a forecast underspend of £0.3m is reported.
- **Central Budgets** – are currently forecast to be balanced at year end.
- 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.
- **Council Tax has been frozen** for the fifth consecutive year in 2015/16.
- **Investment income** is £263,000 higher than budget at quarter three. The average rate earned on investments (1.04%) is higher than the London Inter Bank 3 month rate.
- **General Reserves** - the robust reserves strategy assesses risk at the beginning of the year, and protects the Council against potential overspending. At this stage in the year, the potential underspend of £0.3m is well within the original forecast risks.
- At the third quarter review stage the Council is forecasting **Capital Budget** expenditure of £109.6m in 2015/16, which is a decrease of £29.7m from the Mid Year Review following a review of in-year forecasts.
- For monitoring purposes, **the in-year capital budget** for schemes committed or in progress is £96.3m, against which an underspend of £13.2m is currently forecast. Again the Council has forecast that there will be no requirement for additional external borrowing this financial year.
- Outstanding **Debt** (excluding local taxation) is £6.2m. Debt over 6 months old is £2.7m (around 5% of total debt raised annually) and this is covered by provisions to meet potential write-offs.

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 370,000 residents. The budget to deliver these services in the period April 2015 to March 2016 is over £750m, 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 2015/16			
	Cheshire East £	Rural East Riding of Yorkshire £	Urban Liverpool £
Grants	335	391	838
Council Tax	453	387	252
Total	788	778	1,090

2. The Council's Three Year plan, which was agreed by Council on 28th February 2013, has five Residents First Outcomes that will focus service delivery in the medium term (see **Appendix 1**). This section of the report highlights progress towards achieving each of the five outcomes, in addition to inward-facing work undertaken during 2015/16 to support the delivery of a responsible, effective and efficient organisation.

3. This report reflects activity that has taken place mostly in the period October 2015 to December 2015 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

### Mutual Respect & Personal Responsibility

4. The licensing enforcement team took part in two main enforcement operations during the third quarter supported by Cheshire Police. Both focused on licensed vehicles looking at issues such as compliance with licensing conditions, vehicle conditions and also the rules surrounding cross border taxi hire which is often raised by the Cheshire East licensed traders as a local concern. One operation led to the stop and check of 23 vehicles uncovering a number of offences relating to inadequate signage and driver identification. In all cases of checks on vehicles from outside the Cheshire East area, all drivers could provide evidence of a pre-booked fare which is required by the legislation.
5. Macclesfield County Court ordered a £5,500 refund to a local consumer following the sale of a 'bespoke' chair and bed to an elderly lady. The chair was considered not fit for purpose, was measured incorrectly, and an expert witness advised that both items could actually be detrimental to the health of the consumer. The complaint was originally received by the trading standards

team and after supporting the client and her daughter to progress their claim the case was put before the court.

6. Following years of costly involvement in a case involving a residential property in Crewe that created issues relating to hoarding and disrepair and had become a hotspot for antisocial behaviour (ASB), the property has now been sold. As well as being able to recoup costs for investigation and clear up work over the years via a legal charge on the property, the new owners are working to develop the building into flats and hopefully remove its poor reputation in the local area.
7. A routine inspection of a national discount supermarket in the Cheshire East area by Trading Standards Weights and Measures Officers has led to a recent national recall of Chinese Imported Dog Food Treats. Of the hundreds of products checked none were found to be legally compliant with most weighing around 25% short whilst some were found to be nearly 50% below the declared product weight. The labelling was also non-compliant with animal feed requirements. Officers have been working with the relevant authorities for the importer and the national stores involved to support the product recall.
8. An underage sales operation around the sale of fireworks took place in October and in the run up to Bonfire Night. Officers attended twenty sales premises across the Borough, four of which sold fireworks to our underage volunteers and which are now subject to further investigation. Those 16 premises that refused sales have also been contacted to advise them that they were part of a test purchase operation and to commend them for their approach to young people attempting to buy fireworks.
9. Multi Agency Action Groups (North and South) have implemented multi-agency work resulting in, for example:

- Significantly reduced levels of incidence of ASB at a number of locations including: Princess Street, Congleton; Wilmslow Leisure Centre; Barnaby Park, Poynton; Holmes Chapel.
- Improved an area of open space adjacent to Mayfield Avenue, Macclesfield, in particular addressing dog-fouling, littering and rough-sleeping issues.
- Initiated action to secure a derelict and dangerous site on Barracks Lane, Macclesfield, which is regularly frequented by groups of young people.
- A review of Shopwatch (retail crime prevention) schemes in the Borough and produced a set of recommendations for consideration by Portfolio Holder on developing the Shopwatch concept.
- Identification of 11 “hotspots” for legal high wrappers or nitrous oxide canisters and introduction of measures to prevent the issue and warn of their dangers.
- Setting up a working group to tackle young people causing ASB in Crewe Town Centre.
- StreetSafe (community engagement event) on the Sherborne Estate in Crewe and a number of issues addressed relating to young people and ASB.
- Site audit on Crewe Gates Industrial Estate following complaints relating to HGVs. The Partnership team are working with the Regeneration Team and local businesses to explore opportunities to develop a Business Improvement District.
- A two week Human Trafficking Campaign was conducted to raise awareness, spot signs of trafficking and also to signpost people if they suspect someone has been trafficked.
- Pre-meeting of the Chanel Panel (Protecting vulnerable people from being drawn into terrorism) took place and the Terms of Reference and Referral Pathways agreed between Safer Cheshire East Partnership and both the Adults and Children’s Safeguarding Board.

10. Three more Criminal Behaviour Order applications are being considered for individuals who have caused significant ASB for residents and members of public visiting Cheshire East.
11. Draft Public Spaces Protection Orders have been drafted by the ASB Team and Legal Services and have been circulated to the main stakeholders for two of the five areas that the team are working on with public consultation to follow. The remaining three will be progressed in quarter four.
12. Consideration for areas in which the local authority will look to be using Community Protection Notices under the ASB and Policing Act 2014 are being drafted in conjunction with the Police with a view to these going live during quarter one of the new financial year.
13. Members Briefings and Police training have been delivered as refreshers on what the Council can do to assist with ASB alongside the new ASB tools, powers and lessons learned.
14. Our CCTV camera network was instrumental in dealing with on average 1,150 incidents a month of which on average 15 were drug-related, giving Police the necessary information to pursue the offenders, resulting in arrests and convictions. CCTV has proved instrumental in both drug crime prevention and detection.
15. The CCTV control room hosted and facilitated a Police RIPA drugs operation, over a number of days, in one of Borough's main towns. The Service continues to help Police with the ongoing 'Guiding' operation in Crewe town centre, by obtaining images/descriptions of youngsters causing ASB.
16. The CCTV Service installed the infrastructure and commissioned work from BT at the Tipkinder skate park, Crewe. On completion of

the project (in early February 2016) 'live' images will be viewed 24/7 in the control room. This area has suffered in the past from drug misuse and ASB.

17. The CCTV Service continued to strengthen important links with external partners; awareness sessions were held for 12 Cheshire Constabulary new PCSO recruits, promoting the Macclesfield Street Angels. The Angels are in direct radio contact with the control room and help those out on the town late on Saturday evenings, making the town safer for all.

### **Communities**

18. The community grant scheme has so far awarded a total of £119,750 to 82 organisations across three rounds. This has enabled £971,543 worth of projects to take place across the Borough. Within round three, these range from a project promoting heart health with grandparents and grandchildren, to funding towards a new stage for a village hall. Through people attending clubs, activities, events and performances, the grant money has benefitted nearly 250,000 members of the community.
19. The search and recovery period at the Wood Treatment Limited (WTL) site in Bosley has ended with the site handed back to the owners – WTL. A Community Impact Assessment is in draft form and will be taken to the next meeting of the community, health and wellbeing recovery group. The shadow strategic recovery group has established terms of reference and will formally become the strategic recovery group. A number of ex-WTL employees have found alternative employment, others being assisted by Cheshire Community Action. Three individuals / families have now been supported to move into new accommodation in Bosley. The Tunstall Road running through the site has been opened to single

lane traffic with hoardings put in place to protect the site and cottages.

20. The Cabinet Member for Communities approved the first franchise applications for community centres Barnie's in Crewe and The Welcome in Knutsford. A new Franchise Model for Community Hubs was agreed in July 2015. It is a social franchising model, which is first and foremost about partnership, offering a range of benefits to its members and puts local communities first.
21. Macclesfield Work Club has increased from three hours per week to a full day per week within the library to ensure unemployed residents have increased access to digital support and professional advice for job applications.
22. Renovation of Spring-Fed Pond has been identified as an initial environmental project by The Wilmslow Partnership in Wilmslow. A funding application has been submitted for £8,000 to Tesco with outcomes known in January 2016.
23. Two Forum events were held attracting interest and attendance from a wide range of voluntary groups across Wilmslow establishing network support and extended use of the 'Get into Wilmslow' website.
24. A new Community Group has started on the Radway estate. Over 70 residents attended a Christmas event and developed a Facebook page. A Green Space Project group are developing an open space.
25. Bollington Bridgend Centre and the Hurdsfield Community Group are being supported to become the first Community Hub Franchisees in Macclesfield.
26. £20,000 has been secured from Peaks and Plains to increase the space for the Hurdsfield Community Group set up a social enterprise community café.
27. The Moss Rose Community Partnership has become the first supporting stakeholder group to support the community hub agenda on the Moss Rose estate, Macclesfield.
28. A consultation event took place relating to Health & Wellbeing and leisure activities for over 50's for residents living in the Longridge area of Knutsford.
29. Development of a Memory Café at Barnie's Community Centre Crewe began with 20 volunteers from Bentley supporting the refurbishment. Weekly Mums and Tots sessions opened in October with up to 16 families attending and signing up for safeguarding training.
30. The North Street Community venue in Crewe formally opened digital drop-in workshops delivered weekly from the community café.
31. The forecast outturn position for Communities at third quarter is broadly balanced with a small pressure reported of £27,000.
32. There is a £0.1m pressure relating to 2015/16 business planning proposals for Pest Control and Trading Standards Investigations. These cannot be met fully in year due to the one-off cost of redundancies and a delay in implementing the pest control proposal.
33. A further pressure of £0.1m exists for the costs of vehicle testing for taxi licensing. There is ongoing work during 2015/16 to overhaul the policy surrounding taxi licensing and to review the

budgets in this area. This has been included as a growth item in the 2016/17 budget.

34. These pressures have been partially offset by one-off savings in Regulatory Services and Health, Consumer Protection and Communities and Partnerships mainly due to delays in filling vacancies.

35. Permanent pressures of £0.1m continue for unbudgeted gritting costs and a reduction in the level of fines income received this year. These have been partially offset in year by one-off items within car parking such as delays in filling vacancies and savings from staff not in the pension scheme.

## **2 ~ Cheshire East has a strong and resilient economy**

### **Business and Visitor Economy**

36. Quarter three results for the Business Engagement and Inward Investment Service are positive with the Service on track to reach its year-end target of 800 new jobs created. To date, the service has supported the creation of 556 new jobs with High Growth small and medium-sized enterprises (SMEs) in the Science Energy and Technology Sector, and as a result of companies relocating to the area with major companies including Autoliv and Sanofi planning major investments in the area. The service has secured £0.94m of grant funding for businesses in Cheshire and referred 100 businesses to specialised support programmes to improve their productivity and increase their competitiveness. This is expected to lead to an increase in Gross Value Added of £53m.

37. The building of Crewe Lifestyle Centre continues on time and on budget for a mid-February 2016 handover to the Council. The Centre will be an integration of seven buildings and four services

(including Everybody Sport & Recreation) under one roof and the opportunities for improving the health of wellbeing of residents will be outcomes of this investment.

38. Peter Mason Leisure Centre (in Congleton) - assessments on how to maximise the benefits of a refurbishment of the existing facility are still being progressed. It is hoped to bring a firm proposal to Cabinet in February 2016.

39. Latest figures for the value of the visitor economy have been released and these show a £70m increase from 2013 to 2014. The new figure stands at £807m and is an increase of 48.3% on 2009 figures. Tourist days also increased by 5.2% on 2013 figures with 16.2m visitors now enjoying their visit to Cheshire East. These figures are obtained from the STEAM model (Scarborough Tourism Economic Analysis Model).

40. A public art scheme is being developed for Waters Green in Macclesfield. Artists have now been appointed called “Glassball”, and were selected via public consultation. Public workshops will be carried out to inform the artwork. Projections for the proposed art work are planned for February 2016 with installations taking place before the end of March 2016.

41. The Tatton Vision programme of investment is ongoing and will result in a continued increase in a sustainable income base. In quarter three, plans and project timelines have been agreed for key projects in and around the stableyard and Tenants Hall to commence in January 2016 for completion in time for the new high season in March 2016. The consultant’s report for Tatton Vision Phase 2 was completed in December 2015. The report has been shared with the National Trust with a view to being presented and taken forward in partnership with Tatton during quarter four.



42. Tatton has been successful in its bid for funding from the Heritage Lottery Fund (HLF) for the Tatton Dale “Field to Fork” project. The HLF will provide £974,000 in funding towards the project. Work is now underway in quarter four to carry out all preliminaries with the help of an appointed project manager during the quarter.
43. At Mid-Year Review the Economic Growth and Prosperity Directorate were anticipating a broadly balanced budget position at the year-end which remains the position at quarter three.
44. The Strategic and Economic Planning Service continue to undertake significant additional work with respect to the Local Plan and the need to respond to an increase in the number of planning appeals. Additional costs of £1m are expected to be incurred this year with respect to this activity, and are anticipated to be offset by use of the Planning reserve. This is due to the need to engage the services of a number of external consultants, particularly legal advisors, coupled with the requirement to increase staffing levels within the service.
45. Within the Growth and Regeneration service area, additional Strategic Asset management and Asset disposals work is being undertaken this year. This will be part-funded by the Investment Sustainability reserve.
46. Visitor Economy and Tatton Park are working towards a balanced budget, with any potential shortfall in car park income arising in 2015/16 being offset by the use of reserves.
47. The Strategic Infrastructure service area now incorporates two new strategic roles in respect of the Crewe High Growth business case. This will be offset by the provision of some external funding and an increase in the level of Section 38 income expected in 2015/16.

48. Within the Investment Service a number of key vacancies within Business Engagement are anticipated to be filled this year. £250,000 of the Investment reserve has been earmarked for the Manchester Growth Fund, the contract for which is nearing completion.

### Workforce

49. The Shadow Governing Body for the University Technical College (UTC) is now well established and working closely with the Principal around curriculum and staffing structures. As of mid-November 2015, 58 student applications had been received into Years 10 and 12 against the target of 100 by the end of December. A positive range of marketing events are in place. In December, the UTC took possession of premises in Crewe under licence which allows them to progress initial building work, subject to planning conditions.
50. **Apprenticeship Starts** – Due to Apprenticeship data being reported on an academic year basis, the following data covers the periods from August to July as a comparison between the years 2013/14 and 2014/15.
51. Overall there has been an increase of 11.3% (371 starts) between 2013/14 and 2014/15 for the same period. When broken down by age the % change is:
  - 16-18 year-old apprenticeship starts have increased by 2.7% (24 starts);
  - 19-24 year-old apprenticeship starts have decreased very slightly by -0.5% (-6 starts); and
  - 25+ apprenticeship starts have significantly increased by 28.4% (353 starts)

When broken down by level the % change is:

- Intermediate (Level 2) apprenticeship starts have increased by 2.8% (53 starts);
- Advanced (Level 3) apprenticeship starts have significantly increased by 18.6% (235 starts); and
- Higher (Level 4+) apprenticeship starts have increased by 56.8% (83 starts)

### Infrastructure

52. The Connecting Cheshire project has now provided fibre broadband to more than 85,000 homes and businesses across Cheshire, Halton & Warrington. There are a small number of remaining areas being deployed under Phase 1 and the Phase 2 delivery has now started in parallel. Delivery is due to run until quarter one 2017/18 by which point coverage of fibre broadband will have reached 98%.
53. As a result of the successful Connecting Cheshire 'Fibre Guys' demand stimulation campaign to drive take-up of fibre broadband by homes and businesses, £3.4m of funding from Phase 1 is due to be made available via a 'gainshare' arrangement with BT for further investment in fibre coverage. Discussions will take place during quarter four 2015/16 to plan the options for this re-investment.
54. Also under Phase 1 the Connecting Cheshire project has now launched a subsidised satellite broadband installation scheme, in conjunction with Broadband Delivery UK (the government's broadband delivery authority), for those eligible premises identified as having broadband speeds of less than 2Mbps. This scheme will run until December 2017.
55. Eveolution, the new digital skills programme for female entrepreneurs in the region, was launched this quarter with the first events and workshops being held. More events are scheduled in quarter four 2015/16 including hands-on workshops, masterclasses and seminars covering a wide range of core digital skills, from social media and online marketing, to coding and cyber security.
56. Connecting Cheshire has also participated in work to reduce digital exclusion and help more residents get online and gain digital literacy skills. A pilot project has been extended until 2017 to co-ordinate digital inclusion, train volunteer Digital Learning Champions and support the Council's Digital Strategy.
57. The Highways service is reporting a balanced position against a £11.2m net budget. The Highways commissioning team continue to manage and monitor the Cheshire East Highways contract and no pressures are currently identified at this stage.
58. The recent Cabinet-approved decision to outsource the procurement of a replacement winter service fleet comes at a cost that can be part funded and part mitigated within the existing approved annual budget. The accurate prediction of Winter Service costs is challenging due to the unpredictability of the conditions we are faced with. The Winter Service is target costed based on average circumstances with a modest contingency to cover the possibility of worse than average conditions occurring. The early part of this winter has been quite mild but the Met Office has indicated that from the New Year onwards the temperatures will be lower than normal leading to increased service costs. Highways and Finance will continually monitor expenditure in this area over the coming weeks to minimise the possibility of potential pressures developing or to identify potential underspend.

59. The Transport commissioning service is currently reporting a potential pressure of £0.3m, a slightly improved position on Mid-Year Review. This relates to a small number of budget pressures and additional funding requested by Transport Services Solutions Limited, the Council's wholly owned company.
60. There is potential non-achievement of £150,000 of commissioner-led savings related to Available Walking Routes. In addition, there are also pressures from increased demand in SEN of £104,000. There has been a reduction in the number of SEN pupils referred to in the last few months and if this number drops further, the cost pressure will also reduce.
61. Following discussions between the S151 Officer, Transport commissioner and the company, it was agreed prior to Mid-Year Review that the Council will underwrite the pressures subject to progress during the year (Available Walking Routes) and evidenced demand information (SEN), respectively.
62. The Strategic Highways Infrastructure Team continues to make strong progress on the Council's major transport schemes by planning, developing and delivering major highway and transport infrastructure improvements, in conjunction with partner organisations. Current Delivery Schemes include:
- Poynton Relief Road - Work is now progressing to submit a planning application which will be submitted in April 2016. The public consultation took place in October 2015 and a number of exhibitions were also held. The level of positive response was exceptional for a highways scheme and good feedback was received.
  - Congleton Link Road – The planning application was successfully made on the 30th September 2015. Work continues to be progressed on this scheme in order to successfully deliver the next phase of work.
  - Sydney Road Bridge – Approval of the Development Service Agreement with Network Rail has now been agreed, an interactive planning session has taken place and work is rapidly progressing with Network Rail and their contractor, Murphy's, in terms of developing and finalising initial options.
  - Crewe Green Link Road opened to traffic on 21st December 2015.
  - The A6 SEMMMS scheme is currently under construction with road/rail bridge interfaces underway at Styal Road. Construction of A6 bridge is progressing and access routes to other bridge sites ongoing. Works on A34 north & south of the A555 are ongoing.
  - A500 J16 Pinch Point Scheme – This scheme has been implemented to alleviate congestion on the A500 at junction 16 of the M6 through the addition of a lane to make the section a dual carriageway. Works are now complete at junction 16 and work continues to close this project out and address final payments.
  - Basford West Spine Road – Work is now complete on a new road to provide access to Basford East and West development areas. The new road was opened in July 2015 and housing developments have commenced.
  - M6 junction improvements (Highways England scheme) – Work is now complete on improvements at Junction 17 to ease access to and from the motorway.
  - A556 Knutsford to Bowden (Highways England scheme) – This scheme allows for the construction of a new 4.5 mile dual carriageway between M6 junction 19 (near Knutsford) and the M56 junction 7 (near Bowdon). Construction started in November 2014, is progressing well and the scheme is due to complete in 2017.

- Crewe Green Roundabout – Work has started with option studies currently underway. Crewe Green is a five-arm signalised roundabout, forming a major confluence of roads to the east of Crewe. Peak period congestion is severe and traffic modelling shows the opening of Crewe Green Link Road (South) will add approximately 15% more traffic to the junction. A scheme has been developed to manage the revised traffic flows by remodelling the junction and the diversion of one arm of the roundabout. It is intended that a Cabinet report will be submitted in Spring 2016.
  - Leighton West Spine Road - Due to the development of Leighton West, new infrastructure is required to enable the additional demands on the network to be handled. Therefore there is a need for the Spine Road to be developed and built. Work is underway to assess the options around the proposed site.
  - Middlewich Eastern Bypass – Work is underway on the scheme. A route options report has been completed. Options are being developed specifically around the Midpoint 18 site. It is intended that a Cabinet report will be submitted in quarter four.
63. In addition to the major schemes currently being delivered, the Council is developing an ambitious pipeline of highway and transport infrastructure schemes for future delivery. The schemes under development include Crewe Bus Station, Congleton Public Realm Scheme, M6 Junction 16-19 SMART Motorway (Highways England scheme), and A500 Dualling.
64. In November, Chancellor George Osborne announced that the HS2 line to Crewe will be delivered six years earlier than planned. It was also announced that £5 billion of additional investment will be made available to ensure the high speed railway from London to Crewe is open to passengers by 2027. This will bring huge benefits

to Crewe and now makes the location of a HS2 hub station at Crewe a near certainty.

65. HS2 and the location of a hub station at Crewe would help create more than 120,000 jobs by 2040 and inject £10bn a year into the wider region's economy. Seven trains an hour are expected to run from Crewe by 2027 – with journey times to London reduced by 45 minutes. The final section of the line to Manchester will be completed by 2033.

### **Inward Investment**

66. As part of the Autumn Statement the Chancellor announced that Alderley Park would form part of a new Enterprise Zone covering the Cheshire and Warrington Science Corridor. It was also announced that the site would benefit from a £4m Government investment to establish a Centre of Excellence for Anti-Microbial Research. The Major Projects Team have been working with a private sector-led Steering Group to develop the business case for the centre.
67. A £75m investment by AstraZeneca at their manufacturing site in Macclesfield has been secured, creating 150 new jobs, and the permanent headquarters of the SKA project have been secured at Jodrell Bank. This has included a £1m contribution by the Council.
68. Following experience gained through the support of the redevelopment of Alderley Park, the Council has led the work of a senior industry taskforce in developing a toolkit to be used by central government in supporting local areas to grow and maintain nationally significant life science sites.

## Responsible Business

69. The 'Golden Spanner' garage approval scheme was introduced by Trading Standards in Cheshire approximately 14 years ago to encourage and promote better standards in car sales, servicing and repairs as these areas were recognised as being a major source of complaints to Trading Standards throughout the country. However, in recent years the scheme has lost some momentum and it has been decided to review the current arrangements and seek to tailor them more to today's business and consumer needs. Working with our colleagues in Cheshire West and Chester and the motor vehicle trade there are plans for a relaunch of the scheme in the New Year.
70. The Christmas 2015 craze for Hover Boards/Self Balancing Scooters provided additional work for the Trading Standards Team. Of the 17,000 boards that have been inspected at entry points to the UK since October 2015, 15,000 were detained at the port of entry as they were classed as unsafe. As a result officers have been responding to complaints and enquiries about the product as well as offering advice to those individuals who had already purchased the Christmas present.
71. The Food Safety team are undertaking a focused project on 'low risk' food safety premises. The service continues to focus its inspection efforts towards high risk premises where there is greater risk to public safety. In parallel with this there is ongoing work to make contact with lower risk premises (including newsagents, public houses that don't serve food, petrol stations) to ensure that they have not changed their operations and, where appropriate, to offer focused food safety advice.

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

### Securing the Best Start in Life

72. Performance in relation to achievement at early year's foundation stage in 2014/15 is now validated and confirms that 68.4% of learners achieved a good level of development compared to 66.7% nationally and 63.7% in the North West. Improvements compared to the previous year remain at 6.4%. Of particular interest is the impact of summer born children, where only 56.7% achieved a good level of development compared to 79.2% who were born in the previous Autumn Term.
73. Work on narrowing the gap in achievement in relation to disadvantaged learners and their peers is ongoing. Primary schools have been invited to bid for £3,000 for projects to focus on narrowing the mathematics gap (key stage 2). The impact of these projects will be monitored and reported back. Pupil Premium reviews are offered to all schools and include the development of action plans. Follow up visits are made to assess the impact of the action plan.

### Highest Achievements for All Learners

74. Work to increase primary achievement in relation to learners achieving Level 4+ in Reading, Writing & Maths continues. The validated report at end of Key Stage 2 shows that in 2014/15 82% of learners achieved Level 4+ in reading, writing and maths combined compared to 80% nationally. This figure is slightly down on 2013/14 performance (84%) due to a drop in maths. Remedial actions are in place to address this dip in performance. At Level 5+ combined, Cheshire East performance is 3 percentage points above national at 27% but again shows a dip from the previous year.

75. Based upon the recently published Annual Report from Ofsted and ongoing analysis of School Ofsted reports, Cheshire East schools have been ranked as the second best in the country with 90% of the Borough's secondary schools rated either 'good' or 'outstanding' – up 13 percentage points on the previous year. Primary schools are also ranked in the top 10 in the country with 95.3% of pupils in schools rated by Ofsted as either good or outstanding – up two percentage points. This positive profile is the best performance seen in Cheshire East. As at November 2015:

- 93.5% of primary schools were good or better
- 86.4% of secondary schools were good or better
- 80% of special schools were good or better
- 92.1% of all schools were good or better
- 4.7% (7 schools) require improvement
- 2.0% (3 schools) are inadequate

### **Achieve Aspirations**

76. Quarter three saw the biggest change to the figures for young people not in education, employment and training (NEET) and those whose destination is 'not known', as 12,500 young people were followed up as they completed courses or left school. The September Guarantee return is also completed in this quarter, and the initial figures are showing 99.4% with a positive offer of learning following school. Work is still underway to complete the destinations for the 16-18 years cohort. NEET figures are still being worked on (currently holding at the lowest level of 2.8%), although there is usually a slight increase in January. A specific NEET project has been set up with partner agencies and is being delivered in Crewe.

### **Inclusion**

77. Scrutiny and challenge around special educational needs and disability (SEND) is set to increase through the development of an updated SEND scorecard. This will allow for specific reporting of SEND performance in quarter four. Additional information pages have been added to our online Local Offer for SEND, including an updated Accessibility Strategy (draft) and information on personalisation and personal budgets. School information has been reviewed to ensure that it is consistent across Cheshire East's website and service information in response to feedback is continuing to be added and updated.
78. A business case is in development to increase the number of places available in our specific learning disability (SLD) schools. This is expected to reduce the reliance on expensive out of area placements and reduce transport costs.
79. The new Integrated Assessment Manager took up the role in November. Work is now taking place to accelerate implementation of the person-centred approach associated with the new statutory assessment process. It will also enable greater rigour and consistency in decision making.
80. A multi-agency group has been established to track and support all 16+ cared for and care leavers. An intensive support package 'care to be different' is in place through The Children's Society and this is engaging 37 of the hardest to reach young people. The 'Cynet' programme provides traineeship programmes for care leavers with work opportunities within the Council.
81. The GCSE results for cared for young people in 2015 were the best ever with 25% completing gaining 5 or more A\*-C grades including English and maths. This was the result of a targeted focus on Year

11 to ensure that they all completed as many courses as they could and that every child had the chance to gain five qualifications.

82. Children and Families were projecting an overspend of £0.4m at mid -year. A clearer picture is emerging of both the underlying pressures within Children's Services, mainly due to the increased numbers of Children in Care, and the limit to how effectively this can be mitigated against by in year activity. Some of the overspend can be offset by temporary one-off mitigating actions in year, however it would be prudent at Third Quarter Review to increase the forecast year end position to £1.1m.
83. The budget for Children in Care in 2015/16 was set in anticipation of further reductions to this cohort (based on the reduction experienced during both 2013/14 and 2014/15). However the actual numbers have risen over the past twelve months by over 10% to their current level of 390. In addition, increasing gatekeeping in the service has resulted in the cases which are coming through being more complex which directly correlates with the increased costs being incurred by the service. The overspend on care costs is £2.0m. The service continues to seek better value for money placements that provide the necessary support for vulnerable children but also reduce cost on an individual by individual basis. Moves of this nature are inevitably resource intensive and time consuming and follow on from more intensive packages of care that are needed at the outset. The financial impact of this work is yet to be seen in the accounts.
84. Following the Ofsted inspection, the department is now reviewing all its commitments and is aiming to pare down the level of additional temporary support that was put in place to deliver the requirements of the Improvement Plan, where appropriate to do so. The overreliance on agency staff needs to be minimised, and the service is working to permanently recruit Social Workers; whilst

this is not happening quickly enough to impact on the budgetary position in 2015/16, it should impact on 2016/17. The in-year overspend on agency staffing costs is £0.4m.

85. It is unlikely the service will be able to deliver a balanced budget by year end as was previously anticipated, as mitigating action will not have fully achieved the necessary impact by then.

#### **4 ~ Cheshire East is a green and sustainable place**

##### **Development Management**

86. Following the resumption of the Local Plan examination in August 2015 and hearings in October, the Local Plan Inspector issued 'Further Interim Views' in December. These broadly support the further evidential work carried out by the Council over the past 12 months in relation to the Local Plan, and mean that the Council can now move towards progressing the Plan to its later stages. The next step will be to present a comprehensive set of proposed changes to a full meeting of the Council before carrying out wide-ranging public consultation over a six-week period.
87. Turnaround of planning applications across all three types (Major, Minor and Others) improved during the third quarter, achieving overall timescale targets as follows:
  - Major applications within 13 weeks – 61% (against target of 60%)
  - Minor applications within 8 weeks – 65% (against target of 65%)
  - Other Applications – 80% (against target of 80%)In total 586 out of 785 applications were processed within targeted timescales.

88. Civicance continue to maintain improved registration of applications and the improvements are being welcomed by customers. Market penetration and competition continues to be a challenge but proposals to make the fees more competitive have been put forward to try and redress that. Further pressures have come from a HMRC ruling that Searches must be subject to VAT and the fees are being reviewed as a result.
89. The Priority Application Team is starting to deal with its first schemes and the first Planning Performance Agreements are being completed. Additional resources are being sought but the buoyant job market is attracting staff away from the Council, and so a recruitment and retention package is being developed in response. The pre-application process will be revamped in the New Year to deliver a swifter, more targeted service.

### **Waste Management**

90. **Reduce** – the waste prevention volunteers continue to do invaluable work across the Borough making contact with over 1,800 residents.
91. **Reuse** – the Council continues to work with its third sector partner to divert as much waste as possible from landfill and instead to see it refurbished and reused for local residents.
92. **Recycle** – it was confirmed this quarter that the Borough's recycling rate for 2014/15 was nearly 57%, an increase from 53.3% the previous year. Cheshire East is in the top 10% of local authorities.
93. **Disposal** – reliance on landfilling continues to decline as waste from the north of the Borough is sent to the energy from waste

plant in Stoke-on-Trent. The Environmental Hub project at Cledford Lane is progressing well.

94. Construction of the Environmental Hub has now begun with the contractor completing the first phase of site clearance and demolition of the existing factory building.
95. A fly tipping task and finish group has been set up via the Environmental Overview and Scrutiny Committee in order to review fly tipping across Cheshire East and produce a scoping document detailing what can be done in order to best tackle incidents across the authority.

### **Environmental Management**

96. Our Fast Charge electric vehicle points continue to be used on a daily basis. Staff usage is subject to reasonable use terms and users are required to register with the authority so that this can be monitored. A fresh drive commenced to kick start the grant-funded project to update our pool fleet with electric vehicles. If successful, this will see even further use and reduced vehicle running costs to the authority. Our Rapid Charger project is currently moving through an asset transfer process to our sub-contractor and should be in place by early 2016, making it an accessible resource for local and national EV drivers.
97. The Air Quality team have engaged with Public Health England at a number of events organised by the Cheshire and Merseyside group and the West Midlands group. The events highlighted the need to improve links with public health to ensure that air quality remains a priority issue for Cheshire East. The team will use this information moving forward by revising the Joint Strategic Needs Assessment and in communications with the public and Councillors.



98. In addition, DEFRA have launched a number of key consultations shaping how Local Authorities approach Local Air Quality Management. With the threat of EU Infractions to the UK looming and the potential for the Government to pass these on to Local Authorities the Air Quality team have been coordinating with the Cheshire and Merseyside group, and AGMA Air Quality group to ensure a consistent response is sent to the consultations.
99. The construction of the Environmental Hub has led to a re-profiling of the savings associated with the re-letting of the waste disposal contract that was to be delivered in 2015/16 through the existing Crewe Depot. The reprofiling of savings has been fully mitigated by improvements on the household waste recycling centre contract, including non-requirement of planned inflationary growth and an increased bonus. Overall, Environmental Operations is projecting a potential budget pressure of £0.1m against a net budget of £28.7m, which is a relatively small variance.
100. Approximately £0.1m of the potential pressure relates to a forecast shortfall in Markets income. This continues the trend of a gradual decline in income over the last few years, specifically in Macclesfield, where low rents of vacant shops and a major trader leaving have contributed to the shortfall. Negotiations over the projected transfer of Crewe Markets to Crewe Town Council are continuing.
101. Bereavement Services are currently projecting a potential budget pressure of £0.2m based on the mid-year income forecast against a net income budget of £1.3m. This relates to a realignment of the original proposed income growth over a period of five years to gradually build market share.
102. Within year, core bereavement income is currently reporting a £0.1m shortfall against a £2.4m income target. The shortfall is due

to a reduced service as a result of the contract refurbishment at Crewe Crematorium between July and December 2015.

### **Sustainable Energy**

103. The Fairerpower scheme is now in its third quarter and has reached over 4,200 customers. The average saving for customers is £288 per annum. Total annual savings have reached £1,000,000. Several partner organisations have come forward in expressing interest in the Fairerpower scheme.
104. Levels of landfill disposal remain steady as does energy production from the residual waste. The Environmental Hub project will bring about dramatic changes to the levels of landfill diversion and energy production from 2017.
105. Market engagement is nearing completion following a Cabinet decision in September 2015 to undertake a procurement process for the recycling of food and garden waste. The Council is now working with industry and preparing a tendering process to procure a preferred bidder and proposal, which will return to Cabinet in autumn 2016.

## **5 ~ People live well and for longer**

### **Facilitating people to live independent, healthier and more fulfilled lives**

106. In quarter three a proposed action plan for empowerment was developed including: Workforce cultural change, Review of early intervention and prevention commissioning, Population lifestyle interventions and Population communication strategy. This was presented and approved by the Cheshire Wide Pioneer Panel and the Cheshire East Joint Commissioning Leadership Team. It was

agreed that the actions should be taken forward through the three transformation programmes: Caring Together, Connecting Care and West Cheshire Way. Public health have been identifying and reviewing training for suitability.

107. **Substance Misuse Services** - On 6th November 2015 Cheshire and Wirral Partnership NHS Foundation Trust (CWP) as the lead provider of the Cheshire East Substance Misuse Service 'Stepping Stones' celebrated and reflected on their first year of service transformation and delivery, with subcontracted partners, service users and commissioners. To celebrate their achievements a film was co-produced with service users, to reflect on their own individual journeys, and the journey of the service transformation, to build a local recovery community. Service users were involved in all aspects of the production of the film from starring roles, interviewing, filming and editing the final version.
108. CWP have recently implemented two major areas of service development which include:
  - A new 'Intake Team' to improve access to the service and reduce waiting times for service users. The team meets every morning to triage referrals received in the past 24 working hours. Following this service users are contacted and offered an appropriate appointment. The service are already seeing the benefit of this new practice on waiting times and would expect the service will soon achieve targets of all referrals being offered an appointment within 10 working days of the referral being received.
  - An improved discharge process and 'Exit Pathway' to reduce the numbers of service users who drop out of treatment and improved pathway to community based recovery. This includes a clear flowchart of steps and actions to prevent negative discharges, close monitoring of discharges, clear re-

engagement and risk assessment processes and discharge checklists with strong embedded recovery support.

109. **Recovery Based Accommodation** - Public Health and Housing are currently undertaking a joint 'Competitive Dialogue' procurement process to jointly commission a Recovery Based Accommodation project. The aim is to develop an appropriate model which provides a safe temporary home to enable Cheshire East residents without accommodation and currently using alcohol or other substances in an uncontrolled manner to recover to the point where they can start working towards maintaining an independent tenancy.
110. The total budget for the Recovery Based Accommodation project is £300,000. The funding will act as pump priming to enable the scheme to operate for 18 to 24 months, providing residents with the support they require to access a pathway to recovery, reducing the risks associated with uncontrolled substance misuse.
111. The Project team undertook the Competitive Dialogue stage of the process during November 2015 which was closed and bidders will be asked to submit their 'Final Bids' which have been scored against the evaluation criteria to identify a 'Preferred Bidder'. Contract award is planned for the beginning of January 2016, with the contract mobilisation to follow.
112. **Children and Young People's Mental Health** - The DoH and NHS England published Future in Mind in March. This included a requirement to publish a Local Transformation Plan. This was submitted to NHS England in October and approved in November. The plan has been approved by the Health and Wellbeing Board and adopted by the Children's Trust as the priority 3 action plan. The transformation plan provided details of work for 2015/16 and an overview for future years. In particular there has been progress

on the Emotionally Healthy Schools Programme. The pilot in six secondary schools will launch in January including participation in two national pilots: CAMHS School Link and Vulnerable Children.

113. **Sexual Health** - A new Integrated Sexual Health service commenced on 1st October 2015. The new service, provided by East Cheshire NHS Trust, aims to increase targeted outreach activity with at risk groups and reduce the proportion of asymptomatic STI screens provided by the specialist service by taking a system-wide leadership approach with primary care and other providers.
114. Refurbishment work is underway at Eagle Bridge Health and Wellbeing Centre in Crewe to provide a Sexual Health Hub delivering community contraception and genitourinary medicine ('GUM') services to complement the service delivered at Macclesfield Hospital and community clinics.
115. **0-19 Healthy Child Service** - The Healthy Child service is the main universal health service for improving the health and wellbeing of children and young people. It incorporates Health Visiting services and the Family Nurse Partnership (responsibility for commissioning these services transferred to local authorities from NHS England in October 2015), School Nursing and Breastfeeding support. The new 0-19 Healthy Child Service for Cheshire East commenced on 1st October 2015, delivered by Wirral Community NHS Trust.
116. A key element of the new service is the need to work in conjunction with the Council to bring about transformational change to the services leading to improved outcomes for Cheshire East children, their families and carers. It is anticipated that this will be delivered by maximising opportunities to integrate with Children's services.

117. A 0-19 Transformation Board has been established to oversee this change with the initial focus on co-location of services, joint development and delivery of the Parenting Journey and integration of Children's assessments.
118. A number of short projects are being successfully delivered which have focused on a range of health needs across the lifecourse. These include Walking to Wellbeing, Cheshire Living Well and Dying Well, Diagnosing Cancer Early, Social Prescribing and Reader in Residence alongside education-focused programmes such as MyChoice and Healthy conversation. All have seen improved performance within quarter three.

#### Accessible Services

119. Total in-year attendances at the Crewe Lyceum Theatre as at the end of quarter three stand at 45,257; ahead of our target, and ahead of our in-year position at the end of quarter three 2014/15 (when attendances stood at 44,341).
120. The "Bikeability" Scheme continues to develop well with 4,690 young people being taught in the current financial year, outperforming the 2015/16 target of 3,872 three months early.
121. At the end of quarter three there had been 2,068,033 visits to leisure facilities managed by Everybody Sport & Recreation on behalf of the Council. This is over 70,000 visits ahead of the Quarter 3 target of 1,998,020.
122. The Leisure commissioning service is currently forecasting a net nil position, in respect of base budget spend on client and management fee costs, against a net £2m budget.

123. A compensation event of £0.1m has been paid to the Leisure Trust, being the loss of income and additional costs due under the contract for the early surrender of the Oakley Centre lease to enable access for the University Technical College project.

### **Public Protection and Safeguarding**

124. Adult Services have completed an internal Light Touch Review of Safeguarding following the implementation of the Care Act in April 2014. During quarter three a new Independent Chair was appointed to the Safeguarding Adults Board. A new Website has been launched to highlight the Board and the new statutory responsibilities under the Care Act.
125. There was an awareness-raising campaign regarding Human Trafficking for 2 weeks in October to cover Anti Slavery Day, working in conjunction with Cheshire West and Chester, Warrington and Halton Councils. This attracted media interest and social media activity.
126. During the third quarter, Cheshire East Domestic Abuse Partnership supported “Flush Out Domestic Abuse” in Cheshire, culminating in an event on 21st November at Congleton Town Hall, facilitated by Survivors of Domestic Abuse.
127. To improve the conduct of assessments of carers of mental health patients an approach is being taken within Mental Health Services to allocate assessment requests to a named social worker. This approach is working well and there has been a significant increase in the numbers of assessments completed, with 165 referrals for carers assessments. Of the completed assessments, outcomes have included: offering assessments, general advice, benefit advice and signposting to a range of other services, referrals to Making Space (an organisation providing carer support, short term breaks

along with a sitting service, relevant information and signposting to a range of additional services) and consideration for a personal budget/direct payment, supporting one of the Council’s key objectives within Adult Social Care. Urgent referrals are being received on a weekly basis and these are given priority over existing referrals in order to prevent any potential breakdown in the care arrangements for individuals.

128. **Infection Prevention and Control** - Cheshire East Council Public Health have the responsibility for commissioning local Infection Prevention and Control Services, and are therefore currently undertaking a tender process for the service, which provides specialist advice on the prevention and control of infection to the general public (residents, patients, carers, and others) and to non-acute providers of health and social care services across Cheshire East. The contract will be awarded in January 2016 with mobilisation for a ‘go live’ date 1st April 2106.
129. The aims of the service include:
- The prevention of significant infections within the Cheshire East Council community
  - Reducing the risks posed by Health Care Associated Infections (HCAI) and other communicable diseases in the local population
  - Providing assurance to Cheshire East Council around infection prevention and control standards within Primary Care (including non-acute NHS providers) and Social Care services
  - Community Infection Control Team will support the activities of Public Health England Health Protection Team in responding to cases of infectious disease, incidents and outbreaks in the community. This will usually be a reactive

role but could include strategic work e.g. implementation of protocols, procedures and guidelines

130. Public Health is currently funded through a ring-fenced grant (and will continue to be in 2016/17). This grant was reduced in-year during 2015/16 as part of the Chancellor's summer financial announcement. This reduction equates to £1m (or 7%) of funding in Cheshire East. It is therefore pleasing to report that the Public Health service continues to be able to live within its resources this year, whilst investing in key initiatives in support of Outcome 5. These initiatives include Emotionally Health Schools and also developing the Integrated Lifestyle Wellness Support System which allows residents to take more control in improving their health and wellbeing.
131. The percentage of cared for children living closer to home has improved slightly this quarter. This has been achieved by making more effective use of a range of internal accommodation provision and external agency decisions being more focused on distance from home community.
132. Child participation and wishes and feelings being incorporated into child protection plans continues to improve and is evident in 95% of cases on average. In November Cheshire East implemented the 'three houses' model of conducting child protection conferences, which is already showing early signs of the wishes and feelings of children being more clearly evident at the heart of plan development.
133. Significant work has taken place in quarter three to develop the children and young people's Improvement Plan in response to Ofsted's recommendations in its inspection report, involving significant engagement with key stakeholders. Part of the Improvement Plan is around improving arrangements for the Local

Safeguarding Children Board. The final plan was submitted to Ofsted and the Department for Education ahead of the deadline in December. Cheshire East has subsequently received confirmation from the Minister that the improvement notice issued against the Council has been lifted.

134. Work is continuing to increase the number of locally placed cared-for children. There has been no overall increase in external placements from quarter two.
135. Trend data around the percentage of cases taking 45 days or less from the start of the combined assessment continue to be above target (of 85%+) at 88% at the end of quarter three. Systematic challenge and focus around timeliness of assessment is continuing to show improved overall completion rates.
136. Adult Social Care budgets remain under pressure which is a common theme in councils across the country. As the Council's largest service, Adults hosts some the biggest financial pressures and complex financial issues. These include both the funding of the care of residents with complex care needs and also, very topically at present, the need to pay increased fees to providers of care, in turn allowing them to deliver the Government's requirements in respect of the National Living Wage.
137. The service continues to enjoy some success in holding care costs at a relatively stable level in the face of the challenge provided by the demographics of the Borough. It must be said the exception to this holding of costs currently lies in the cost and funding of complex cases coming through transition to adulthood. Long, detailed and complex negotiations are continuing with Health partners to resolve this position including backdating of costs where appropriate.

138. In recognition of both the current position and that going forward, with the need for further budget savings, additional temporary support has been brought in to bolster the current staffing capacity and provide the platform for further efficiencies to be delivered during 2016/17.
139. Staffing budgets in Individual Commissioning continue to be underspent which alongside demand at the front door contributes to delays in reviews being undertaken. Some targeted action is underway in order that headway is made on planned savings (such as the Care Fund Calculator work) which have been delayed to reduce the impact to be felt next year. Care4CE remains broadly balanced, which represents a good news story financially given the extent of savings targets over recent years.
140. The current projected position of £0.9m overspent represents less than 1% of the net budget (£95.4m) and it should be noted is based on prudent assumptions around issues such as increased fee levels in 2015/16 and what will be achieved around complex care. It is therefore still hoped that the current projection will further improve by year end.

## 6 ~ A Responsible, Effective and Efficient Organisation

141. In October 2015 the Shared Services Joint Committee agreed to transfer services currently provided by CoSocius to Cheshire East & Cheshire West & Chester Councils. Services will be shared from 1<sup>st</sup> April 2016 with ICT being hosted by Cheshire East Council and the Transactional Human Resources and Finance services being hosted by Cheshire West and Chester Council.
142. Changes will be taken forward in three phases:

Phase 1: Transition – Transfers to hosting authorities by 1 April 2016  
 Phase 2: Transfer – New structures finalised by October 2016  
 Phase 3: Transform – Redesign services to clients (18 months)

143. The programme of activity is being overseen by a Joint Transition Board led by the Section 151 Officers under delegated powers from the Shared Services Joint Committee. Cheshire East has established a Shadow Programme Team to ensure that the 1 April deadline is achieved.
144. The initial focus is on progressing consultation with employees affected by the decision. This has included the CEO and COO hosting events for staff that will transfer to Cheshire East. Work is set to continue on a number of fronts to enable the Council to meet its obligations under the new hosting arrangements for ICT. The financial implications of this approach are being developed between the parties involved and will be reported as part of the Outturn Report for 2015/16.
145. The Council issued its Pre-Budget Report in October 2015, setting out proposals for change for 2016/17. The report provides stakeholders with the opportunity to understand the strategy behind 2016/17 budget proposals, proposed changes to the current budget, and how this may affect services in the future. Consultation on the report will be open until mid-February 2016.
146. The overall budget for Chief Operating Officer Services is forecast to be underspent by £3.0m (£1.4m at MYR). Corporate Resources & Stewardship (CR&S) is forecasting an underspend of £2.7m (£1.2m at MYR), with the majority of the underspend (£2.1m) within Facilities Management (mainly due to underspends on Energy £1.0m; and Repairs & Maintenance £0.6m). The remaining underspend within CR&S of £0.5m is due to predicted savings from

staff vacancies across the service, and £0.1m due to reduced expenditure on supplies & services, and transport budgets.

147. Underspends against budget are being reported by Organisational Development (£264,000); Strategic Commissioning (£87,000); and Communications (£20,000). Balanced positions are being reported by Governance & Democratic, and Monitoring Officer and Head of Legal Services.

## 2. Financial Stability

### Introduction

148. Financial performance has continued to improve compared to previous financial years. Improvements in financial planning, governance and stewardship are having a clear impact on the Council's ability to manage its budget and create greater confidence in the medium term plans.
149. Applying the best fit approach towards commissioning means the Council now wholly owns several supplier companies as well as maintaining relationships with private sector suppliers, charitable trusts and voluntary sector organisations. The financial position of the wholly owned companies will have a direct effect on the financial performance of the Council over time, but to date no forecast profit or loss is being factored in to the outturn position for the Council.
150. **Table 1** provides a service summary of financial performance at quarter three. For further details please see Section 1 and the notes below the table. Changes to service net budgets since Mid Year Review are analysed in **Appendix 2**.

**Table 1 - Service Revenue Outturn Forecasts**

	Revised Net Budget	Forecast Actual Outturn	Current Forecast Over / (Underspend)	Change from Mid Year	Outcome Number 1 - 5
	£000	£000	£000	£000	
Children & Families	43,055	44,192	1,137	699	3,5
Adult Social Care & Independent Living	95,358	96,245	887	143	5
Public Health	0	0	0	0	5
Economic Growth & Prosperity	6,582	6,541	-41	-41	2
Chief Operating Officer					
Commissioning Services:					
Bldg Control, Land Chges & Planning Support	1,693	1,764	71	71	2,4,5
Environmental (incl Bereavement)	27,330	27,593	263	84	2,4,5
Highways	11,214	11,214	0	0	2,4,5
Leisure	2,030	2,170	140	110	2,4,5
Transport	14,585	14,839	254	-27	2,4,5
Communities	9,205	9,232	27	-214	1,2
Other (e.g Finance, ICT, Legal, Facilities)	39,394	36,377	-3,017	-1,626	
<b>TOTAL SERVICE OUTTURN</b>	<b>250,446</b>	<b>250,167</b>	<b>-279</b>	<b>-801</b>	

151. The impact of the projected service outturn position at this stage of the financial year is to increase balances by £0.3m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.
152. 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 Three 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, which is supported by a Technical Enabler Group and the Programme Management Office.

153. 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 Three 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

154. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2015/16 was £366.8m.
155. In 2015/16 Cheshire East Council's specific use grants held within the services was budgeted to be £270.6m based on Government announcements to February 2015. This figure has now been reduced to £261.0.
156. A £4.2m decrease in grant in the third quarter has arisen due to schools converting to academy status.
157. From October 2015 there was an increase in Public Health funding of £2.3m relating to Children age 0-5. There has been a general reduction across all local authority Public Health budgets during the third quarter and the Cheshire East share was £1m. This results

in an overall increase in Public Health funding in the third quarter of £1.3m.

158. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
159. General purpose grants were budgeted to be £96.2m, but further in-year grant announcements have increased this figure to £97.0m at three quarter review stage.
160. Additional general purpose grants of £0.3m have been received during the third quarter of 2015/16. Requests for the allocation of these additional grants are detailed in **Appendix 10**.
161. **Table 2** provides a summary of the updated budget position for all grants in 2015/16. A full list is provided at **Appendix 3**.

Table 2 – Summary of Grants to date

	2015/16 Revised Forecast MYR £m	2015/16 Revised Forecast TQR £m	2015/16 Change £m
<b>SPECIFIC USE</b>			
Held within Services	263.9	261.0	-2.9
<b>GENERAL PURPOSE</b>			
Central Funding	77.8	77.8	0
Service Funding:			
Children and Families	1.1	1.1	0
Adult Social Care and Independent Living	3.3	3.3	0
Economic Growth and Prosperity	0.7	1.0	0.3
Chief Operating Officer: Commissioning	2.3	2.3	0
Chief Operating Officer: Other	11.6	11.6	0
Total Service Funding	19.0	19.3	0.3
TOTAL GENERAL PURPOSE	96.7	97.0	0.3
<b>Total Grant Funding</b>	<b>360.6</b>	<b>358.0</b>	<b>-2.6</b>

## Collecting Local Taxes for Local Expenditure

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

## Council Tax

163. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2015/16 at £1,216.34 for a Band D property. This is applied to the taxbase.
164. 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 2015/16 was agreed at 138,764.49 which, when multiplied by the Band D charge, means that the expected income for the year is £168.8m.
165. 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 budgeted collectable amount of £205.8m.

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

	£m
Cheshire East Council	168.8
Cheshire Police and Crime Commissioner	21.7
Cheshire Fire Authority	9.8
Town and Parish Councils	5.5
<b>Total</b>	<b>205.8</b>

166. This figure is based on the assumption that the Council will collect at least 98.75% of the amount billed. The Council will always pursue 100% collection, however, to allow for non-collection the actual amount billed will therefore be more than the budget.
167. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £210.8m.
168. **Table 4** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within this period.

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

Financial Year	CEC Cumulative		
	2012/13	2013/14	2014/15
	%	%	%
After 1 year	98.2	98.1	97.9
After 2 years	99.3	99.0	*98.6
After 3 years	99.5	*99.1	**

\* year to date

\*\*data not yet available

169. The Council Tax in-year collection rate for 2015/16 is identical to the same period last year at 76%.
170. Council Tax support payments (including Police and Fire) were budgeted at £18.6m for 2015/16 and at the end of the second quarter the total council tax support awarded was £15.2m. The Council Tax Support caseload has reduced since April 2014 and

there have been more reductions in the Council Tax Support awards in the year than increased or new awards.

171. Consultation on proposed changes to the Council Tax Support Scheme for 2016/17 was launched in August 2015, with the final scheme to be agreed by full Council later in the year when the results have been reviewed.
172. Council Tax discounts awarded are £19.1m which is broadly in line with the same period in 2014/15.
173. Council Tax exemptions currently awarded total £3.4m which is broadly in line with the same period in 2014/15.

### Non-Domestic Rates (NDR)

174. NDR 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. This is the second year that the multiplier increase was capped by the Government at 2%.
175. The small business multiplier applied to businesses which qualify for the small business relief was set at 48.0p in 2015/16. The non-domestic multiplier was set at 49.3p in the pound for 2015/16.
176. Cheshire East Council has entered into a pooling arrangement with the Greater Manchester (GM) Authorities for the purposes of Business Rates Retention. The purpose of the pool is to maximise the retention of locally generated business rates to further support the economic regeneration of Greater Manchester and Cheshire East Councils. As a pool the members will be entitled to retain the

levy charge on growth that would normally be paid over to Central Government. Cheshire East will retain 50% of this levy charge locally before paying the remainder over to the pool.

177. The Cheshire East and GM Pool are also taking part in a pilot scheme where the pool is now able to retain locally the 50% of “additional growth” in business rates which in the usual Business Rates Retention Scheme would be paid directly to DCLG.
178. Part of this arrangement means that the baseline for which growth in rates is set against has been reset to match the estimated rates to be collected as reported in January 2015. This level is £139.5m.
179. In year analysis has shown successful appeals have been awarded at a higher level than have currently been provided for. This issue will be resolved at year end with the business rates retention earmarked reserve being utilised to cover this increased pressure.
180. **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 Business Rates are collected within three years**

Financial Year	CEC Cumulative		
	2012/13	2013/14	2014/15
	%	%	%
After 1 year	98.0	98.2	98.1
After 2 years	98.8	99.2	*99.1
After 3 years	99.4	*99.3	**

\* year to date

\*\*data not yet available

181. The business rates in-year collection rate for 2015/16 has increased marginally to 74.7% compared to 74.3% for the same period in 2014/15.

### Capital Programme 2016/19

182. Since the reporting the Capital Programme at the Mid Year Review the overall forecast expenditure for the next three years has decreased by £21.0m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	Revised Total Forecast Budget MYR 2015/19 £m	Amendments to TQR Forecast Budget 2015/19 £m	Amended TQR Forecast Budget 2015/19 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2015/19 £m
Children & Families	63.6	-0.1	63.5	-20.2	0.0	43.3
Adult Social Care & Independent Living	3.5	0.1	3.6	0.0	-0.8	2.8
Economic Growth & Prosperity	253.7	-0.3	253.4	-2.3	0.7	251.8
Chief Operating Officer - Commissioning	119.7	1.2	120.9	-0.1	0.1	120.9
Chief Operating Officer - Other	36.6	0.0	36.6	0.0	0.7	37.3
	<b>477.1</b>	<b>0.9</b>	<b>478.0</b>	<b>-22.6</b>	<b>0.7</b>	<b>456.1</b>

183. The main change since the figures were reported at Mid Year Review is the removal of the Children and Families project - Crewe Achievement. This was a £20m scheme that was part of the All Change for Learners programme to enhance secondary education provision in Crewe. This scheme has been removed for the time being and will be reviewed in future years.

184. There is a virement request of £2.4m from the Strategic Projects programme (£1.6m) and the Community Capacity Grant Allocation (£0.8m) to create a new project named the Care Act Phase 2 – System Implementation. This is a joint scheme with Adults and Children and Families to upgrade the current case management system.

185. There is also a further virement of £2.9m from the Crewe Bus Interchange Project to the Crewe Town Centre project. This is so the two

projects can be run jointly to co-ordinate the development plans of Crewe Town Centre.

186. The programme has also been revised to reflect other Supplementary Capital Estimates of £0.7m contained in **Appendices 5 to 7** and additional budget reductions of £2.6m as shown in **Appendix 8**.

187. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

**Table 7 – Capital Funding Sources**

	MYR Total Forecast Budget £m	TQR Total Forecast Budget £m	Variance £m
Grants	203.2	201.3	-1.9
External Contributions	50.8	54.0	3.2
Cheshire East Resources	223.1	200.8	-22.3
	<b>477.1</b>	<b>456.1</b>	<b>-21.0</b>

### Capital Budget 2015/16

188. At the Third Quarter review stage the Council is forecasting expenditure of £109.6m in 2015/16, which is a decrease of £29.7m from the Mid Year Review position. This has arisen because project managers have been asked again to review their in-year forecast and slip to future years if still required to present a realistic expenditure forecast in 2015/16.

189. The capital programme is to be reported by the stages in the approval process and schemes that are noted as committed and in progress will have slippage monitored against during the year as these schemes should have commenced prior to or during 2015/16 and a detailed forecast expenditure plan should be in place. This equates to £83.1m of forecast expenditure in 2015/16. Schemes will be monitored on their progress during the year and re-categorised quarterly. This includes the net impact in 2015/16 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 8**.

**Table 8 – Changes to the 2015/16 Capital Budget**

Committed Schemes	Revised MYR Budget	Revised TQR Budget	Forecast Expenditure	Current Forecast (Over/ Underspend)
	£m	£m	£m	£m
Children & Families	10.3	10.2	8.2	-2.0
Adult Social Care & Independent Living	0.5	0.8	0.8	0.0
Economic Growth & Prosperity	27.7	26.8	20.9	-5.9
Chief Operating Officer - Commissioning	43.0	43.8	42.6	-1.2
Chief Operating Officer - Other	14.6	14.7	10.6	-4.1
<b>Total Committed Schemes</b>	<b>96.1</b>	<b>96.3</b>	<b>83.1</b>	<b>-13.2</b>

190. **Appendix 5** lists approved supplementary capital estimates and virements up to and including £250,000 approved by delegated decision which are included for noting purposes only.
191. **Appendix 6** lists requests for supplementary capital estimates and virements above £250,000 up to £1,000,000 to be approved by Cabinet.
192. **Appendix 7** lists two requests for a virement; firstly a virement of £2.4m in respect of the Care Act Phase 2 – System funded by Government Grant

and Cheshire East Resources, and secondly a virement between the Crewe Bus Interchange project and the Crewe Town Centre project which is funded by Cheshire East Resources.

193. **Appendix 8** lists details of reductions of £22.6m in Approved Budgets where schemes are completed, will not be monitored as part of the Council's capital programme and can now be removed. These are for noting purposes only.

## Central Adjustments

### Capital Financing Costs and Treasury Management

194. 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 costs are partly offset by the interest the Council earns from temporary investment of its cash balances during the year. The capital financing budget of £14m accounts for 6% of the Council's net revenue budget.
195. Investment income to November 2015 is £397,000 which is higher than the budgeted income of £134,000 for the period. The level of cash balances has remained high although market interest rates have remained relatively flat. However, investments in the CCLA Investment Management Ltd property fund, longer dated investments and use of corporate bonds has contributed to higher rates of interest earned on investments.
- The average lend position (the 'cash balance') including managed funds up to the end of November 2015 is £73.2m.

- The average annualised interest rate received on in house investments up to the end of November 2015 is 0.65%.
- The average annualised interest rate received on the externally managed property fund up to the end of November 2015 is 4.95%.

196. The Council's total average interest rate for 2015/16 up to the end of November is 1.04%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.46%, and is consistent with our own performance target of 1.00% (Base Rate + 0.50%).

**Table 9 – Interest Rate Comparison**

Comparator	Average Rate to 30/11/2015
Cheshire East	1.04%
LIBID 7 Day Rate	0.46%
LIBID 3 Month Rate	0.54%
Base Rate	0.50%
Target Rate	1.00%

197. The capital financing budget for interest charges and debt repayment remains on target.

198. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 26th February 2015. Further details of counterparty limits and current investments are given in **Appendix 9**.

199. At the end of the first quarter, a further investment of £2.5m was made in the CCLA managed property fund bringing our total investment to £7.5m. This property fund continues to grow and has demonstrated consistently high returns over the last few years with underlying capital growth being maintained. However, this fund should be judged over a 5 to 6 year period as returns and the underlying capital value of the fund can be volatile.

200. Over the last year, regulations concerning the security of funds at banks and financial institutions have changed. The effect is that although Government support has been removed, the risk of failure has decreased due to increased capital requirements but the effects of failure to Local Authority investments are more serious due to bail-in requirements. The Council is therefore actively seeking to place more investments which are outside of the bail-in requirements. This is being achieved through the use of Covered Bonds and Corporate Bonds with maturity dates no longer than two years to tie in with our cash flow forecasts.

201. Covered Bonds provide security as they are backed up by collateral and still provide a good level of return. The Council has four investments in covered bonds totalling £9m due to mature between March 2016 and November 2016.

202. Corporate Bonds are not protected by collateral but are generally exempt from any bail-in requirements. Investment in Corporate Bonds are only made on advice from our Treasury Management advisors who review the company, the market and country in which they operate, the ranking of the bond and the credit worthiness assigned to it. As at 30th November the Council had investments in five Corporate bonds totalling £12.8m. Full details are shown in **Appendix 9**.

### Central Contingencies and Contributions

203. A budget of £1.1m is held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. It is forecast that spending will be in line with the budget.

### Allocation of Additional Grant Funding

204. The Council's budget provides for the receipt of known specific grants. However, where additional 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 2015/16 fully funded by additional grant. Details of the allocations are contained in **Appendix 10**.

### Debt Management

205. The balance of outstanding debt has decreased by £3.9m since Mid Year Review. Balances remain within forecast levels and adequate provisions have been made. A summary of outstanding invoiced debt by Service is contained in **Appendix 11**.

### Outturn Impact

206. The impact of the projected service outturn position could increase balances by £0.3m as reported above (**para 151**).
207. Taken into account with the central budget items detailed above and the approved use of general reserves below (**paras 210 -211**), the financial impact described in this report could decrease balances by £1.9m as summarised in **Table 10**.

**Table 10 – Impact on Balances**

	£m
Service Net Budget Outturn	0.3
Central Budgets Outturn	0.0
Use of Reserves approved by Council	-2.2
<b>Total</b>	<b>-1.9</b>

### Management of Council Reserves

208. The Council's Reserves Strategy 2015/18 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecasts that the risk assessed level of reserves is likely to remain at £12.5m throughout the medium term.
209. The opening balance at 1st April 2015 in the Council's General Reserves is £14.7m as published in the Council's Statement of Accounts for 2014/15.
210. At the February 2015 meeting, Council approved the use of £1.7m of general reserves in 2015/16, to be transferred to earmarked reserves to meet additional planning costs, potential increased insurance claims, and to support investment in sustainability.
211. At First Quarter Review, Council approved that £0.5m be transferred from balances to an earmarked reserve for Early Intervention initiatives.
212. The overall impact of service budgets, central budgets and Council decisions is identified in **Table 10** above. **Table 11** shows how this impacts on the forecast closing balance of general reserves.



**Table 11 – Change in Reserves Position**

	£m
Opening Balance at 1 <sup>st</sup> April 2015	14.7
Impact on Balances at Third Quarter	-1.9
<b>Forecast Closing Balance at March 2016</b>	<b>12.8</b>

Service outturn forecasts take account of this expenditure and funding.

216. A full list of earmarked reserves at 1<sup>st</sup> April 2015, and estimated movement in 2015/16 is contained in **Appendix 12**.

213. The projected balance of £12.8m reflects the current forecast that risks associated with budget achievement in 2015/16 may not actually materialise and this is slightly above the level planned in the 2015/18 Reserves Strategy. Actions to continue managing current risk will continue to be explored in the remaining months of the financial year. Overall the Council remains in a strong financial position given the major challenges across the public sector.
214. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st March 2015 balances on these reserves stood at £49.1m, excluding balances held by Schools. A contribution of £0.2m to the Emergency Assistance earmarked reserve was approved as part of the 2015/16 budget. Council also approved the transfer of a further £1.7m from general reserves into earmarked reserves in 2015/16 to provide for additional costs in Planning, and on Insurances, and to support investment in sustainability. These items brought the earmarked reserves balance available in 2015/16 to £51.0m. At First Quarter Review, Council approved the transfer of £0.5m to an earmarked reserve for Early Intervention Initiatives.
215. During 2015/16, an estimated £13.3m will be drawn down and applied to fund service expenditure specifically provided for.

# 3. Workforce Development

217. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety, Workforce Development plans and changes to staffing levels.

218. The Council's Making a Difference employee recognition scheme celebrates and recognises those people who role model the [Council's](#) FIRST values and through this have made a positive impact on their team, colleagues or wider community. The scheme has continued to be well used and received in 2015 with:

- 550 Made my Days sent to colleagues
- 95 Making a Difference Monthly nominations made
- 30 Employee of the Month Winners
- 19 Team of the Month Winners
- 60 Making a Difference Annual Award Nominees

An end of year celebratory event was held on 10<sup>th</sup> December at which the annual award winners were announced.

219. The local Living Wage of £7.85 was implemented for directly employed staff with effect from 1<sup>st</sup> November 2015. It is recognised that the Council will need to align with the Government's national proposals to increase to at least £9 an hour by 2020.

220. The Staffing Committee made recommendations to Council for the appointment of the role of Director of Children's Services/Deputy Chief Executive and Director of Legal and Monitoring Officer leading to appointments in quarter three.

221. Training for the Staffing Committee in handling appeals took place in November. The committee considered two appeals during quarter three.

222. Redeployment continues to be used as a way of retaining valuable skills and avoiding costly redundancies. In quarter three, 67 were redeployed following successful work trials, the bulk of which were staff in Care4CE who have been redeployed following the cessation of services at Hollins View, Lincoln House and Mount View. Further support was offered to staff at these establishments working with the job centre to deliver workshops.

223. HR support the consultation on a number of change programmes, including the transfer of the ICT function of CoSocius to Cheshire East Council, relocation of staff to the Crewe Lifestyle Centre, SEN Review, Cheshire Skills and Growth ASDV, changes in Care4CE, and a number of service reviews across the organisation.

224. The learning, development and staff improvement training programme in conjunction with all Directorates continues to grow its offering for all employees with a new central training programme as well as bespoke CPD programmes and progression pathways for all service areas. This ensures that the Council creates a workforce which is safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses. We have offered 82 sessions on the central training programme between October and December 2015 on 42 different topics, with a total of 1,018 delegates attending.

225. The Management Development Programme continues with the delivery of ILM levels 3 & 5 in Leadership and Management. There are currently 70 registered on these qualifications. The Level 5 Diploma in HSC Leadership continues with six candidates currently registered.
226. A new six month 'Aspiring Managers' programme has also started with the new academic year. Offered to those identified through the PDP process as future managers, there are 11 candidates in the first cohort. The programme is now over half way through and the candidates have achieved a 100% pass rate so far.
227. Workforce development has continued to support the development of staff and their teams. 11 applications for individual funding support have been approved through the CPD virtual panel and four teams continue on their team development programmes.
228. One apprentice secured a position with the Council during quarter three, with four securing positions in quarter two. This has impacted on the number of apprentices currently being employed to 36 (44 in quarter two). The majority of this cohort is working towards a Business Admin NVQ. Breakdown per service is COO – 18, Economic Growth and Prosperity – eight, Adult Social Care - three, Children's and Families - six, Public Health - one.
229. This quarter has seen the inaugural roll out of the Cygnet Pathway to help prepare cared-for young people into work. Six young people are on the six-month programme.
230. Cheshire East Council continues to offer a Graduate Programme, which includes Graduate Internships and a Graduate Development Programme to recognise the importance of early career development. Opportunities are currently in process across three directorates. The Graduate Development Programme has provided learning events throughout quarter three, offering both permanent staff recent graduates and graduate interns the opportunity to learn strategic and business focused skills. The Graduate Programme continues to receive positive feedback regarding benefits to individuals and services involved in terms of harnessing new perspectives and enthusiasm while preparing individuals for worthwhile future careers.
231. The Grow Your Own Social Work Trainee Scheme of Children and Families recruited two more trainees for cohort three who started in September 2015. There are now a total of eight on the scheme. Three from cohort one are on track to qualify in summer 2016 and then apply for social worker posts in Children and Families (with a tie in for 3 years).
232. The Wellbeing and Resilience Group continues to develop interventions to help the organisation and staff become more resilient. Training sessions have been run for managers and staff, and short lunch time and team resilience sessions have also been well received. Three clinics for male staff were run during men's health promotion week.
233. The HR consultancy offer to schools and academies has been extended to include one and three year contracts from September 2015. The service still offers a Gold or Silver Package and the Gold package now includes Mediation Support and one place on the Headteacher Workshop. The Three Year Gold Package has been popular with 63 schools and academies signing up.
234. The Health & Safety buy-back period for schools has now closed and 94% of schools have purchased a service for the 2015/16 academic year. This equates to 144 out of a possible 153 schools.

## Staffing Changes

235. The employee headcount at the end of December 2015 was 3,731, a 1.79% decrease from September 2015.

**Table 12 - Corporate core CEC employee headcount and FTE figures for October, November and December 2015**

Directorate/Service	Oct-15		Nov-15		Dec-15	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Public Health	25	22.2	25	22.2	26	23.2
Strategic Commissioning	2297	1643.8	2296	1644.5	2311	1623.9
Adults Social Care & Independent Living	1126	859.0	1123	859.1	1124	839.7
Children's Services	1171	784.8	1173	785.4	1187	784.2
Chief Operating Officer	1103	911.3	1098	910.8	1109	907.8
Commissioning	45	42.0	42	40.0	42	40.0
Corporate Resources and Stewardship	371	302.5	368	301.4	372	301.8
Democratic Services and Governance	86	57.0	84	55.6	87	56.0
Legal Services	34	30.3	33	29.2	33	28.8
Media (Communications and PR)	8	7.9	8	7.9	8	7.9
Commissioning and Client Support	25	23.8	29	27.4	28	26.4
Communities	493	407.7	486	401.4	491	400.0
Apprentices	48	47.0	48	47.0	47	46.0
Economic Growth & Prosperity	350	276.6	353	278.7	374	277.7
Growth and Regeneration	25	23.0	82	75.0	84	77.0
Crewe – High Growth City	3	3.0	3	3.0	3	3.0
Investment	86	77.1	30	27.1	30	27.1
Planning and Sustainable Development	66	63.8	68	65.8	67	64.8
Strategic Infrastructure	9	8.5	9	8.5	9	8.5
Countryside, Culture and Visitor Economy	154	95.2	155	93.3	176	92.3
<b>Cheshire East Council Total</b>	<b>3772*</b>	<b>2862.8</b>	<b>3762*</b>	<b>2857.2</b>	<b>3731*</b>	<b>2,833.6</b>

\*: Employees with multiple assignments across services will appear in the headcount figures for each service, but will be counted only once in the total (CE) headcount figure

236. **Table 13** demonstrates that throughout the third quarter in 2015/16 the cumulative average days lost to sickness was slightly lower than the same period in 2014/15.

**Table 13 - Comparison of average days lost to sickness in the third quarter of 2015/16 to the same period in 2014/15** (whole Council excluding Schools – year to date cumulative effect)

	Oct	Nov	Dec
Q3 2015/16	6.12	7.01	8.02
Q3 2014/15	6.57	7.54	8.87

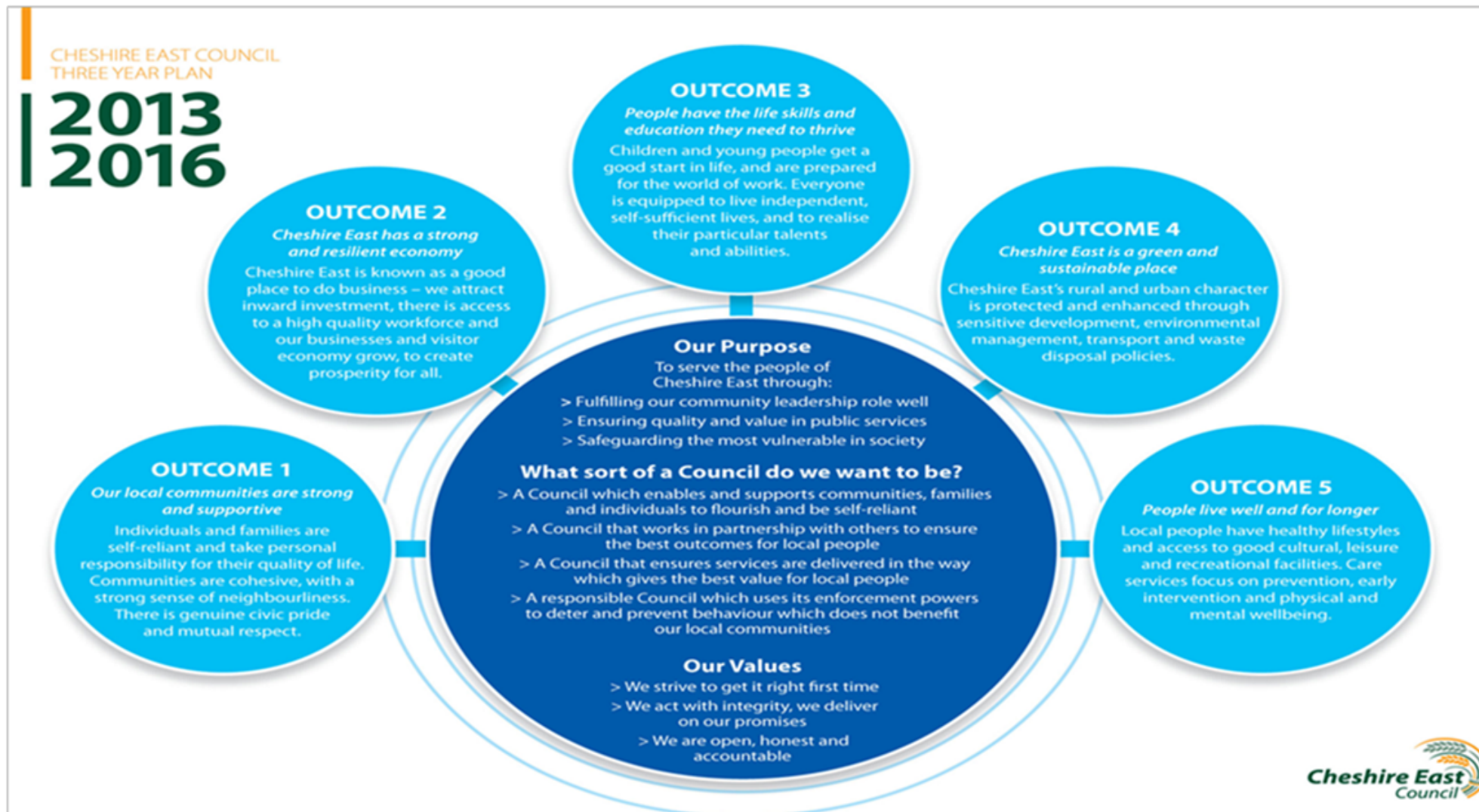
## Voluntary Redundancies

237. 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.
238. 21 employees have left the Council under voluntary redundancy terms in quarter three. The total severance cost, for all 21 employees was £315,172, inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1.4m (which is the combined accumulated costs of the deleted posts).
239. A total of thirty two staff have left under voluntary redundancy so far in the 2015/16 financial year.

# **Appendices to the Third Quarter Review of Performance 2015/16**

**February 2016**

# Appendix 1 Cheshire East Council Three Year Plan



# Appendix 2 Changes to Revenue Budget 2015/16 since Mid Year Review

	Quarter 2 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Other Virements £000	Quarter 3 Net Budget £000
Children & Families	43,449	3	-397		43,055
Adult Social Care & Independent Living	95,297		397	-336	95,358
Public Health	0	0	0	0	0
Economic Growth & Prosperity * see note	6,143	256		183	6,582
Chief Operating Officer:					
Commissioning Services:					
Building Control, Land Charges and Planning Support * see note	1,693	0	0	0	1,693
Bereavement	-1,292	0	0	0	-1,292
Environmental	28,687			-65	28,622
Highways	11,190			24	11,214
Leisure	2,040			-10	2,030
Transport * see note	14,601			-16	14,585
	56,919	0	0	-67	56,852
Communities	9,205	0	0	0	9,205
Other (e.g Finance, ICT, Legal, Facilities)	39,240	10		144	39,394
<b>TOTAL SERVICE BUDGET</b>	<b>250,253</b>	<b>269</b>	<b>0</b>	<b>-76</b>	<b>250,446</b>
Central Budgets					
Specific Grants	-18,929	-269			-19,198
Capital Financing	14,000				14,000
Corporate Contributions	1,008			76	1,084
Contribution to / from Reserves	241				241
	-3,680	-269	0	76	-3,873
<b>TOTAL BUDGET</b>	<b>246,573</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>246,573</b>

\* Since February 2015 Council, the budgets for Transport, and for Building Control, Land Charges & Planning Support have been moved from Economic Growth and Prosperity to Commissioning Services.



# Appendix 3 Corporate Grants Register

Corporate Grants Register 2015/16 Third Quarter Review		Revised Forecast MYR 2015/16 £000	Revised Forecast TQR 2015/16 £000	Change 2015/16 £000	SRE / Balances (Note 2)
	Note				
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	1	154,136	150,433	-3,703	
Pupil Premium Grant	1	6,795	6,247	-548	
Sixth Forms Grant	1	4,164	4,164	0	
<b>Total Schools Grant</b>		<b>165,095</b>	<b>160,844</b>	<b>-4,251</b>	
Housing Benefit Subsidy		84,518	84,518	0	
Public Health Funding		14,274	15,598	1,324	
Restorative Justice Development Grant		8	8	0	
<b>TOTAL SPECIFIC USE</b>		<b>263,894</b>	<b>260,968</b>	<b>-2,927</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant		39,182	39,182	0	
Business Rates Retention Scheme		38,607	38,607	0	
<b>Total Central Funding</b>		<b>77,789</b>	<b>77,789</b>	<b>0</b>	

Corporate Grants Register 2015/16 Third Quarter Review		Revised Forecast MYR 2015/16 £000	Revised Forecast TQR 2015/16 £000	Change 2015/16 £000	SRE / Balances (Note 2)
	Note				
<b>Children &amp; Families</b>					
Troubled Families		332	332	0	
Troubled Families - Co-ordinator		200	200	0	
Youth Justice Grant		326	289	-37	Neg SRE
Youth Rehabilitation Order - Junior Attendance Centre		33	33	0	
Extended Rights to Free Transport		128	128	0	
Staying Put Grant		73	73	0	
Remand Funding		0	40	40	SRE
<b>Adult Social Care &amp; Independent Living</b>					
Local Reform and Community Voices Grant		195	195	0	
Independent Living Fund		749	749	0	
Adult Social Care New Burdens		2,272	2,272	0	
Social Care in Prison Grant		70	70	0	
<b>Economic Growth &amp; Prosperity</b>					
Skills Funding Agency		628	628	0	
Neighbourhood Planning Grant		55	55	0	
Right to Move		3	3	0	
Property Search Fees New Burdens		5	259	255	SRE
Letting Agents Transparency and Redress Schemes		0	1	1	SRE
<b>Chief Operating Officer - Commissioning Services:</b>					
<b>Environment</b>					
Lead Local Flood Authorities		35	35	0	
Lead Local Flood Authorities - technical advice on surface water proposals		82	82	0	

Corporate Grants Register 2015/16 Third Quarter Review		Revised Forecast MYR 2015/16 £000	Revised Forecast TQR 2015/16 £000	Change 2015/16 £000	SRE / Balances (Note 2)
	Note				
<b>Communities</b>					
Housing Benefit and Council Tax Administration		1,549	1,549	0	
NNDR Administration Grant		559	559	0	
Implementing Welfare Reform Changes		53	53	0	
<b>Chief Operating Officer - Other:</b>					
Education Services Grant		3,000	3,000	0	
Council Tax Freeze Grant 2015/16		1,840	1,840	0	
New Homes Bonus 2011/12		870	870	0	
New Homes Bonus 2012/13		1,844	1,844	0	
New Homes Bonus 2013/14		1,037	1,037	0	
New Homes Bonus 2014/15		1,356	1,356	0	
New Homes Bonus 2015/16		1,200	1,200	0	
Affordable Homes 2012/13		85	85	0	
Affordable Homes 2013/14		82	82	0	
Affordable Homes 2015/16		63	63	0	
New Homes Bonus 2015/16 - return of topslice		126	126	0	
Individual Electoral Registration		101	112	10 SRE	
<b>Total Service Funding</b>		<b>18,950</b>	<b>19,219</b>	<b>269</b>	
<b>TOTAL GENERAL PURPOSE</b>		<b>96,739</b>	<b>97,008</b>	<b>269</b>	
<b>TOTAL GRANT FUNDING</b>		<b>360,633</b>	<b>357,975</b>	<b>-2,658</b>	

## Notes

1 The Dedicated Schools Grant, Pupil Premium Grant and Sixth Form Grant from the Education Funding Agency (EFA) figures are based on actual anticipated allocations. Changes are for in-year increases/decreases to allocations by the DfE and conversions to academy

2 SRE - Supplementary Revenue Estimate requested by relevant service

# Appendix 4 Summary Capital Programme and Funding

Service	In-Year Budget TQR 2015/16 £000	SCE's Virements Reductions During Quarter 2015/16 £000	SCE's Virements Reductions TQR 2015/16 £000	Revised In-Year Budget TQR 2015/16 £000	Forecast Expenditure			
					2015/16 £000	2016/17 £000	2017/18 and Future Years £000	
Children and Families								
Committed Schemes - In Progress	10,169	340	-260	10,249	8,203	3,099	948	
Committed Schemes at Gate 1 Stage	2,672	-2,272	0	400	400	3,048	0	
Medium Term and Rolling Programme	5,174	-4,755	0	419	419	10,268	5,944	
Longer Term Proposals	100	250	-100	250	250	0	10,725	
Adult Social Care and Independent Living								
Committed Schemes - In Progress	824	0	0	824	824	0	0	
Committed Schemes at Gate 1 Stage	0	0	0	0	0	0	0	
Medium Term and Rolling Programme	1,128	-356	-772	0	0	1,156	800	
Commissioning Services:								
Leisure								
Committed Schemes - In Progress	10,732	239	0	10,971	10,722	250	0	
Committed Schemes at Gate 1 Stage	500	-350	0	150	150	1,265	7,300	
Longer Term Proposals	0	0	0	0	0	250	0	
Environment								
Committed Schemes - In Progress	3,131	419	-37	3,513	3,288	205	20	
Medium Term and Rolling Programme	9,077	-5,451	-5	3,621	3,620	12,607	0	
Longer Term Proposals	4,470	-3,850	14	634	502	3,045	9,620	
Highways								
Committed Schemes - In Progress	27,762	124	36	27,922	27,500	7,521	5,962	
Committed Schemes at Gate 1 Stage	0	0	0	0	0	0	0	
Medium Term and Rolling Programme	0	0	0	0	0	12,927	12,637	

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	TQR	Reductions	Reductions	Budget	2015/16	2016/17	2017/18 and
	2015/16	2015/16	2015/16	2015/16	2015/16	2016/17	Future Years
	£000	£000	£000	£000	£000	£000	£000
<b>Communities</b>							
Committed Schemes - In Progress	1,415	0	20	1,435	1,144	329	0
<b>Economic Growth and Prosperity</b>							
Committed Schemes - In Progress	31,706	-2,939	-1,957	26,810	20,895	10,776	3,942
Committed Schemes at Gate 1 Stage	2,000	-225	-950	825	825	725	4,650
Medium Term and Rolling Programme	4,412	-2,673	59	1,798	1,798	5,921	2,097
Longer Term Proposals	26,947	-14,413	5	12,539	12,539	30,163	157,566
<b>Chief Operating Officer</b>							
Committed Schemes - In Progress	14,651	0	0	14,651	10,550	4,630	0
Committed Schemes at Gate 1 Stage	660	0	2,400	3,060	2,850	510	0
Medium Term and Rolling Programme	608	0	-134	474	474	9,621	5,997
Longer Term Proposals	4,258	0	-1,628	2,630	2,630	0	0
<b>Committed Schemes - In Progress</b>	<b>100,390</b>	<b>-1,817</b>	<b>-2,198</b>	<b>96,375</b>	<b>83,126</b>	<b>26,810</b>	<b>10,872</b>
<b>Committed Schemes at Gate 1 Stage</b>	<b>5,832</b>	<b>-2,847</b>	<b>1,450</b>	<b>4,435</b>	<b>4,225</b>	<b>5,548</b>	<b>11,950</b>
<b>Medium Term and Rolling Programme</b>	<b>20,399</b>	<b>-13,235</b>	<b>-852</b>	<b>6,312</b>	<b>6,311</b>	<b>52,500</b>	<b>27,475</b>
<b>Longer Term Proposals</b>	<b>35,775</b>	<b>-18,013</b>	<b>-1,709</b>	<b>16,053</b>	<b>15,921</b>	<b>33,458</b>	<b>177,911</b>
<b>Total Net Position</b>	<b>162,396</b>	<b>-35,912</b>	<b>-3,309</b>	<b>123,175</b>	<b>109,583</b>	<b>118,316</b>	<b>228,208</b>

Funding Sources	2015/16	2016/17	2017/18 and
	£000	£000	Future Years
Grants	30,345	46,116	124,798
External Contributions	14,514	6,499	32,995
Cheshire East Council Resources	64,724	65,701	70,415
<b>Total</b>	<b>109,583</b>	<b>118,316</b>	<b>228,208</b>

# Appendix 5 Approved Supplementary Capital Estimates and Virements up to £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Supplementary Capital Estimates</b>		
<b>Economic Growth &amp; Prosperity</b>		
Crewe Town Centre Regeneration	5,000	Increase in budget to commission an artist for Waters Green Capital Project in Macclesfield. Contribution £5,000 from Cultural Development.
Rights of Way Improvement Plan Cycle/Walking Schemes	34,000	Increase in project budget to cover grant from WREN to fund works on the Bollin Valley Way footpath network in the Wilmslow area.
Congleton Public Realm	104,200	Increase in budget to cover section 106 funding available for the project.
<b>Environment</b>		
The Moor, Knutsford	1,087	Increase in project budget to utilise interest on Section 106 balances.
Adlington Road Park Section 106	45,000	Increase to budget to recognise £3,000 contribution from Friends of Bollington Park and £42k from a WREN grant.
Lacey Green Park	6,154	Increase of the budget to utilise the full value of the Section 106 money to complete the enhancement works at Lacey Green Park.
Congleton Town Council Community Gardens	1,502	Partners of Readesmoor Surgery financial contribution to the path element of the Antrobus Street gardens project (Town Council community Gardens).
King George V Pavilion Project	12,424	The original budget assumed a grant from the Football Foundation of £125,000 the grant approval was for £137,424.
<b>Highways</b>		
Surface Water Management Schemes	44,000	Additional grant received from the Environment Agency.
<b>Communities</b>		
Customer Access	19,556	Contribution from Poynton Town Council finalised on completion and also revenue contribution for works identified during the project.
<b>272,923</b>		

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Capital Budget Virements</b>		
<b>Education</b>		
Devolved Formula Capital Grant	10,000	Completion of works from 2014/15 Schools Maintenance programme at Daven and Excalibur Primary Schools, surplus funding vired back to originating budgets for re-allocation.
Universal free school meals	28,597	
Capital Maintenance Central Allocation	22,434	
Capital Maintenance Central Allocation	27,000	Completion of works at Mobberley Primary School, vire back surplus funds to Capital Maintenance provision for re-allocation.
Capital Maintenance Central Allocation	10,000	Completion of works at Pebblebrook Primary School, vire back surplus funds to Capital Maintenance provision for re-allocation.
Capital Maintenance Central Allocation	5,000	Completion of works at Sound Primary School, vire back surplus funds to Capital Maintenance provision for re-allocation.
Basic Needs Block	20,000	Completion of works at Wilmslow Grange School, vire back surplus funds to Basic Needs provision for re-allocation.
Basic Needs Block	35,000	Completion of works at Offley Primary School, vire back surplus funds to Basic Needs provision for re-allocation.
<b>Economic Growth &amp; Prosperity</b>		
Disabled Facilities Grant	59,000	Use uncommitted Housing Innovation Fund to relieve pressure on Disabled Facilities Grant.
Corporate Landlord Model - Non Operational	134,000	Virement from Corporate Landlord Model - Operational to cover costs of disposal / demolitions on our surplus assets.

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Capital Budget Virements</b>		
<b>Environment</b>		
Adlington Road Park Section 106	2,300	There are two projects within the same park; Adlington Road Park and Bollington Recreation. This virement is to consolidate the two sums of Section 106 money.
Restoration of South Park Lake	5,240	Virement from Parks Development Fund to cover the Feasibility aspect of the project costs.
Coronation Valley, Queens Park	9,000	Virement from the completed "Cremators at Crewe" project vired to cover feasibility costs not included in budget.
King George V Pavilion Project	5,000	Virement from the completed "Cremators at Crewe" project vired to top project budget up to tender value.
<b>Total Capital Budget Virements Approved</b>	<b>372,571</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>645,494</b>	



# Appendix 6 Request for Supplementary Capital Estimates and Virements above £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
Supplementary Capital Estimates		
Economic Growth & Prosperity		
A556 Knutsford to Bowdon	443,000	Increase to budget for additional work funded by Highways England
Total Supplementary Capital Estimates and Virements	443,000	

# Appendix 7 Request for Supplementary Capital Estimates and Virements above £1m

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to request Council to approve the Capital Virements and SCEs over £1,000,000		
<b>Capital Budget Virements</b>		
<b>Economic Growth &amp; Prosperity</b>		
Crewe Town Centre Regeneration	2,850,000	Combine Crewe Interchange budget with Crewe Town Centre Regeneration budget.
<b>Chief Operating Officer</b>		
Care Act Phase 2 - System Implementation	772,000	Virement of the Community Capacity Grant from the Adults Capital programme to contribute towards the system implementation costs of second phase of the Care Act.
	1,628,000	Virement from Strategic Projects provision, funded by Cheshire East Resources to meet the costs of the Children and Families contribution towards the system implementation costs of second phase of the Care Act.
<b>Total Supplementary Capital Estimates and Virements</b>	<b>5,250,000</b>	

# Appendix 8 Capital Budget Reductions

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Education Strategy				
Devolved Formula Capital Grant	5,749,287	5,670,384	-78,903	} Reductions required due to schools converting to Academy Status.
School Maintenance Projects	2,916,939	2,900,799	-16,140	
Wheelock Primary School	1,632,135	1,628,507	-3,628	Reduction in level of contribution required from school
School Maintenance Projects	2,900,799	2,897,905	-2,894	Return of contributions to schools where works completed under budget.
Care Leavers - Supported Accommodation	100,000	0	-100,000	} This reduction is being actioned as these schemes are not being progressed at this time.
Crewe Achievement	20,000,000	0	-20,000,000	
Economic Growth & Prosperity				
Connecting Cheshire Phase 1	31,691,758	30,483,758	-1,208,000	To reflect reduction in ERDF grant funding
Handforth East	136,918	0	-136,918	This budget no longer required as project is included as part of EOTN budget.
Middlewich Bypass	1,200,000	250,000	-950,000	
				Planned grant funding no longer available.

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
<b>Cabinet are asked to note the reductions in Approved Budgets</b>				
<b>Highways</b>				
S106 Vernon Way, Crewe	50,113	49,510	-603	Project complete and all S106 fund spent.
S106 - UTC Macclesfield	10,729	7,865	-2,864	S106 project, works complete.
S106 - Crossing Enhancement Wilmslow	4,500	83	-4,417	S106 project, works complete.
S106 - Footway Imp Wilmslow LC	5,500	5,404	-96	S106 project, works complete.
<b>Environmental</b>				
Cremators at Crewe	569,000	483,411	-85,589	Project complete.
Malkins Bank Play Area	53,686	49,650	-4,036	These projects are funded by S106 and now complete, this will allow the funding to be used for new proposals.
St Johns Road PF	52,000	48,000	-4,000	
<b>Total Capital Budget Reductions</b>	<b>67,073,364</b>	<b>44,475,276</b>	<b>-22,598,088</b>	

# Appendix 9 Treasury Management

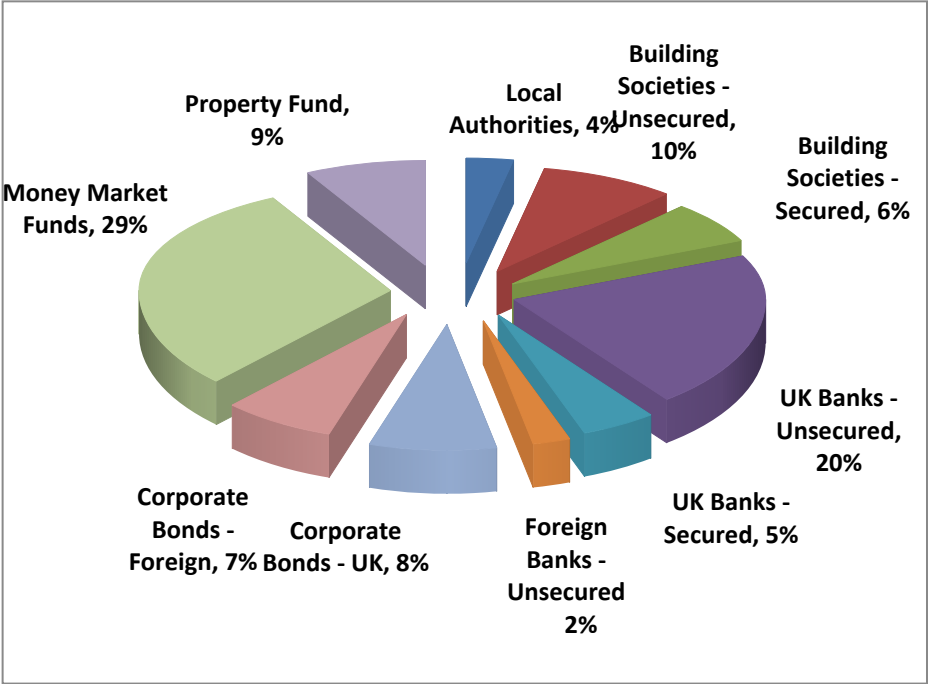
## Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally credit rated banks and building societies have been set at a maximum value of £5m for unsecured investments and £10m for secured investments. Any limits apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at a maximum value of £10m per fund with a limit of 50% of total investments per fund although operationally this is limited to 10% in line with updated guidance. 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. Due to their smaller size, unrated Building Societies have a limit of £1m each.
2. The limits in the Treasury Management strategy also apply to investments in foreign banks subject to an overall limit of 40% of our total investments in foreign countries and a limit of £10m per country. Foreign investments held at 30th November 2015 total £8m over three countries.
3. To maintain diversification of investments over a broader range of counterparties, the Council is also investing with other Local Authorities and some unrated Building Societies on advice from our treasury advisors who are monitoring their financial standing in the absence of any normal credit rating.
4. Banks' credit ratings are kept under continual review. There have been some changes in 2015/16 following the regulatory changes and withdrawal of Government support although these changes have not been as severe as expected. Government support has generally been replaced by greater loss absorbency capability. However, as the impact of any bank failure on Council investments is now greater, the following measures are being taken to reduce the risk of being bailed in:
  - a. Invest in more secure financial instruments such as Covered Bonds and Repurchase Agreements (REPO's)
  - b. Invest in highly rated Corporate Bonds which will not be subject to any 'bail-in risk'
5. Covered Bonds are fixed period investments (typically three to ten years) which are tradeable and where the investment is backed by collateral. These bonds are exempt from any 'Bail-in' requirements and gives the Council protection in the event the Counterparty gets into difficulties. Bonds are rated depending on their collateral so it is possible that a bond is acceptable to the Council where an unsecured deposit would not be.
6. REPO's are where the Council purchases assets from a counterparty with an agreement that the counterparty repurchases those assets on an agreed future date and at an agreed price. The future price will include interest on the investment. The assets purchased will vary in value over the term of the trade so a third party is used (at the cost of the other party, not the Council) to hold those assets on our behalf and obtain additional assets if the value falls below the level of the investment at any time. It is the quality of the purchased assets that governs

the credit quality of the investment rather than the actual counterparty. The Council is making arrangements with Clearstream who can provide the third party facilities and are internationally regarded.

7. **Chart 1** shows an analysis of the investments by counterparty type. A full analysis of the types of investment and current interest rates achieved is given in **Table 1** with the maturity profile in **Chart 2** which also shows the value of investments potentially subject to bail-in in the event of counterparty failure and those which are exempt from bail in requirements.

**Chart 1 – Current Investments by Counterparty Type**



**Table 1 – Types of Investments and Current Interest Rates**

Instant Access Accounts	Average Rate %	£m
Instant Access Accounts	-	0.0
Money Market Funds	0.51	24.0

Notice Accounts	Notice Period	Average Rate %	£m
Lloyds Bank	180 days	0.75	3.0

Fixed Term Deposits (Unsecured)	Start	Maturity	Rate %	£m
Lancashire County Council	25/06/2015	18/12/2015	0.47	3.0
Nationwide Building Society	31/07/2015	18/01/2016	0.64	2.0
Landesbank Hessen-Thuringen CD	31/07/2015	29/01/2016	0.70	2.0
Nationwide Building Society	03/08/2015	18/01/2016	0.62	1.0
Lloyds Bank	03/08/2015	18/03/2016	0.77	2.0
Santander UK	05/08/2015	29/01/2016	0.72	2.8
Vernon Building Society	28/08/2015	04/12/2015	0.53	1.0
Close Bros	11/09/2015	11/03/2016	0.60	2.0
Santander UK	22/09/2015	18/03/2016	0.67	1.0
Mansfield Building Society	25/09/2015	18/03/2016	0.72	1.0
Santander UK	28/09/2015	24/03/2016	0.67	1.2
Standard Chartered CD	01/10/2015	31/03/2016	0.70	3.0
Close Bros	30/10/2015	29/04/2016	0.65	2.0
Nationwide Building Society	04/11/2015	17/03/2016	0.57	1.0
National Counties Building Society	13/11/2015	13/05/2016	0.75	1.0
Cumberland Building Society	18/11/2015	25/02/2016	0.55	1.0

Secured Deposits	Start	Maturity	Rate %	£m
Yorkshire Building Society	05/11/2014	16/03/2016	0.73	3.0
Yorkshire Building Society	16/12/2014	16/03/2016	0.73	2.0
Bank of Scotland	17/06/2015	08/11/2016	0.84	2.5
Bank of Scotland	30/10/2015	08/11/2016	0.95	1.5

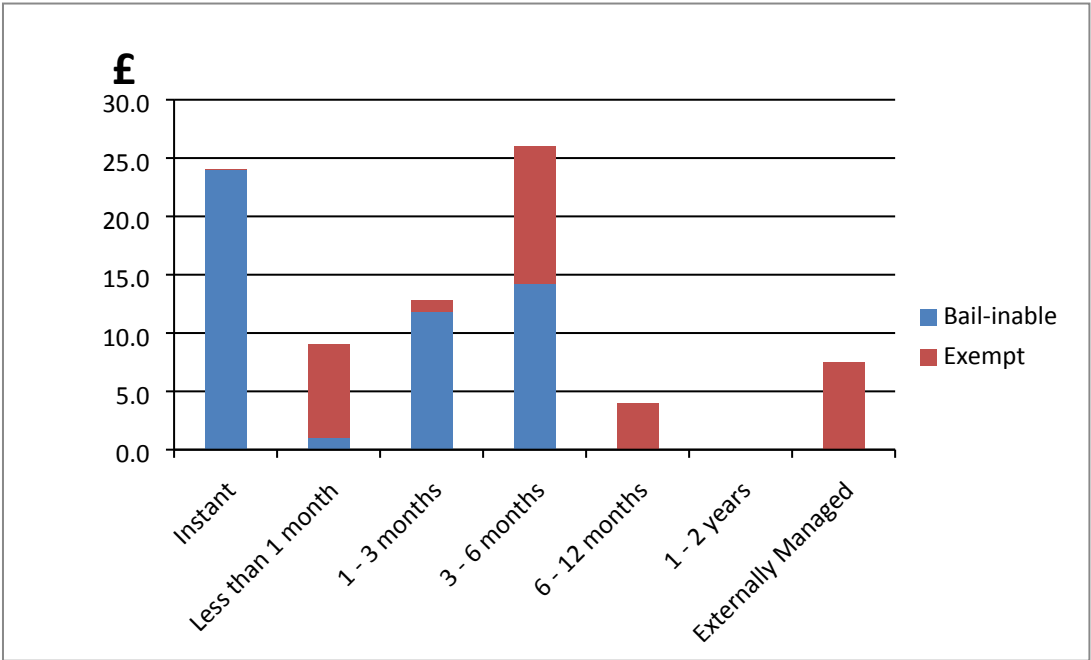
Corporate Bonds	Start	Maturity	Rate %	£m
Volkswagen Financial Services	27/04/2015	23/05/2016	0.90	3.0
Heathrow Funding Ltd	08/05/2015	31/03/2016	0.90	2.8
Daimler International Finance	21/07/2015	10/12/2015	0.88	2.0
United Utilities	22/07/2015	29/12/2015	1.02	3.0
GE Capital UK Funding	28/08/2015	18/01/2016	1.08	1.0
Heathrow Funding Ltd	01/09/2015	31/03/2016	1.02	1.0

Externally Managed Funds	£m
Property Fund	7.5

Summary of Current Investments	£m
<b>TOTAL</b>	<b>83.3</b>



Chart 2 – Maturity Profile of Investments



# Appendix 10 Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Children's and Families	Remand Funding (General Purpose)	40	Children and Young People who are remanded in youth detention accommodation will be given Looked After Children status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice.
Children's and Families	Youth Justice Grant (General Purpose)	-37	The Youth Justice Board reduction in budget equivalent to a 10.6% reduction to the annual allocation.
Economic Growth and Prosperity	Property Search Fees – New Burden (General Purpose)	255	Authorities in England who were defendants to the APPS claims have received an interim new burdens payment from Central Government. The total payment amounts to £34m and will be divided between authorities according to the value of their settlement for Local Land Charges Register (LLCR) claims. The payment is in respect of claims for fees for personal searches of the LLCR, interest on those claims and legal costs.
Economic Growth and Prosperity	Letting Agents Transparency and Redress Schemes (General Purpose)	1	New burden placed on Letting Agents arising from the new duty to enforce the requirements for letting and property management agents to be a member of an approved redress scheme and to publicise their fees in their offices and on their website.
Chief Operating Officer	Individual Electoral Registration (General Purpose)	10	The additional grant will all be spent on this year's annual canvass under Individual Electoral Registration. The money will be spent on the chase up of non responding households to ensure the maximum number of people as possible are individually registered by December 2015.
<b>Total</b>		<b>269</b>	

# Appendix 11 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. Annually, the Council raises invoices with a total value of around £50m. This includes around £25m in Adult Social Care relating to client contributions towards care packages and income from Health on pooled budget and partnership arrangements.
3. Total Invoiced Debt at the end of November 2015 was £8.1m. After allowing for £1.9m of debt still within the payment terms, outstanding debt stood at £6.2m. This is almost £4m lower than at the end of quarter two and is largely due to reduced debt within Adult Social Care.
4. The total amount of service debt over six months old is £2.7m which is slightly higher than at the end of the second quarter.
5. Services have created debt provisions of £2.8m to cover this debt in the event that it needs to be written off.
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.

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families	172	13	13
Adult Social Care & Independent Living	4,203	2,242	2,312
Public Health & Wellbeing	0	0	0
Economic Growth & Prosperity	335	89	113
Chief Operating Officer: Commissioning Services:			
Environmental	295	139	139
Highways	717	154	154
Leisure	12	12	12
Communities	12	7	17
Other	434	24	36
	<b>6,179</b>	<b>2,680</b>	<b>2,796</b>

# Appendix 12 Earmarked Reserves

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
<b>Children &amp; Families</b>				
Long Term Sickness	350	-350	0	Carried forward surplus of contributions paid by schools ~ operated as a trading account.
Education All Risks (EARS)	343	-343	0	Carried forward surplus of contributions paid by schools ~ operated as a trading account.
Children's Social Care	377	0	377	To support implementation of Children's Social Care bill.
Early Intervention Initiatives	0	400	400	To develop and implement a plan to improve the emotional health and wellbeing of young people.
<b>Adult Social Care &amp; Independent Living</b>				
Extra Care Housing PFI	1,681	198	1,879	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning	309	-309	0	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law.
NHS Section 256	3,535	-673	2,862	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
<b>Public Health</b>	1,972	-1,272	700	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
<b>Environmental</b>				
Crematoria	160	-160	0	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
<b>Highways</b>				
Severe Weather	240	120	360	To provide for future adverse winter weather expenditure.
<b>Communities</b>				
Communities Investment	1,788	-963	825	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Emergency Assistance	845	-400	445	Carry forward of underspend on previous years' schemes to provide for future hardship payments.
<b>Economic Growth &amp; Prosperity</b>				
Building Control	168	0	168	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	222	0	222	Ring-fenced surplus on Tatton Park trading account.
Economic Development	141	0	141	Support for town centres and economic development initiatives.
Planning Costs and Investment Service Structure	1,000	-1,000	0	To meet potential costs within the Planning Service and Investment Service Structure.
<b>Chief Operating Officer</b>				
Elections	604	-604	0	To provide funds for Election costs every 4 years.
Climate Change	67	-67	0	Renewable Energy project.
Insurance & Risk	2,695	305	3,000	To settle insurance claims and manage excess costs.
Investment (Sustainability)	8,681	-7,531	1,150	To support investment that can increase longer term financial independence and stability of the Council.
Pension Contributions	173	-173	0	To meet impact of reduced workforce on fixed contribution to Past Service Pensions deficit.
Business Rates Retention Scheme	4,648	3,600	8,248	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until 2016/17.
Financing	4,820	4,565	9,385	To provide for financing of capital schemes, feasibility studies, and other projects and initiatives.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
<b>Cross Service</b>				
Trading Reserve	36	-36	0	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	5,244	-3,427	1,372	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	8,184	-4,000	4,184	Unspent specific use grant carried forward into 2015/16.
Revenue Grants - Other	2,733	-1,167	1,566	Unspent specific use grant carried forward into 2015/16.
<b>TOTAL</b>	<b>51,016</b>	<b>-13,287</b>	<b>37,284</b>	

**Notes:**

1. Figures exclude Schools balances of £7.499m at 1st April 2015

## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Peter Bates, Chief Operating Officer
<b>Subject/Title:</b>	The Council's Corporate Plan 2016/20 and Medium Term Financial Strategy 2016/19
<b>Portfolio Holder:</b>	Cllr P Groves, Finance and Assets Cllr J P Findlow, Performance

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#### 1. Report Summary

- 1.1 This report presents the Council's Corporate Plan for the years 2016/17 to 2019/20 and the Medium Term Financial Strategy for the years 2016/17 to 2018/19.
- 1.2 Cheshire East Council puts residents first and arranges delivery of over 500 local services. The Council's achievements in making Cheshire East such a great place to live are reflected in local indicators, such as:
  - Unemployment is at its lowest rate at 0.7%<sup>1</sup> and economic growth is continuing with expansion at Bentley, development of the science hub at Alderley Park and important announcements about the HS2 route.
  - 92.1% of Cheshire East schools are ranked as good or excellent and overall this rates as the second best in England.
  - Fostering services have received national recognition in achieving outcomes for local children.
- 1.3 Cheshire East is the third largest council in the Northwest of England, providing services for a population of over 370,000 local people. The revenue budget is balanced for 2016/17 with net spending of £263.7m and capital expenditure of £481.8m is planned in the medium term.
- 1.4 The provisional funding announcements of 17<sup>th</sup> December 2015 confirmed that local government spending will continue to reduce through to 2019/20. However, the Government approach has changed, and the reduction in grant has been greater than forecast in the Council's [Pre-Budget Report](#) (October 2015) as the potential income from Council Tax increases has been factored in to the settlement for the first time. This report is based on the Provisional Settlement, which therefore still requires parliamentary approval, and includes the following headlines:
  - An additional £33m will be spent on improving our highways.
  - Net Revenue spending on services is being reduced by £2.1m to deliver a balanced position in 2016/17.

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<sup>1</sup> Individuals aged 16 to 64, actively seeking employment and in receipt of job seekers allowance.

- Capital spending on infrastructure and regeneration projects will increase by £60.5m from 2015/16 third quarter review budget.
- Value for money will continue to be supported through management of Council investments. This will include the reduction of external loans by a further £6m.
- Reliance on Central Government grants will reduce by £16.3m.
- Funding for essential local services will require a proposed Council tax increase of 3.75% from £1,216.34 to £1,261.95 for a Band D property.

- 1.5 The absence of Government funding information until 17<sup>th</sup> December 2015 means that this report is mainly focused on the 2016/17 Revenue Budget and a Medium Term Capital Programme. However, the report sets out how the Council will approach the financial challenges over the medium term and we are exploring the 'offer' of a longer term settlement to 2019/20 with Government officials.

### **Corporate Plan 2016/20**

- 1.6 The report includes the refreshed Corporate Plan for the period 2016/17 to 2019/20. This has been developed during 2015 to replace the Council Plan which ends on 31<sup>st</sup> March 2016.
- 1.7 The Plan reflects that the 5 resident based outcomes in the current plan remain wholly appropriate and should remain in place. It also recognises the emerging importance of a 6<sup>th</sup> outcome that drives the continued improvement in efficiency and effectiveness of Council Services.
- 1.8 The new Corporate Plan has formed the basis for developing proposals within the Medium Term Financial Strategy. Progress against the Corporate Plan will be monitored through quarterly reporting to Cabinet. The quarterly reports will also identify up to date performance of the Council and show how the latest priorities are being managed to achieve the best outcomes for local residents.

### **Budget 2016/19**

- 1.9 Following many months of development and consultation the 2016/17 proposals contained in this report are robust and provide a balanced "Residents First" Budget for consideration.
- 1.10 Like most authorities there are still identified budget deficits in the medium term caused through on-going reductions in public sector spending. Our response to these pressures will be developed in 2016 and will be based on innovation and creativity with a continued focus on improving efficiency, productivity and more effective local service delivery.
- 1.11 Our ability to create the best conditions for private sector investment, economic growth and prosperity will be critical to the continued success of the Borough as the Council's reliance on locally generated income increases.



- 1.12 This report summarises the resolutions that Cabinet are requested to recommend to Council at **Appendix A**.
- 1.13 This report provides the Corporate Plan for the period 2016/17 to 2019/20 at **Appendix B**, and the Medium Term Financial Strategy (MTFS) Report (containing the Budget) for the period 2016/17 to 2018/19 at **Appendix C**.
- 1.14 The document is the result of the Business Planning Process led by the Council from May 2015 to February 2016. The Corporate Plan and MTFS Reports are being submitted to Cabinet on 9<sup>th</sup> February 2016 for recommendation to Council for approval.
- 1.15 The business planning process involved engagement with local people and organisations and details of how this process was managed is included within **Appendix C, Annex 2**.

## 2. Recommendations

- 2.1. That Cabinet recommend to Council the items at **Appendix A**:
- 2.2. That Cabinet note:
  - a) The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2**).
  - b) The comments of the Council's Chief Operating Officer (Section 151 Officer), contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Chief Operating Officer**).
  - c) The risk assessment detailed in the MTFS Report (**Appendix C, Annex 5**).
  - d) That the estimates and profiling contained within the proposed Capital Programme 2016/17 to 2018/19 reflect the scale of ambition and future investment plans of the Council. The programme may vary to take advantage of external funding opportunities, maximise private sector investment, prudential borrowing considerations, operational capacity and to ensure optimal delivery of the overall programme (**Appendix C, Annex 12**).
  - e) That projects will be robustly governed through the Executive Monitoring Board. The Council's Finance Procedure Rules will always apply should any changes in spending requirements be identified (**Appendix C, Annex 12**).

### 3. Other Options Considered

- 3.1. The Business Planning Process enables the Council to develop options, consider the best approach, produce Business Cases and share these options via the [Pre-Budget Report](#) 2016/17.
- 3.2. The engagement process and feedback on the [Pre-Budget Report](#) plus funding announcements and on-going refinement, informs the set of proposals in this report.

### 4. Reasons for Recommendation

- 4.1. The new Corporate Plan 2016/20 is a document that requires Council approval for it be embedded in all the Council's processes and reports.
- 4.2. A copy of the Corporate Plan 2016/20, is attached at **Appendix B**.
- 4.3. The Council's Budget (as contained in the MTFS Report) also requires Council approval. A copy of the MTFS Report is attached at **Appendix C**.
- 4.4. In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet is requested to recommend this report to Council to approve the MTFS Report for 2016/19.
- 4.5. The Council's Chief Operating Officer (Section 151 Officer) reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, he is satisfied with the robustness of the estimates making up the Council Tax Requirement of £179,432,775 (based on the Provisional Finance Settlement and subject to change from the Final Settlement) and he is satisfied with the adequacy of the financial reserves for the Council.
- 4.6. Further to the above statement it can be reported that the Medium Term Financial Strategy Report (**Appendix C**) is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience of the Council in the medium term.

## Background / Chronology

### *Meeting the Council's Priorities:*

- 4.7. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 370,000 residents. The budget to deliver these services in the period April 2016 to March 2017 will be over £750m (revenue and capital), which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users and other organisations that the Council works with.
- 4.8. The Council is continuing to change and adapt to the challenges facing the public sector, whilst continuing to provide effective services to the residents and businesses of Cheshire East. To continue to improve services and provide better outcomes for local people, within appropriate funding levels, requires constant challenge to the way services are provided. Planning good quality services that people need is achieved through consultation, analysis and prioritisation within the level of resources available.
- 4.9. During 2015, the Council has developed a refreshed Corporate Plan for 2016/20 which sets out a clear strategic direction for the Authority and maintains the established five Residents First Outcomes.
- 4.10. The Corporate Plan identifies the core purpose for the Council, reflecting the changing role of local government, funding reductions, and policy changes at the national and local level. It also identifies the key outcomes we are seeking to achieve to improve the quality of life of local people and, therefore, what our priorities are for action and investment over the four year period covered by the plan.
- 4.11. The Corporate Plan 2016/20 is attached at **Appendix B**.

### *The Budget Setting Process 2016/19*

- 4.12. The Budget Setting Process 2016/19 was developed and endorsed by the Management Group Board and Cabinet Members in May 2015 following the Council Elections.
- 4.13. This has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels.
- 4.14. There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council's financial position being taken to Cabinet in June, September, November, December 2015 and February 2016. Corporate Overview and Scrutiny Committee were briefed in July and November 2015, and February 2016. All Members were invited to finance briefings on 13<sup>th</sup> July, 15<sup>th</sup> December 2015 and 2<sup>nd</sup> February 2016.

- 4.15. This has been undertaken against a background of significant reductions in funding levels from Central Government, developing the new Corporate Plan and the Authority continuing to deliver against its commitment to become a commissioning council through the creation of alternative service delivery vehicles.
- 4.16. The MTFS Report provides financial background as well as setting out further details of the on-going approach to funding the Residents First Outcomes set out in the Corporate Plan. It sets out the spending plans and income targets for the financial year starting 1<sup>st</sup> April 2016, as well as indicative estimates for the 2017/18 and 2018/19 financial years.
- 4.17. The MTFS Report is based on the Provisional Local Government Finance Settlement for 2016/17. This was released on 17<sup>th</sup> December 2015. The final settlement is expected in early February 2016 with a debate by Members of Parliament in the House of Commons expected in mid February (after the publication date of this report to Cabinet) to agree the position. The Settlement included some changes to national policies which the Council has responded to.
- 4.18. Adding to or amending the change programmes has been an important focus of the budget setting process, ensuring that the Council focuses its energy and resources on those areas of change which will help build sustainable communities and a Council that is fit for the future.
- 4.19. Progress in terms of delivery of the proposals has been monitored and reported at regular intervals during 2015/16 and this will continue during 2016/17.
- 4.20. The MTFS Report 2016/19 is attached at **Appendix C**.
- 4.21. The MTFS Report continues to include estimated grant allocations in relation to several Specific Grants (**Annex 8**). These will be refined in due course.
- 4.22. Any resulting impact of these issues in terms of changes to funding will be managed through General Reserves. Therefore, a balanced budget position will be maintained. Should there be any changes they will be notified to Members at the earliest opportunity.
- 4.23. Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 25<sup>th</sup> February 2016.

## 5. Wards Affected and Local Ward Members

- 5.1. Not applicable.

## **6. Implications of Recommendation**

### **6.1. Policy Implications**

- 6.1.1. The report outlines policy and budget proposals which will impact on service delivery arrangements.

### **6.2. Legal Implications**

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

### **6.3. Financial Implications**

- 6.3.1. Please see Sections 1 and 5 of this report.

### **6.4. Equality Implications**

- 6.4.1. The Council has a statutory duty to understand the equality impacts of its decisions, policies, strategies and functions.
- 6.4.2. The Council needs to ensure that its budget decisions do not discriminate against any group and promote equality of opportunity and good community relations. The Council undertakes equality assessments where necessary, and continues to do so as projects develop across the lifetime of the Corporate Plan. This process helps us to understand if our budget proposals:
  - Have an adverse impact on any of the protected characteristics listed in the 2010 Equality Act.
  - Result in direct or indirect discrimination.
- 6.4.3. The process assists us to consider what actions could address or alleviate any adverse impact and help us to recognise where investment could alleviate an adverse impact from a saving.
- 6.4.4. Completed equality assessments form part of any detailed Business Cases.

### **6.5. Rural Community Implications**

- 6.5.1. The report outlines policy and budget proposals which will impact on service delivery across the Borough.

### **6.6. Human Resources Implications**

- 6.6.1. Please see Workforce Development Section – **Appendix C, Annex 4.**

## 6.7. Public Health Implications

6.7.1. Please see Section 1, Outcome 5 part of **Appendix C**.

## 6.8. Other Implications (Please Specify)

6.8.1. The Council has a statutory duty to consult with certain groups on its Budget Proposals and as part of the implementation of certain items. Further details are provided in **Appendix C, Annex 2**.

## 7. Risk Management

- 7.1. The steps outlined in this report mitigate the four main legal and financial risks to the Council's financial management arrangements:
- The Council must set a balanced Budget.
  - Setting the Council Tax for 2016/17 must follow a compliant process.
  - The Council should provide high quality evidence to support submissions for external assessment.
  - That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.
- 7.2. A risk assessment of the significant proposals being put forward has been carried out by each service and is included as part of the planning process.
- 7.3. It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk is embedded within the organisation to ensure the Council can seize opportunities, introduce new, innovative models of service delivery, focus on improving outcomes for residents and review its range of services whilst identifying and controlling any resulting risks. The approach to risk management will continue to be assessed as the Council's plans and financial strategy are implemented.

## 8. Access to Information / Bibliography

*Please see the following financial reports:*

[2014/15 Outturn Report](#)

[2015/16 First Quarter Review of Performance](#)

[2015/16 Mid-Year Review of Performance](#)

[2016/17 Pre-Budget Report](#) released 28<sup>th</sup> October 2015

[Corporate Overview and Scrutiny Committee 5<sup>th</sup> November 2015](#)

[Council 17<sup>th</sup> December 2015: Council Taxbase and Council Tax Support Scheme](#)

[2015/16 Third Quarter Review of Performance](#)

## 9. Contact Information

Contact details for this report are as follows:-

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<b>Designation:</b>	Chief Operating Officer
<b>Tel. No.:</b>	01270 686013
<b>Email:</b>	<a href="mailto:peter.bates@cheshireeast.gov.uk">peter.bates@cheshireeast.gov.uk</a>

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## Appendix A

### Recommendations to Council from Cabinet - February 2016

*That Council approve:*

- 1 The new Corporate Plan 2016/20 as provided at **Appendix B**.
- 2 The Revenue estimates for the 2016/17 budget and the medium term Capital Programme estimates 2016/19, as detailed in the Medium Term Financial Strategy Report 2016/19 (**Appendix C**).
- 3 Band D Council Tax of £1,261.95 representing an increase of 3.75%. This arises from the provisional finance settlement allowing up to a 2% additional charge to fund Adult Social Care pressures (**Appendix C, Section 2**).
- 4 The 2016/17 non ring-fenced Specific Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 8**).
- 5 The 2016/17 Capital Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 9**).
- 6 The relevant Portfolio Holder to agree the use of additional Specific Grants received in conjunction with the Finance Portfolio Holder as further updates to the 2016/17 funding position are received.
- 7 The recommended Prudential Indicators for Capital Financing (**Appendix C, Annex 11**).
- 8 The Children and Families Portfolio Holder to agree any necessary amendment to the 2016/17 Dedicated Schools Grant (DSG) of £147m and the associated policy proposals, in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2015/16 (**Appendix C, Annex 8**).
- 9 The recommended Reserves Strategy, and the proposal to contribute £1m from General Reserves to an Earmarked Reserve for the on-going costs of Planning Appeals (**Appendix C, Annex 13**).

*That Council recognises that Cabinet has noted:*

- 10 The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2**).

- 11 The comments of the Council's Chief Operating Officer (Section 151 Officer), contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Chief Operating Officer**).
- 12 The risk assessment detailed in the MTFS Report (**Appendix C, Annex 5**).
- 13 That the estimates and profiling contained within the proposed Capital Programme 2016/17 to 2018/19 reflect the scale of ambition and future investment plans of the Council. The programme may vary to take advantage of external funding opportunities, maximise private sector investment, prudential borrowing considerations, operational capacity and to ensure optimal delivery of the overall programme (**Appendix C, Annex 12**).
- 14 That projects will be robustly governed through the Executive Monitoring Board. The Council's Finance Procedure Rules will always apply should any changes in spending requirements be identified (**Appendix C, Annex 12**).



Cheshire East Council

# Corporate Plan

2016-2020

February 2016

[www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk)

You can give feedback on the activities of the Council and its plans by speaking to your local Councillor – visit **Find Your Local Councillor** on the Cheshire East Council website for contact details.

You can also send comments, to the email address below – responses will be reported to Cabinet Members and Council. When submitting a response or comment, please also include your name, organisation (if applicable) and contact details.

If you have any comments or queries please e-mail:  
**[shapingourservices@cheshireeast.gov.uk](mailto:shapingourservices@cheshireeast.gov.uk)**



**Have you discovered  
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# Foreword

**Cheshire East is a fabulous place to live work and visit and we want to work with all regional and local partners to make it even better and sustain that success into the future for our residents.**

As a place we have a fantastic mix of rural and urban environments. However the most important element of Cheshire East is its people and we will strive to make sure we have a Council that serves its diverse community well and delivers value for money.

We want to see Cheshire East Council build a national reputation for customer services and partnership working and have our Chief Executive build a programme that delivers that and makes sure as an organisation we put residents first at all times.

The Council will work towards this 4 Year Plan (2016 to 2020) that focuses on:

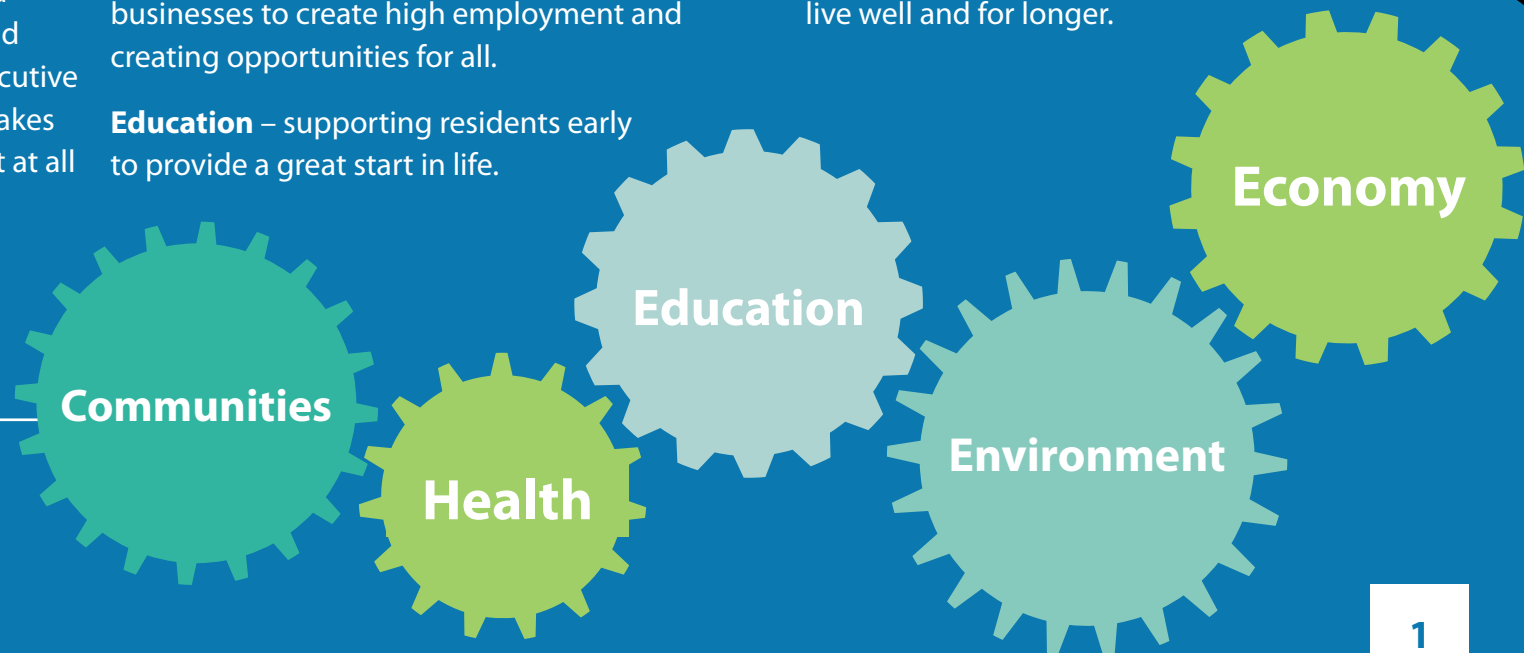
**Communities** – helping residents to help themselves and each other. Supporting volunteering, and minimising anti-social behaviour.

**Economy** – encouraging and supporting businesses to create high employment and creating opportunities for all.

**Education** – supporting residents early to provide a great start in life.

**Environment** – helping energy saving initiatives and making sure our green spaces make Cheshire East a great place to live.

**Health** – safeguarding the vulnerable and providing appropriate care that helps people live well and for longer.



**Cabinet**

Cheshire East Council

# Putting Residents **First**

**Putting Residents First** is about really listening and understanding what residents and businesses need and responding appropriately to provide the best possible **Service**.

- This requires **Flexibility**, which means us all adapting quickly to changing circumstances and learning together from our experiences.
- **Innovation** is about us being creative in our thinking and the way we approach our work and challenging convention where this is no longer appropriate.
- Taking personal **Responsibility** is at the heart of our values in delivering what we promise, and ensuring efficient use of resources, whether this is our people, funding, processes, information or technology.
- Bringing this together is **Teamwork**, respecting and working well with others to collectively achieve the best outcomes for residents and communities.

In addition to all of the above the Council will put residents first by getting things right first time.

**Right First Time** means achieving value for money by eliminating waste and meeting appropriate customer demands in a professional and timely way. When the Council sets out service standard then they will be achieved.







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# 1 Achieving Outcomes

**Cheshire East Council is responsible for providing more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 370,000 residents. Gross annual expenditure exceeds £700m, which is funded from a combination of local taxes, national taxes (in the form of government grants) and payments direct from service users and other organisations.**

In its simplest form Cheshire East Council wants to work with local and regional partners to deliver for its residents economic prosperity and public sector transformation to deliver value for money. Cheshire East wants to ensure access to economic prosperity for all its residents so that they can pay for housing, leisure, transport and other life events and not be dependent on public sector services but be part of a thriving and supportive community.

Cheshire East wants to deliver public transformation across a range of public, private and third sector partners as it recognises that working together with other agencies like health, police, fire, probation and many others, will help deliver better and more responsive services to residents. The Council regularly reviews how local services can best meet

the needs of residents in Cheshire East. Through its corporate plan the Council aims to help local people to be healthy and enjoy living in Cheshire East. The Council will work to create wealth from its approach to education, employment, housing and transport. The approach will lead to mental wellbeing, safe communities and overall economic prosperity.

During the summer of 2015 the Council's Cabinet Members re-considered the outcomes contained within the Three-Year Plan (2013-16). The review concluded that the outcomes in that plan continue to be hugely relevant to the way the Council can meet the needs of local residents and businesses. The five resident outcomes have therefore been maintained for the Corporate Plan 2016 to 2020.

But the review also recognised how priorities change over time and how the Council must therefore be flexible in its approach to providing services.

The Corporate Plan 2016-2020 sets out five clear residents based outcomes, underpinned by a sixth outcome based on a responsible and efficient way of working. The Council will demonstrate achievement of its outcomes through focused and clear priorities and relevant performance indicators. All staff will be expected to be able to draw a "golden thread" from everything they do on a day basis for residents and how this connects with these six clear outcomes and our organisational values linked to being resident first. A summary of our performance management arrangements and the "golden thread" are set out on page 6.



**6**  
**Outcomes**

**1**  
**Golden Thread**

**The Best Fit**

The overall structure of public sector services will adapt to improve public value, and the Council is at the forefront of such change. As a Commissioning organisation the Council recognises that it does not have a set ideology on how best to deliver services and instead will adopt the “best fit” on what ever mechanism is right to achieve its 6 outcomes – this “best fit” approach is set out on page 7 and the Council’s approach to commissioning on page 8. The Council runs companies, enters into partnerships, takes on new burdens or devolves services to ensure the most appropriate service is provided at the right cost.

Underlying its approach is a commitment from the Council to transparency and good governance. Decisions of the Council will continue to be evidence based and subject to appropriate challenge, but free from unnecessary bureaucracy.

Public value will be achieved alongside public trust and the Council will continue to openly report progress and publish information that allows any interested party to see how the Council works within external and internal controls. The Cheshire East group of businesses will continue to be open to scrutiny and open for business.

Cheshire East Council has a reputation for being a low cost, high performing Council and the Corporate Plan 2016-2020 provides a further commitment to maintain that reputation.

**The Executive**  
Cheshire East Council



# Cheshire East Corporate Plan 2016-2020

The Corporate Plan consists of **six outcomes** that demonstrate how Cheshire East Council will put the residents of Cheshire East first in the way that services are provided. Outcome numbers 1-5 focus on **activities directly affecting residents and local businesses**. Outcome number 6 focuses on **maximising value for money** in the way the Council operates.



# The 'Best Fit' approach

The ultimate commissioners of services are the **Cheshire East Council Cabinet members**.

Executive Directors, Directors and Heads of Service work to establish the most appropriate provider of services that will achieve the outcomes of the Corporate Plan.



# Cheshire East Commissioning Cycle

The most appropriate service providers are commissioned to provide services in the most effective way through a constant cycle that involves senior leadership, service providers and actual service users.





# 2 Maintaining Financial Stability

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## **Self Reliance** – funding local services with local resources

To maintain value for money the Council demonstrates how local services will continue to be affordable.

The need to reduce the demands on central government funding means the Council will aim to fund all local expenditure from local sources of income by 2020. This means Council services will be self reliant and only paid for from Council Tax payments, Business Rates and direct charges for services.

The Council has taken bold steps to significantly limit the burden on local tax payers since becoming an all purpose Council in 2009.

Achieving self reliance will be supported by creating economic growth in a way that efficiently spreads the cost of services.

We have outlined a clear set of financial measures and forecasts that show how the Council will remain financially strong in future. These measures focus on Local Taxation, Capital Investment and Reserves.



# Local Taxation

## Council Tax

- **Growing the domestic tax base** – each new home brings additional Council Tax revenue, New Homes Bonus and, in the medium term, a Community Infrastructure Levy. But homes also bring additional costs, such as education, waste collection and highways. The Council will ensure that any subsidised services are carefully examined to achieve maximum value from any Council Tax payment.
- **Increasing employment opportunities** – Economic growth will result in fewer people relying on welfare benefits from the Council and release funding for further improvements.
- **Maintaining strong collection rates** – this ensures fairness to all and helps the Council maximise local income for local use.
- **A responsible approach to changing Council Tax levels** – it will be important to manage Council Tax levels in response to the removal of reliance on in government grant.

## Business Rates

- **Promoting Economic Growth** – business growth will result in additional income being retained for local investment. This supports the Council's approach to invest in economic growth through unlocking development land and supporting inward investment.
- **Working with Partners** – the Council will maximise the benefit of the business rates retention scheme by working with partners in the region.



# Capital Investment



- The impact of financing capital expenditure will be restricted to ensure value for money is maintained. An annual cap on capital financing costs will be reviewed annually to ensure it remains appropriate in light of the expected return on the overall investment.
- The Council's strategic Capital Programme will continue to put emphasis on infrastructure which will generate local economic growth; investment in new service delivery models and improvements in the Council's asset base.
- The Capital Programme will reflect the Council's ambition, to pursue additional external funding, private sector investment and maximise receipts from asset development and sales.
- Borrowing will be appropriate based on the lifetime benefits of a scheme. All investments will be subject to strong control arrangements and analysis of risk.

# 3 Workforce Planning

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## Workforce priorities

The Corporate Plan links the work of staff and teams at Cheshire East Council to the longer term Sustainable Community Strategy.





## Key workforce priorities are:

- **Resident led & customer focused** – our workforce will need to continue to be resident led and focused on providing the very best customer service.
- **Outcome focused & high performing** – we will need to be focused on outcomes and less on processes but continuously reviewing and improving our performance to be the best that we can be.
- **Well led and managed** – those with responsibility for directing and supporting the work of others will need to deploy a wider range of skills underpinned by fairness, equality and diversity to ensure that the workforce can address the challenges that the Council faces.
- **Engaged, motivated & resilient** – we will need to ensure that our workforce are fully engaged and motivated to contribute their ideas and views about the best way to deliver the Council's objectives. We will need them to be more resilient to deal with lots of change and fewer resources but remain focused on delivery.
- **Professionally skilled & competent but working across boundaries** – we will continue to need highly skilled and competent professionals who operate safe practice and risk awareness but we will need them to work more effectively across internal and external boundaries as the structure and form of public service changes.
- **Flexible, adaptable & innovative** – our workforce will need to be flexible and adaptable to deal with a rapidly changing environment as well as finding innovative ways to organise and deliver services for our residents.
- **Working in a safe, healthy and supportive environment** – which enables the workforce to contribute effectively, reach their potential and maximise attendance.

## Headcount analysis and trend

Between April 2009 and September 2015, the Cheshire East Council employee headcount has reduced by 42%, (equivalent to a 41% reduction in full time equivalent employees). This is mainly, attributable to the restructuring of services and the TUPE transfer of staff to alternative service delivery vehicles.

## Measuring success

Measuring the effectiveness of the workforce priorities will be tracked through the scrutiny of key performance indicators such as:

- Employee engagement index
- Employee turnover
- Sickness absence
- Ratio of agency workers to employed staff
- Number of staff with performance development plans and performance ratings.

## Staff Reductions

Any change proposal with an impact on staffing numbers will be shared and consulted on with the relevant staff at the appropriate time.

# 4 Corporate Plan: Protecting Against Risk and Supporting Investment

- The Council's consideration and response to threats, and its ability and capacity to recognise and seize new opportunities, underpin its successful performance.
- Cheshire East's strong taxbase and greater independence provides financial stability and offers some 'local protection' from the impact of national economic fluctuations. In this context, it is also important to note that compared to neighbouring local authorities, total spending per head of population is below average. Given this national and local context its overall financial risk profile should continue to reduce.
- The Council's management framework is used to help it respond to changes. This strengthens the effectiveness of its overall governance, and provides a mechanism to ensure effective decision making. The internal control system allows the Council to respond appropriately to risks. This increases the likelihood of the Council achieving its strategic priorities and outcomes.
- Supporting the Council's budget with adequate reserves is a key element to creating financial resilience.
- The Council will be flexible in its approach to holding or transferring money from general and earmarked reserves to protect Council Tax payers against year-on-year fluctuations in expenditure.
- The Council will continue to be flexible about investing revenue funding in maintaining sustainable services and reflecting changes to the risks facing the Council. Budget reporting will include revised Reserves strategies to provide further detail on estimated balances and the application of reserves in the medium term.
- The Council will use reporting processes to monitor the achievement against budget that is so important to managing financial risks.
- New contracts for waste processing that could allow the future collection of food waste in the garden waste bin, and divert black bin waste from landfill to waste to energy.
- Progression of new Joint Ventures to deal with our household and garden waste.
- To develop the mechanism, through the adoption of a Local Plan, to provide a basis for a plan led approach for future growth and the potential development of a Community Infrastructure Levy to help fund essential infrastructure to support our communities.
- Seek additional savings and income streams through Civicance.
- Alternative models to improve performance and delivery of faster planning decisions.

# Feedback

## Be involved in decision making in Cheshire East...

If you would like to be involved in consultations undertaken by Cheshire East Council, you can do so by registering for updates on the Consultation pages or joining the Digital Influence Panel. Please **click on the light bulb** to join.



Page 211

If you would like to view the results of previous consultations undertaken by Cheshire East Council, please **click on the Putting Residents First logo**.







# Medium Term Financial Strategy

2016/19

## Executive Summary

February 2016

This document is available to download on the [Cheshire East Council](#) website. It will form part of the 9<sup>th</sup> February 2016 Cabinet Agenda and the recommended version will be distributed to all Members as part of the 25<sup>th</sup> February 2016 Council Agenda.

You can give feedback on the proposals in this report by speaking to your local Councillor – visit [Find Your Local Councillor](#) on the Cheshire East Council website for contact details. Comments on this document are welcome until 18<sup>th</sup> February 2016.

**If you have any comments or queries please e-mail:**

**[shapingourservices@cheshireeast.gov.uk](mailto:shapingourservices@cheshireeast.gov.uk)**

After this date, interested parties may still submit comments on the budget up to the Council meeting on 25<sup>th</sup> February 2016 where the Budget is considered by all Members.



# Executive Summary – Delivering Our Corporate Plan

## One of the Best Places to Live in the Northwest

Cheshire East is the third largest council in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Annual spending is more than £750m, with a balanced budget for 2016/17 of £263.7m.

The Council puts residents first in promoting a sustainable growth local economy and delivering services that are appropriate and right first time. The complexity of customer demands whether related to social care, employment opportunities or environmental services means it is vital to effectively manage performance and control expenditure. Austerity measures have put the public sector under increasing financial pressure and innovation and creativity are essential to maintaining good quality services from reducing income levels.

Cheshire East Council froze Council Tax levels for five consecutive years with government support and continued to invest in appropriate services to meet local residents' needs. Growth in the local tax bases (for houses and businesses) supports economic independence from government grant. Within four years it is expected that there will be no government grant support to the revenue budget of Cheshire East Council. This is a major challenge and when increases in demand and inflation in costs related to protecting vulnerable people are also taken into account then this will require careful review of future Council Tax levels.

The Council has confirmed its five local outcomes which put residents first and have already led to the area being recognised as having a good quality of life. There is a wealth of evidence to support this claim, such as unemployment being at its lowest level for 10 years and the fact that 92% of local schools in Cheshire East are good or excellent.

## Financial stability

This Council is proud of its financial achievements to date.

In 2016/17 the headlines of the financial strategy are:

- Targeting cost effective service provision for residents whilst responding to the change in strategy for local authority funding. Council Tax will increase by 3.75% to provide additional investment in Social Care for Adults and Children, Skills and Regeneration and thereby helping to offset in part the severity of the reductions in government grant.
- No increase in external borrowing.
- Reduction in the reliance on resources from Central Government.
- Managing inflation pressures whilst actually reducing net expenditure overall, but:
- Maintaining value for money by cutting bureaucracy, waste and minimising non essential spending throughout the Council.
- Boosting local economic prosperity through increasing investment on capital projects, such as roads maintenance, infrastructure and regeneration.

This will be achieved by carefully managing change, focusing on what matters – reviewing the best fit of service providers that put our residents first and make every £ work harder.



**Table 1: Running costs (Revenue) are being managed down. Investment in assets (Capital) is increasing**

Table 1	2015/16*	2016/17 Budget	Change
<b>Revenue Budget</b>	£265.8m	£263.7m	(£2.1m)
<b>Capital Budget</b>	£123.2m	£183.7m	£60.5m

\* Approved Budget as at Quarter 3

### Net Revenue Budget 2016/17

- Income is estimated to vary from 2015/16 as follows:
  - Revenue Support Grant (-£12.9m)
  - Other specific grants (-£5.9m)
  - Growth in Council Tax Base (+£4.2m)
  - Increase in Council Tax levels (+£6.4m)
  - Council Tax Collection Fund Surplus (+£2.5m)
  - Additional New Homes Bonus (+£2.5m)
  - Business Rates Retained (+£1.1)
- Expenditure is estimated to reduce by £2.1m from 2015/16 as set out in Table 2:

Table 2 :	Removal of Temporary Items	2016/17 Proposals	Total Change
Outcome	£m	£m	£m
<b>1</b>	-0.7	<b>0.0</b>	-0.7
<b>2</b>	-1.2	<b>1.0</b>	-0.2
<b>3</b>	0.1	<b>-0.3</b>	-0.2
<b>4</b>	0.3	<b>-0.1</b>	0.2
<b>5</b>	0.7	<b>0.4</b>	1.1
<b>6</b>	-0.3	<b>-2.0</b>	-2.3
<b>Total</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-2.1</b>

Note: Gross service expenditure and income is estimated to change from £265.8m to £243.7m over the medium term (see MTFS Exec Summary page 7).

**Annex 1** to the Executive Summary provides a further breakdown of the Council's revenue budget.

### Capital Budget 2016/17 to 2018/19

The three year capital programme includes investment plans of almost £0.5bn. 51% of the funding for this ambitious programme will come from government grants or contributions from other external partners. In addition, 21% will come from the Council's work to maximise the value of assets sales to support development in the local area.

- The main forecasted income sources are:
  - Government Grants (£197m / 41%)
  - Other external contributions (£48m / 10%)
  - Receipts from Council Assets (£102m / 21%)
- Expenditure is estimated in the following areas:
  - Highways (£224m)
  - Economic Growth & Visitor Economy (£129m)
  - Education Support (£49m)
  - Other schemes, such as health & wellbeing, environmental, estate management and IT (£79m)

The potential impact of the schemes in the capital programme is to also generate a net reduction in revenue costs in the region of £5m per year by the end of 2018/19.

### Reserves

Reserves are focused on the Council's ability to invest in opportunities and to manage exposure to financial risk. Where something has been identified as a specific risk or investment opportunity, then an amount will be earmarked for that purpose.



Reserves are not being utilised to support annual spending in the net revenue budget for 2016/17. This shows that, despite reductions in funding, the Council is again managing to provide local services within its means.

**Table 3: Good financial management reduces the overall need for reserves**

Table 3	Forecast Closing Balance		Change
	2015/16	2016/17	
<b>General Reserves</b>	£12.8m	£11.8m	(£1.0m)
<b>Earmarked Reserves*</b>	£38.3m	£24.8m	(£13.5m)
<b>Total Revenue Reserves</b>	<b>£51.1m</b>	<b>£36.6m</b>	<b>(£14.5m)</b>

\* earmarked reserves are spent in accordance with planned timescales and will increase or reduce accordingly

The Council's Reserves Strategy (**Annex 13**) provides the reasons for holding General or Earmarked Reserves at current levels.

## Achieving Outcomes for Residents

### Outcome 1

The Council will deliver a net reduction of £0.7m for services to local communities including:

- Additional funding for the licensing service and gypsy and traveller transit sites
- Additional Enforcement capacity for flytipping
- Savings in fair trading and advice.

### Outcome 2

- Cheshire East Council will reduce budgets by £0.2m and continue to help ensure it has a strong and resilient economy through:
  - Providing additional capacity to match the Council's priorities for investing to generate economic growth
  - Additional funding to revise car parking fees
  - Investing £0.5m on activities for the skills and growth company
  - Providing a further £1m to support the Local Plan and planning appeals.

### Outcome 3

- Reducing budgets by £0.2m and ensuring people have the life skills and education they need to thrive through:
  - Recognising increases in childcare placements
  - Investing in early intervention
  - Savings from staffing, management and traded services.

### Outcome 4

- Additional investment of £0.2m to help ensure Cheshire East is a green and sustainable place through:
  - Maximising efficiency in the management fees payable to the Council's wholly owned companies
  - Meeting inflationary costs.

### Outcome 5

- Redesigning services to ensure People live well and for longer and investing an extra £1.1m through:
  - Managing increases in care provider fees of £3.9m, which includes achieving minimum wage standards for care professionals.
  - Review of the legacy housing and supported living arrangements
  - Review of Commissioning services
  - Reviewing care packages and maximising independence
  - Reviewing community alarms.

The Council also has a sixth underpinning internal outcome to ensure we continue to improve and be a responsible, effective and efficient organisation. Savings of over £5m have already been achieved by reducing management costs, and further cost reductions of £2.3m will be delivered by enhancing returns from investments, streamlining processes and rationalising assets in order to focus as much investment as possible towards front line services.

### **A listening Council**

The budget report highlights the Council's on-going commitment to transparency, engagement and consultation. The process of budget development has been open and clear from the outset and demonstrates that we listen to residents and stakeholders.

### **Stakeholder engagement included:**

- Maintaining the longer timescale that supported the development and sharing of draft Budget ideas.
- Greater elected Member involvement through scrutiny, briefings and planning and licensing processes.
- Extended stakeholder engagement via open meetings and consultation.
- On-going development of effective internal challenge processes.
- Continued improvement of financial and performance reporting.
- Listening to stakeholders in important considerations such as payments to Town & Parish councils.

The Council held elections in May 2015; this coincided with the initiative to revise the Council's Three Year Plan which ends in March 2016. This has allowed the opportunity to review the current outcomes and consider again how best to meet the needs of local people in the medium term from within the available level of resources. The Corporate Plan 2016/20 is being provided to Members for approval as part of the Medium Term Financial Strategy process.

During the consultation process changes have been proposed to increase expenditure in a number of areas compared to the Pre-Budget Report. In addition the local government finance settlement was confirmed by government which put increasing pressure on the income available for the Council.

Where proposals have been amended based on feedback these are noted within **Section 1** of the MTFS. **Annex 2** of the MTFS also describes the engagement activities carried out by the Council. The overall financial impact of that process is captured in **Table 4** below.

**Table 4**  
**Summary of changes based on feedback to the Pre-Budget Report** **£m**

<b>Outcome 1 - Our Local Communities are strong and supportive</b>	<b>0.3</b>
Protecting Trading Standards and Licensing Services	
Re-phasing Council Tax Support to Towns & Parishes	
Additional resources for Flytipping Enforcement	
<b>Outcome 2 - Cheshire East has a strong and resilient economy</b>	<b>0.8</b>
Additional investment in skills and growth	
Increasing capacity in strategic infrastructure	
<b>Outcome 3 - People have the life skills and education they need in order to thrive</b>	<b>-1.1</b>
Re-allocation of consumable savings	
Transfer of £0.9m Pay and Pensions allocation to Outcome 5	
<b>Outcome 4 - Cheshire East is a green and sustainable place</b>	<b>0.6</b>
Revising medium term efficiency plans with service providers	
<b>Outcome 5 - People live well and for longer</b>	<b>2.9</b>
Increased base budget for Child placements	
Continued support for prevention of Domestic Abuse	
Re-phasing savings proposals in Adult Social Care	
Transfer of £0.9m Pay and Pensions allocation from Outcome 3	
<b>Outcome 6 - Efficiency</b>	<b>1.2</b>
Re-phasing savings relating to consumables	
Re-profiling implementation of the new digital services offer for residents	
<b>Total</b>	<b>4.7</b>

### Changing the way we work

Cheshire East has established itself as a commissioning council. This means we provide the service options that best fit the needs of our residents, regardless of historical approaches to service delivery. Since 2009 over £70m of savings have been achieved through adopting efficient and effective ways of working. The number of staff employed directly by the Council has also been reduced by 48%. Front-line staff have been protected though, and since 2012 the number of senior managers has been reduced by a third.

The current structure of service providers allows the Council to commission (or 'buy') the right services for the right people at the right price.

A sample of the main providers of services to Cheshire East is shown below:

Privately owned contractors:

- Ringway Jacobs (Highways)
- Oracle (Core financial systems)
- BT (Superfast Broadband projects)

Delivery vehicles wholly owned by the Council:

- Cheshire East Residents First (CERF)
- Ansa (Waste Services)
- Orbitas (Bereavement services)
- Tatton Park Enterprises
- Transport Service Solutions Ltd
- Civicance (Building Control and Planning Support)
- Skills and Growth Co (planned for 2016)

Charitable organisations:

- Everybody Sport and Recreation Trust (Leisure Services)
- 37 Academies

#### In-House Council Services:

- Care4CE
- Four4adoption
- Cheshire East libraries
- Local Authority maintained schools
- Assessment and case management services for children and adults

The effective management of service providers allowed the Council to set a balanced budget in 2015/16 and established a strong base for 2016/17. Vital services have been protected and opportunities for further efficiencies and commercialism have been created.

We have a strong management team in place to take this Council into 2016 and beyond.

**Mike Suarez** – Chief Executive

**Kath O'Dwyer** – Director of Children Services and Deputy Chief Executive

**Peter Bates** – Chief Operating Officer

**Caroline Simpson (leaving March 2016)** - Executive Director of Economic Growth and Prosperity

Other, statutory posts include Heather Grimbaldeston (Director of Public Health), Brenda Smith (Director of Adult Social Care and Independent Living), Bill Norman (Director of Legal Services and Monitoring Officer).

The Council has been given a clean bill of health by the external auditors, Grant Thornton, and the financial statements and value for money opinions are unqualified. This provides confidence that the leadership team of the Council understand the costs associated with local needs and is matching resources to the stated priorities of the Council.

This year the Council has aligned its corporate business case format to public sector best practice in the form of the HM Treasury Five Case Model, and revised and strengthened its processes for monitoring the delivery of these proposals overseen by the Executive Monitoring Board.

#### The Medium Term Financial Strategy (Full Report)

As the Finance Portfolio Holder, I have developed the medium term strategy, with the professional support of Peter Bates (Chief Operating Officer) and his team.

This comprehensive report provides further information on the issues facing the Council in the medium term and shows how these are being addressed to present a balanced financial position for the 2016/17 financial year. The report also includes medium term estimates showing that the Council faces further financial challenges from 2017 onwards.

Additional detailed analysis of appropriate trends and demonstration of the effective deployment of resources is contained within the Council's [Value for Money](#) publication. This illustrates the strong financial position of the Council and provides clear evidence of delivering more with less.

The effective management of the budget within the annual estimates for the last two years has provided a solid financial platform to enable the Council to maintain a positive outlook for the future. The medium term forecasts shows the extent of the financial challenge ahead but I am confident and determined to deliver for local residents by always putting them first and to do everything I can to maintain Cheshire East as one of the best places to live in the Northwest.

*CLLr Peter Groves*

Portfolio Holder for Finance & Assets,  
Cheshire East Council  
February 2016



## Annex 1

Total budget and total funding for Cheshire East Council (excluding ring-fenced grants)

	Budget Book 2015/16 (revised at TQR)	Estimated Net Budget 2016/17	Estimated Net Budget 2017/18	Estimated Net Budget 2018/19	Estimated Net Budget 2019/20
	£m	£m	£m	£m	£m
Outcome 1 - Our Local Communities are strong and supportive	26.3	25.6	25.5	25.9	26.3
Outcome 2 - Cheshire East has a strong and resilient economy	33.0	32.8	32.8	33.1	33.5
Outcome 3 - People have the life skills and education they need in order to thrive	12.3	12.1	12.3	12.6	12.9
Outcome 4 - Cheshire East is a green and sustainable place	31.2	31.4	30.4	30.1	30.4
Outcome 5 - People live well and for longer	110.3	111.4	112.0	111.6	113.2
Outcome 6 - Efficiency	37.6	35.0	33.5	34.1	34.7
<b>Total Outcomes</b>	<b>250.7</b>	<b>248.3</b>	<b>246.5</b>	<b>247.4</b>	<b>251.0</b>
Corporate Contributions and Adjustments	1.1	1.1	1.1	1.1	1.1
Capital Financing	14.0	14.0	14.0	14.0	14.0
Use of / Contribution to Earmarked Reserve		0.3	-0.1	-0.1	-0.1
<i>Additional Reductions to closing Funding Deficit Yr 2/3</i>			0.0	-11.8	-22.3
<b>TOTAL:</b>	<b>265.8</b>	<b>263.7</b>	<b>261.5</b>	<b>250.6</b>	<b>243.7</b>
<i>CENTRAL BUDGETS</i>					
Business Rate Retention Scheme	-38.6	-39.7	-40.4	-41.6	-40.3
Revenue Support Grant	-39.2	-26.3	-13.4	-5.4	0.0
Specific Grants	-19.2	-15.8	-15.2	-11.2	-10.6
Council Tax	-168.8	-179.4	-180.7	-181.9	-183.2
Collection Fund Surplus	0.0	-2.5	0.0	0.0	0.0
<b>TOTAL: Central Budgets</b>	<b>-265.8</b>	<b>-263.7</b>	<b>-249.7</b>	<b>-240.1</b>	<b>-234.1</b>
<b>Funding Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>11.8</b>	<b>10.5</b>	<b>9.6</b>

Notes:

Including assumption that the Funding (Surplus) / Deficit from previous years is closed and that General Reserves are not used.



# **Medium Term Financial Strategy**

## **2016/19**

Page 222

**February 2016**

# Foreword from the Finance Portfolio Holder

Cheshire East Council is a local authority with national ambition. We put our residents first and Cheshire East is a great place to live, work and play.

Since the elections in May 2015 we have been working hard, reflecting on our ambitions and prioritising our resources. Value for money is essential and Cheshire East is a Council that delivers. The 2014/15 Financial Year delivered another small financial surplus, good service performance and Cheshire East earning its place as one of the Best Places to Live in the Northwest.

The Council has started well in 2015/16, budgets are balanced, general satisfaction with services is high and the local economy continues to improve. 2016/17 presents a difficult challenge as the country continues to reduce the costs of public services.

The 2016/17 Budget provides a refresh of the Council's Outcomes. The Council's 3 year plan 2013 to 2016 introduced Residents First outcomes, and the plan provided an excellent focus for our activities. So, looking ahead, these headline outcomes will remain and have been taken into our new Corporate Plan. The Council can achieve what it needs to, within the resources available, by working in new ways.

The Provisional Local Government Finance Settlement, issued on 17<sup>th</sup> December 2015, confirmed the challenge facing the sector around reductions in funding but the pace of change was faster than expected.

The Council has been given flexibility around Council Tax levels, with scope for an increase of up to 2% to specifically fund Adult Social Care, on top of the continuing 1.99% referendum threshold that has been in place during the previous Government.

As Cheshire East has protected taxpayers from Council Tax rises for the last five years then a decision to raise taxes is extremely difficult. But the ever increasing demands on the Council coupled with a change in approach nationally, means an increase of 3.75% for 2016/17 is required

to maintain service levels. I am still determined that the focus on increased productivity and efficiency will continue, which is why the Council tax proposal is not higher, which many may have been expecting.

The Council has worked towards a 4 Year Plan 2016 to 2020 to focus on:

**Communities** ~ helping residents to help themselves and each other.

Supporting volunteering, and minimising anti-social behaviour.

**Economy** ~ encouraging and supporting businesses to create high employment and creating opportunities for all.

**Education** ~ intervening early to provide a great start in life.

**Environment** ~ supporting energy saving initiatives and making sure our green spaces make Cheshire East a great place to live.

**Health** ~ safeguarding the vulnerable and providing appropriate care that helps people live well and for longer.

We will continue to tackle the issues that concern our local residents. We will work with our partners and plan to invest more in new targeted early intervention activities.

Cheshire East is a strong player in the regional economy and we will continue to extend opportunities that create a diverse workforce. With opportunities for all there will be no barriers to aspiration. Helping our residents to be ready for work is a key priority and we will work with local business to reduce the number of people not in education, employment or training (NEETs) even further and increase skills through training and apprenticeships.

Council Tax and business rates that are paid locally already provide the majority of funding for Council Services. Cheshire East is gradually becoming a self financing authority (and is looking at options) where residents and businesses provide all the necessary funding to meet our ambitions. Local growth is a key factor to continuing this trend, and this will be managed properly in the interests of local residents to continue to make Cheshire East such a great place to live, work and play.

# Comment from the Chief Operating Officer (Section 151 Officer)

Cheshire East Council continues to arrange delivery of over 500 services every day that meet the needs of local people. The Chancellor's recent announcements about additional flexibility over Council Tax (with less government grant support) and increasing the local retention of business rates pushes the Council more quickly towards our ambition to be self-financing. Cheshire East has a large domestic taxbase which provides 26% of gross income and a large number of businesses. It collects more business rates than it currently gets to spend, so we will work hard with central government to ensure the best local deal from any changes to these arrangements.

The Government has also outlined the scope for a four year funding deal through to 2019/20. While further information is awaited this is also an opportunity that we will explore. Greater certainty for financial planning purposes is attractive but we need to evaluate the risk and reward, particularly, the lack of clarity around the business rates retention scheme.

Putting residents first and providing value for money remain the Council's key priorities. This Budget Report provides further evidence of how Cheshire East Council is dealing with austerity and continuing to provide sustainable and affordable services. The Cabinet are using the flexibility they have to propose an increase in Council Tax. An increase of 3.75% is proposed, which is the first increase for 5 years and takes advantage of the additional 2% increase identified as an option by government to specifically fund costs in adult social care.

The financial planning arrangements in recent years have provided a solid foundation for the future. We continued to build on best practice during the development of the Budget for 2016/17, providing increased confidence and assurance over the strong financial management of the organisation. This was clearly demonstrated in the independent Audit Report on the 2014/15 accounts.

The current financial performance of the organisation is impressive but difficult choices lie ahead. Initial budget deficits of £13m and £10m for 2016/17 and 2017/18 were forecast in February 2015. This report updates these estimates with the latest intelligence and current assumptions. This has increased the size of the financial challenge and this report explains how the gap for 2016/17 will be closed through changing the relationships with partners, suppliers and residents and through continuing to drive local sustainable growth in housing, businesses and jobs. However, deficits remain in the medium term and work will begin in April 2016 to close these gaps.

The Council is committed to exploiting opportunities to revolutionise service delivery arrangements. This is based on the belief that we can find or even create the right arrangements and the right providers that will get closer to the resident and better understand their local needs and therefore deliver a better service at a better price.

Change is constant and we will constantly monitor and compare our service levels and performance against best practice to continue to challenge, innovate and improve within the financial resources we have available. We will also balance risk against our financial resilience, and the Reserves Strategy. The strategy, contained within this report provides a clear indication of how reserves are being maintained at adequate levels in line with our assessed risk levels.

*PJ Bates*

**Peter Bates** CPFA CIPD MBA  
Chief Operating Officer (Section 151 Officer)

February 2016





# Table 1 - Three Year Summary Position

	Budget Book 2015/16 (revised at TQR)	Estimated Net Budget 2016/17	Estimated Net Budget 2017/18	Estimated Net Budget 2018/19
	£m	£m	£m	£m
Outcome 1 - Our Local Communities are strong and supportive	26.3	25.6	25.5	25.9
Outcome 2 - Cheshire East has a strong and resilient economy	33.0	32.8	32.8	33.1
Outcome 3 - People have the life skills and education they need in order to thrive	12.3	12.1	12.3	12.6
Outcome 4 - Cheshire East is a green and sustainable place	31.2	31.4	30.4	30.1
Outcome 5 - People live well and for longer	110.3	111.4	112.0	111.6
Outcome 6 - Efficiency	37.6	35.0	33.5	34.1
<b>Total Outcomes</b>	<b>250.7</b>	<b>248.3</b>	<b>246.5</b>	<b>247.4</b>
Corporate Contributions and Adjustments	1.1	1.1	1.1	1.1
Capital Financing	14.0	14.0	14.0	14.0
Use of / Contribution to Earmarked Reserve		0.3	-0.1	-0.1
<i>Additional Reductions to closing Funding Deficit Yr 2/3</i>			0.0	-11.8
<b>TOTAL:</b>	<b>265.8</b>	<b>263.7</b>	<b>261.5</b>	<b>250.6</b>
<i>CENTRAL BUDGETS</i>				
Business Rate Retention Scheme	-38.6	-39.7	-40.4	-41.6
Revenue Support Grant	-39.2	-26.3	-13.4	-5.4
Specific Grants	-19.2	-15.8	-15.2	-11.2
Council Tax	-168.8	-179.4	-180.7	-181.9
Collection Fund Surplus	0.0	-2.5	0.0	0.0
<b>TOTAL: Central Budgets</b>	<b>-265.8</b>	<b>-263.7</b>	<b>-249.7</b>	<b>-240.1</b>
<b>Funding Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>11.8</b>	<b>10.5</b>

Notes:

Including assumption that the Funding (Surplus) / Deficit from previous years is closed and that General Reserves are not used.

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# 1. Achieving Outcomes

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Cheshire East Council is responsible for providing more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 370,000 residents. The budget to deliver these services in the period April 2016 to March 2017 will be in the region of £750m, which is raised from a combination of local taxes, national taxes (in the form of government grants) and payments direct from service users and other organisations.

Maintaining excellent services requires the constant review of what is needed and how this can best be provided. During the summer of 2015 the Council's Cabinet Members have re-considered the outcomes contained within the current Three-Year Plan (2013-16). The review concluded that the outcomes remain hugely relevant to the way the Council can meet the needs of local residents and businesses. However, it is inevitable that local needs and priorities in Cheshire East change over time and the Council must therefore be flexible. This section provides details on how the Council aims to continue achieving its outcomes through changes to the existing budget that are focused on clear priorities.

Each of the Council's updated Resident First Outcomes is set out on the following pages along with the current strategy and the proposed budget changes that will achieve a balanced position in 2016/17.

The Council Plan details the "Residents First Outcomes" which form the guide for development of any proposals. The proposals in this report reflect the Council's ambition to achieve these outcomes.

The following pages set out:

- Some of Cheshire East Council's achievements over the last year.
- The engagement activity for the current budget setting process. This identifies who is being consulted with as part of this budget development process.
- Revised budget proposals that include the Council's response to stakeholder feedback.

The uncertainty over medium term funding levels until mid December 2015 has led to this document being primarily focused on 2016/17.

## Talking about Cheshire East

New  
companies  
set up in  
transport  
and planning

Award-winning roadworks  
communication App, and  
new online 'Report It /  
Track It' highways  
reporting tool launched.

No Council Tax  
increase for the  
last five years

92% Good or Outstanding Schools  
Adults with NVQ3 or above up to 57.3%  
Cheshire East Council shortlisted for the  
Municipal Journal Achievement Award  
for Adoption Services

For the fifth year running pupils  
outperformed the North West and  
National averages in obtaining 5 A\*-C  
GCSE's in English and Maths

One of only three new business  
hotspots outside London

Fairerpower new energy supplier  
signs 4,000 customers within the  
first 10 months, saving  
households more than £1m

'Connecting Cheshire'  
fibre broadband coverage  
96% in over 80,000 homes  
and businesses

Only 0.9% benefits claimant count  
2.7% of 16-18 year olds are Not in  
Education, Employment or Training

**1,540,000**  
library visitors  
and no closures

Household Waste Recycling Centres  
have reused and recycled 79.7% of  
items deposited  
  
Increase in waste used for energy  
production resulting in a drop of 35% in  
waste sent to landfill

Over 5.2 million  
website hits per  
year



# Outcome 1 - Our local communities are strong and supportive

What this means:	<p>Individuals and families are self-reliant and take personal responsibility for their quality of life.</p> <p>Communities are cohesive, with a strong sense of neighbourliness. There is genuine civic pride and mutual respect.</p>	
What the Council will focus on:	<b>1. Active, Resilient and Connected Communities where people want to live</b>	<b>2. Communities where you are - and feel - Safe</b>
What this will look like:	People work together to help each other, take action and take pride in where they live. We enable and support all of our communities to be independent, and develop effective Community Hubs. We lead by example as a proactive and enforcing Council.	People feel safer in their own homes and in their communities. We work with partners to target a reduction in anti-social behaviour and improve public and road safety.



## Strategic Overview

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Outcome 1 is focused on the role that the Council will play in leading communities, shaping local areas and bringing public services together. Strong communities have a sense of independence, and the ability to influence what services we commission in the future. This outcome brings together a diverse range of services that impact on individual localities such as customer services, communities and partnerships, libraries, revenue and benefits, community safety, and enforcement.

The Council cannot work alone in delivering on Outcome 1. This requires the continued support and commitment from our partners and the communities themselves to truly make a difference and deliver the change needed.

The Council has significant ambitions in 2016/17:

- We will review how we currently commission services to ensure that they continue to meet the needs of our residents and deliver on the Council's priorities and future plans. We will look to implement a fair and equitable commissioning process with a focus upon achieving the best quality of services within our available resources.
- Empower our staff through strong leadership and opportunities for continued learning and development to ensure that we deliver a first class service with our residents at the heart of everything we do.
- Continue to drive innovation across all of our services, using new technologies to engage and deliver operational and financial efficiencies whilst improving the quality and experience of our residents and local businesses.
- Reinforce the commitment to be an enforcing Council across all of our services.
- Be proactive and responsive in welcoming and supporting vulnerable communities.
- Strengthen our community hubs to develop and deliver a shared vision and plan, which is designed and led by the community.
- Support our residents through the impact of the welfare reform, engaging with partners and other agencies to deliver a whole system response.

## 2016/17 Proposals

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There continues to be a considerable amount of development work across all of our service areas. We want to be leading the way and continually improving the services that are important to our residents. This includes, for example, a review of our community warden service, development of a speed management strategy, continued support to our community and faith sector via the community grants scheme, strengthened community engagement work to include asset based community development and a review of our approach to parking enforcement. Building on and delivering on the ambitions articulated in 2015/16 we have committed to a number of areas for priority action. These include:

- **Communities and Partnerships Restructure (-£0.13m)**

- With changing operational and financial pressures we have sought the opportunity to refresh how we deliver our support to communities and partnerships.
- As a “Resident First” Council, both teams provide support to our communities who are the key stakeholders in shaping and developing Cheshire East. We will maximise the resource capacity of the team to deliver the Council’s new approach to deliver services locally and support the development of strong communities. By pooling intelligence, resources and standardising roles and responsibilities we aim to provide a robust approach, targeting our resources to our most vulnerable residents.

- **Reducing welfare demand (-£0.28m)**

- The Government’s programme of Welfare Reform is likely to result in further reductions in the funding provided to local authorities for Housing and Council Tax benefit administration. The continued roll out of Universal Credit will see more of our caseloads transfer from local government to the Department of Work and Pensions. As we see our caseloads reduce we will manage the reduction in our staffing accordingly. It is important to stress that there will be no reduction in service to residents that continue to claim benefits from the Council, which includes support provided to pensioners.

- **Reducing Council Tax Support Compensation Grant (-£0.15m)**

- The falling caseload in welfare demand has reduced the impact on the amount of council tax collected by Town and Parish Councils. As a result it has been agreed that the Council will no longer provide compensation to each eligible Town and Parish Council for the reduction in tax base as a result of the council tax support scheme. To minimise the impact on Town and Parish Councils a reduced level of payment will be made in 2016/17 and no payment in 2017/18. This has changed from the Pre-Budget Report as a result of feedback on the original proposal to remove the grant entirely in 2016/17.



- **Emergency Planning (-£0.009m)**

- Our Emergency Planning Service is shared with Cheshire West and Chester Council. The service has a role to ensure that both organisations have the capability to respond effectively and efficiently to any major emergency in support of their communities, and their multi-agency response. This is an area which was tested in 2015/16 with great success in response to the unfortunate Bosley Wood Flour Mill major incident in July 2015. In 2016/17 we will look to increase annual income from our statutory industrial work and reduce our non-salary elements of the service. This will provide a £9,000 saving for both authorities, with no impact on the team's ability to respond to any future Major Incidents.

- **Providing appropriate levels of service in regulatory services (-£0.1m)**

- As a Council with a strong focus on putting residents and businesses first we have been reviewing the work of our key enforcement services to ensure that they are focused on the right issues. This has meant that there are elements within the services that can be delivered differently on a more commercial footing and also pulling back on our work on national projects that may not necessarily benefit our most vulnerable residents who are being targeted by scams and rogue traders.
- In 2016/17 the Council will cease to offer the full Fair Trading / Consumer Advice Service. This is a non statutory function which provides civil advice to consumers who have issues with goods or supplies that they have purchased. In recent years many local authorities have reduced this service or removed it completely. We are confident that the development of the national Citizens Advice Consumer Service will help to fill this gap. The Citizens Advice Consumer Service provides front line information to consumers, complete with a dedicated website and information resources.
- Proceeds of Crime Act (POCA) monies are a legitimate income stream for our Council, and are awarded as a result of successful financial investigations work. The use of this money is subject to specific criteria and more recently has been used to support specific projects. In 2016/17 we will utilise the POCA monies to support the costs of a Financial Investigator role and the wider service as a whole.

- **Alignment of Licensing Budgets (+£0.17m)**

- Licensing is an area of our service which has seen significant growth. We have invested £174,000 to reflect the increasing workload and provide not only stability but opportunities to allow further growth and policy development to happen. This is a new proposal.

- **Gypsy and Traveller Transit (+£0.06m)**

- As a Council we tackle head on the issue of unauthorised encampments across the Borough, which can have a negative impact on local residents and businesses. A proactive approach has been taken by approving the development of a ten pitch transit site in Middlewich which is due for completion at the end of 2016. It is important that there is robust site management and maintenance in place to ensure that the site is a safe and clean environment on which travellers can reside for a short period of time. We have allocated £62,000 for the delivery of site management and maintenance with further work required to establish the exact model to be implemented. This work will be completed in year and in advance of the site opening. This is a new proposal arising from the Capital Programme.

- **Additional enforcement capacity for fly tipping (+£0.08m)**
  - Provision of additional capacity to tackle a rising level of reported fly tipping and side waste incidents. This is a new proposal based on consultation feedback.
- **Agreed reduction in grant payment to Citizens Advice Bureau (-£0.001m)**
  - Agreed temporary reduction of funding for three years.
- **Allocation of cross-service savings relating to staff travel and supplies / services (-£0.02m)**
  - Efficiency savings from using technology to reduce travel and reducing supplies expenditure such as spending on paper. This has been allocated from the Chief Operating Officer page to each service.
- **Pay and Pensions Allocations including Living Wage and National Insurance (+£0.39m)**
  - To uplift the budget for best estimates around a 1% pay award, the impact of introducing the living wage and the change to single tier pensions. No change in overall allocation from [Pre-Budget Report](#).

## Outcome 1 - Capital Investment is focused on:

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### New schemes and Option Developments:

- **Next Generation Libraries Self- Service (£0.25m)**
  - Continued capital investment into the Library system replacement programme

# Outcome 2 - Cheshire East has a strong and resilient economy

What this means:	Cheshire East is the place where people mean business – investing in the building blocks that will allow business to grow, ensuring we have the right skills and promoting opportunities for investment. Working together we will create prosperity for all!			
What the Council will focus on:	1. Business Growth and Tourism	2. Jobs and Skills	3. Inward Investment	4. Infrastructure
What this will look like:	Businesses will grow and thrive in Cheshire East. Town centres will be busy and more visitors will be attracted to Cheshire East.	The Cheshire East workforce will be well educated and skilled. Unemployment will be kept low, new jobs will be created and people will be ready for work as soon as they leave education or training.	Sites will be available to support new business and allow existing businesses to grow.	Cheshire East will be well connected. Travel will be safe and efficient.



# Strategic Overview

Already known as one of the Best Places to Live in the North West, Cheshire East is also known for its economic prosperity. We are an area with particularly strong science and industrial heritage. Amongst the beautiful landscape and successful towns, we have a very strong business base with higher than average proportion of research development, technology and manufacturing businesses. We have strong links to our City Region of Manchester to the north and the Potteries in the South, and our transport connections via the M6, West Coast Mainline and to Manchester International Airport, make the area both attractive as an area in which to locate a business or come to live.

Building on these solid foundations we have big ambitions – delivering growth, balanced with quality of place. We have developed 3 key priority areas to enable us to delivery our vision:



**High Growth City - Crewe** – transport infrastructure and connectivity is key to realising our ambition to make Cheshire East the best place to live and work in the UK. We will continue to deliver transport schemes to unlock growth, enhance connectivity and drive productivity of new and existing business and industry. With the announcement that HS2 will be built via Crewe and that the completion of the new high speed railway is being brought forward, it really is a game changer for our future economic growth and prosperity. Cheshire East Council is also part of an exciting new Northern Gateway Partnership which is the collaboration of 7 local authorities and two Local Enterprise Partnerships, working with the Government to create a constellation new city through the expansion and linkage of the cluster towns and villages in mid-Cheshire and Staffordshire and our ambition for a new HS2 Hub Station.

**High Growth Sectors** – with over 19,000 businesses Cheshire East is one of the strongest performing economies in the North West. Our aspiration for growth across Cheshire East is supported by its strategic location and assets, including a skilled workforce. There is clear opportunity to deliver a step-change in attracting

new investment. We are already implementing a Superfast Broadband roll-out programme to increase the competitive edge of businesses and maximise the opportunities from faster broadband connections, and the creation of a Skills & Growth Company will ensure that all residents have the opportunity to work and all businesses have the opportunity to thrive.

The Life Sciences continues to be a priority sector for the Council, employing over 7,000 people in the Borough at present. The Council continues to work with public sector and industry stakeholders across the Borough to support the growth of the sector, and has successfully launched the £30m Greater Manchester and Cheshire Investment Fund in partnership with key stakeholders across the sub-region to provide essential venture capital for life science Small and Medium-sized Enterprises. The growth of the life sciences hub and AstraZeneca's manufacturing facility in Macclesfield continue to be priorities and the Council will continue to work with sub-regional partners to launch the Cheshire Science Corridor Enterprise Zone at Alderley Park.

**High Quality Places** - the combination of strong economic performance with its strong towns, distinctive villages and a network of market and mill towns are the backbone of Cheshire East. We also have a thriving cultural and heritage presence together with sport and leisure offer that is underpinned by a rural economy and a countryside that is second to none. Balancing our growth aspirations with maintaining and improving our quality of place is a crucial task for Cheshire East.

## 2016/17 Proposals

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The following budget changes are being targeted:

- **Silk Heritage Trust (-£0.02m)**
  - Realign the Silk Heritage Trust contribution to achieve a revenue reduction over time and replace with Capital allocation of £20,000 for 2016/17 only.
- **Review of Charging across Economic Growth and Prosperity (-£0.2m)**
  - This will include reviewing charges in Assets, Culture and Tatton Park.
- **Increase Management and Staffing Capacity in Economic Growth and Prosperity (+£0.38m)**
  - Net increase in capacity to deliver the increased capital investment being proposed by the Service and handle additional demands. An additional £0.2m has been included after the [Pre-Budget Report](#) to reflect the scale of the Capital Programme.
- **One-off investment in skills and growth (+£0.5m)**
  - Investment in skills to support the needs of businesses and the local growth agenda. This is a new proposal following the development of a new wholly owned company of the Council (The Skills & Growth Company).
- **Town Centre Management (-£0.08m)**
  - Transfer Macclesfield town centre management to Macclesfield Town Council.
- **Reduction in Ground Rent (+£0.06m)**
  - Reduce income from ground rent to facilitate growth of the Royal Horticultural Society Tatton Show.
- **Reduce Business Rates and Holding Costs (-£0.32m)**
  - Reduce business rates and holding costs of Council buildings by completing planned asset disposals.
- **Capitalise current revenue costs (-£0.25m)**
  - Apply costs of the Property Management Team and Strategic Infrastructure & Transport Team to Capital schemes where appropriate.

- **Roe Street Hostel (-£0.023m)**
  - Additional income. This is a new item arising from the Capital Programme.
- **Adult and Community Learning impact of additional grant (+£0.12m)**
  - To reflect an increase in the grant from the Skills Funding Agency on a reward basis. This is a new item to reflect the provisional settlement announcements.
- **Provision of additional Housing Services (+£0.2m)**
  - This is a new item reflecting a transfer of responsibilities from Adults.
- **Highways Winter Service (-£0.22m)**
  - Reduce costs from a Winter Service Review into routes treated and provision of salt bins, in accordance with the Councils Policy and stop further payments to reserves as balances are already adequate.
- **Car Parking (+£0.37m)**
  - Our emerging strategy will reflect our ambition around economic prosperity in town centres and effective traffic management. This may mean, after a period of consultation, possible alterations to pricing. It also takes into account the impact of Crewe Lifestyle Centre and the refund of car parking charges for users.
- **Pay and Pensions Allocations including Living Wage and National Insurance (+£0.45m)**
  - To uplift the budget for best estimates around a 1% pay award, the impact of introducing the living wage and the change to single tier pensions. No change in overall allocation.
- **Allocation of cross service savings relating to staff travel and supplies / services (incl. paper consumption) (-£0.03m)**
  - Efficiency savings from using technology to reduce travel and reducing supplies expenditure such as spending on paper. This has been allocated from the Chief Operating Officer page to each service.

## Outcome 2 – Capital Investment is focused on:

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### Committed Schemes

- **Preparing and delivering the new strategic infrastructure such as roads and broadband coverage including:**
  - Congleton Public Realm (£1.0m)
  - Connecting Cheshire - Phase 1 (£1.0m)
  - Connecting Cheshire - Phase 2 (£5.7m)
  - Crewe Green Link Road - Phase 2 (£1.8m)
  - Crewe Green Roundabout (£4.9m)
  - Elworth Section 106 Footpath Works (£0.1m)
  - Leighton West Spine Road (£1.9m)
- **In addition to:**
  - Crewe Town Centre Regeneration (£16.7m)
  - Development Programme for Housing and Jobs (£20m)

### New Schemes and Option Developments

- **A34 Corridor Improvements (£0.5m)**
  - Enabling infrastructure for Local Plan development site
- **A51/500 Corridor – Nantwich (£0.2m)**
  - Delivery of highway improvements, including Burford Cross-roads and Alvaston roundabout
- **Archives incl. Option Development (£0.3m)**
  - Option appraisal to assess the most appropriate facilities for the future requirements of the service



- **Astbury Marsh Caravan Site (£0.20m)**
  - Improving facilities
- **Connecting Cheshire Digital 2020 (£15.7m)**
  - Ensuring access to high capacity and high quality broadband
- **Investment in heritage buildings (£4.8m)**
  - Various improvements across the Borough
- **Macclesfield Movement Strategy Option Development (£0.2m)**
  - Commencement of detailed design and procurement of key junction improvements; linked to the delivery of town centre redevelopment proposals and the South Macclesfield Development Area (SMDA) site
- **Middlewich Eastern Bypass (£0.5m)**
  - Route improvements in relation to maximising job and development opportunities associated with the Midpoint 18 site
- **Roe Street Homeless Hostel Re-configuration (£0.1m)**
  - To complete a refurbishment, to increase capacity and to improve security
- **Supplier Park (£0.04m)**
  - To develop a detailed feasibility study and economic impact assessment for a new supplier park linked to high growth engineering companies wishing to relocate as part of the HS2 development in Crewe
- **Volumetric Construction of Houses on Council owned Land (£1.78m)**
  - Exploring opportunities to accelerate delivery of housing through modern methods of construction

## Recurring Programmes

- **Disabled Facilities Grant (£4.5m)**
  - Statutory grants for home adaptations enabling independence for people in their own homes delaying the need for people to enter residential care

- **Private Sector Assistance (£0.5m)**
  - To provide grant and loan support to vulnerable homeowners to repair and maintain their home, and to provide loans to owners of empty homes to return them to economic use
- **Regeneration & Development Programme (£2.1m)**
  - Facilitating investment, improving vital infrastructure and creating an environment for investment within the towns of Cheshire East.
- **Tatton Park Investment Phase 2 (£3.8m)**
  - Investment programme to be developed for Tatton Vision projects including top yard, stable yard, park infrastructure, parkland restoration and accommodation.
- **Replacement Programme Of Vehicles & Plant (£0.48m)**
  - Economic Growth and Prosperity directorate rolling programme to replace vehicles and plant

## Longer Term Proposals

- **A34 Corridor Improvements (£15.5m)**
  - Enabling infrastructure for Local Plan development site
- **A51/500 Corridor - Nantwich (£3.75m)**
  - Delivery of highway improvements, including Burford Cross-roads and Alvaston roundabout
- **Science Based Investment Opportunities (£5m)**
  - Development of key sites in the borough
- **Archives (£13m)**
  - Investment in appropriate facilities with partners for the future requirements of the service across Cheshire

- **Congleton Relief Road (£74.2m)**
  - To deliver the outcome of the Congleton relief road Option Development scheme
- **Crewe Transformation Phase 3 (£16.3m)**
  - Infrastructure improvement works associated with Network Rail and HS2 proposals at Crewe Station, including A500 widening
- **Energy projects (£4.6m)**
  - A programme of projects to enhance the energy performance of key Cheshire East Council and community assets
- **Enhanced Disley Mitigation (£0.6m)**
  - An enhanced package of mitigation measures in Handforth / Disley to address areas which are forecast to experience changes to traffic flows as a result of the SEMMMS A6 to Manchester Airport Relief Road scheme
- **King Street Enhancement Scheme (£2.0m)**
  - Improved pedestrian facilities, reduced congestion. Key to improving the retail environment of Knutsford
- **Macclesfield Movement Strategy (£6.1m)**
  - Commencement of detailed design and procurement of key junction improvements; linked to the delivery of Town centre redevelopment proposals and the South Macclesfield Development Area site
- **Crewe Town Centre Regeneration (£8m)**
  - A number of improvement projects for the town centre.
- **Poynton Relief Road (Includes Prior Years Option Development Costs) (£30m)**
  - To deliver the outcome of the Poynton relief road Option Development scheme
- **Road Network and Linked Key Infrastructure Projects (£10.0m)**
  - Borough wide programme of road network improvements and traffic / parking management projects to improve the operational performance of Cheshire East's local road network

- **Strategic Acquisitions (£7.5m)**
  - Investing in a programme of strategic acquisitions to ensure that it has the right sites and assets to attract new investment
- **Sydney Road Bridge (£8.3m)**
  - Improvements to the railway bridge on Sydney Road, Crewe.

## Highways

### Committed

- **Highway Investment Programme (£10m)**
  - A continuing programme of re-surfacing and improvements to assist in the maintenance of the carriageway in Cheshire East.

### New Schemes and Option Developments

- **Expanding services whilst creating efficiencies (£0.06m)**
  - Extend service delivery to residents while generating efficiencies by combining the activities of key service areas.
- **Highways Asset Management - Maximising DFT Maintenance Funding (£0.48m)**
  - Formalise Asset Management techniques and principles for the future management and maintenance of its adopted Highway Infrastructure over the next 3 years
- **Parking and Enforcement - Digital Solution (£0.20m)**
  - Investment in new technologies will align with the Council's digital vision by allowing users easier online transactions with the service

### Recurring Programmes

- **Residents First LED Street Lighting Upgrade - Residential Areas (£6.77m)**
  - 3 year programme to upgrade street lighting

# Outcome 3 ~ People have the life skills and education they need in order to thrive

What this means:	Children and young people get a good start in life, and are prepared for the world of work. Everyone is equipped to live independent, self-sufficient lives, and to realise their particular talents and abilities.		
What the Council will focus on:	1. Securing the Best Start in Life	2. Highest Achievement for All Learners	3. Inclusion
What this will look like:	Pupils will be school ready and have a firm foundation for a good education at the end of the Early Years Foundation stage.	Academic achievement and employability will be outstanding in Cheshire East.	Vulnerable children and young people will be supported to achieve their potential and increase their aspirations.

These outcomes align with existing partnership plans and strategies, including the Children and Young People’s Plan where Priority 5 is to ensure that children and young people leave school with the best skills and qualifications they can achieve and the life skills they need to thrive into adulthood.



## Strategic Overview

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In Cheshire East we believe in delivering the best education to give our young people the best chance of succeeding in later life. The majority of children and young people in the borough make good educational progress in schools but we know that differences exist across Cheshire and our positive achievement figures overall mask differences across the borough, which extend into adulthood. Addressing this gap in achievement needs to start in the early years and extend to after young people leave school. This outcome focuses on providing children with a good start in life in their early years, ensuring resilience and aspiration, raising achievement across primary and secondary education, and working closely with partners to protect vulnerable children including those placed in the care of the Council.

Achievements within the Children's and Families Service will be measured through improvements in areas such as increased numbers of recognised qualifications, an increase in the number of young people in education, employment and training and the improved attainment of vulnerable children. In addition, there will be an increased focus on the life skills of young people in preparing them for the world of work as well as supporting the emotional health and wellbeing of children from a young age.

Cheshire East was inspected for the first time under the single inspection framework in July 2015 and the inspection report was published on the [Ofsted website](#) on 15<sup>th</sup> September 2015. The Inspection, which was carried out by ten Ofsted Inspectors, took place over a four week period and inspected the following key areas:

- The experiences and progress of children who need help and protection;
- The experiences and progress of children looked after and achieving; permanence including graded judgements on
  - i) Adoption performance; and ii) Care leavers;
- Leadership, management and governance; and
- A review of the Local Safeguarding Children Board.

Ofsted's judgement was that Cheshire East Council requires improvement to ensure it is providing good services in the above areas; however, Inspectors were impressed with the Council's adoption services, which they judged to be 'good'. Inspectors found that planning for permanence is improving with a good focus on adoption and children are well supported in their new families. They also stated that support for adopters is a strength.

The following strengths of the local authority were identified by Inspectors:

- Plans, resources and Political commitment is in place
- There is active involvement of young people in strategic decisions and plans
- The local authority knows itself well and uses external scrutiny and challenge to inform improvement
- The strategic response to children who go missing or are at risk of child sexual exploitation is strong

- The identification and referral to Children's Services for assessment, intervention and support is swift
- There is improved stability and reduced caseloads for most social workers which has led to greater continuity for children
- Planning for permanence is improving with a good focus on adoption
- Support for adopters is a strength.

## 2016/17 Proposals

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The following changes are being targeted:

- **Trading Services (-£0.4m)**
  - The proposal is to maximise the business trading models for the School Meals service and Adoption service to deliver increased income so there is a reduced need for base budget funding for these services. Both services already generate a level of income, but this can be further realised by increasing efficiency and growing the businesses.
- **Reduction in Legacy Pension Liabilities (-£0.1m)**
  - The Council periodically reviews the pensions liabilities it has from before re-organisation in 2009. A further such review is expected to generate savings. This is a new item.
- **Allocation of cross-service savings relating to staff travel and supplies / services (-£0.19m)**

Efficiency savings from using technology to reduce travel and reducing supplies expenditure such as spending on paper. This has been allocated from the Chief Operating Officer page to each service.
- **Pay and Pensions Allocations including Living Wage and National Insurance (+£0.28m)**
  - To uplift the budget for best estimates around a 1% pay award, the impact of introducing the living wage and the change to single tier pensions. No change in overall allocation.



## Outcome 3 – Capital Investment is focused on:

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### New schemes and Option Developments:

- **Expanding 'in borough' SEN placement capacity (£0.1m)**
  - Option development on increasing the numbers of Special Educational Needs places across the borough.

### Recurring Programmes:

- **Basic Need programme (£16.6m)**
  - To provide additional school places where needed to meet our statutory requirements
- **Capital Maintenance programme (£9.8m)**
  - Funding from the Department of Education for capital maintenance, condition and suitability work on the schools asset portfolio

### Longer Term Proposals:

- **Knutsford Achievement (£9.80m)**
  - Co-location of Egerton Primary and Knutsford Academy to develop a world-class education institution
- **Re-development of Hurdsfield Family Facilities (£1.0m)**
  - To develop new family and children's centre facilities serving the Hurdsfield community which are flexible to further the goals of the community hub programme
- **Supporting Special Educational Needs (£3.19m)**
  - Expansion of facilities and capacity to relieve pressure from increasing pupil numbers



# Outcome 4 - Cheshire East is a green and sustainable place

What this means:	Cheshire East’s rural and urban character is protected and enhanced through sensitive development, environmental management, transport and waste disposal policies.			
What the Council will focus on:	1. Planning and Sustainable Development	2. Waste Management	3. Environment	4. Affordable Energy Growing Energy Businesses Independent Energy
What this will look like:	New development will be controlled through the planning process to ensure that it will fit within its local setting, help create a better place for residents to live and work in, and protect the area’s urban and rural character.	Cheshire East Council and its residents will produce less waste and keep the borough clean.	Outdoor spaces will be pleasant and appreciated. Harmful emissions will be minimised.	Providing affordable energy for our residents (e.g. Fairerpower) Developing a local energy economy.



# Strategic Overview

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## 1. Planning and Sustainable Development

Development Management provides a customer facing service that deals with a wide range of operations including planning applications, appeals and enforcement for residents across Cheshire East. Since 2015/16 the Council's planning support services have been provided through an alternative service delivery vehicle (ASDV), Civicance, which also deals with street naming and numbering, land charges and Building Regulations.

Spatial planning provides the policy basis through the Local Plan and associated guidance to guide and control growth across the district. It ensures the delivery of plan led growth and provides the control mechanisms to deliver good quality and sustainable development.

With the Local Plan on track, planning performance meeting national standards and a plan to address housing land supply, we are in a good position to build on our successes and continue to provide an excellent service to our customers. Performance and Complaints system improvements have been put in place to ensure effective responses to customer needs are met and we learn from our customers as we go forward. Civicance continues to maintain improved registration of applications and the improvements are being welcomed by customers. The Priority Application Team has been put in place and is proving a success in dealing with schemes with the first Planning Performance Agreements being completed.

## 2. Waste and Environmental Services

In Waste and Environmental Services Cheshire East is working to provide a more suitable approach to waste management, reducing waste, promoting reuse, recycling more and treating the waste remaining as a resource for energy production.

Efficient waste collection and disposal arrangements are vital to delivery of a sustainable Waste service. The Council provides such services through an ASDV, Ansa Environmental Services Ltd. The business plan for the company includes targets to continue to make efficiency improvements and reconfigure services in line with major capital investment in facilities to support implementation of the Waste Strategy.

£14m of capital funding is being invested in continuing to deliver high quality environmental and waste services by developing a single Environmental Hub in Middlewich. Building this hub to the required high environmental standards will allow the Authority to end the landfilling of kerbside waste and facilitate its transport to more sustainable waste to energy plants outside the Borough.

The Council is working to procure a more sustainable solution for food waste though investigating Dry Anaerobic digestion for the processing of combined food and garden waste. The process would allow the addition of household food waste to the garden waste bin creating energy in the form of heat and gas together with a high quality compost product.

Environmental Services also cover the running of our cemeteries and crematoria through our second ASDV in this area, Orbitas Bereavement Services. Orbitas provides burial, cremation, memorial and bereavement support services, maintaining a number of our cemeteries across the Borough.

### 3. Environment – focused on Carbon management

Cheshire East Council is progressing major investment in renewable technologies to complement heating plant upgrades in its high usage operational buildings.

The trend of reducing the Council's CO<sup>2</sup> emissions through its programme of energy efficiency measures in its operational buildings has continued in 2015/16 and will continue to do so in future years. CO<sup>2</sup> emissions have been reduced by 41% since the inception of Cheshire East Council in 2009, and continue to fall.

### 4. Affordable Energy - Growing Energy Businesses and Independent Energy

Local authorities have traditionally provided the planning context to ensure sustainable development but the collective global drive to address climate change and the national push to improve competition and security in the UK's energy market means that councils are increasingly at the forefront of this agenda. Councils are increasingly becoming involved in low carbon and energy-related projects, delivering savings to help reduce the cost of local government and new income streams to support local investment priorities and stimulate growth and resilience in the local economy.

Cheshire East's *Energy Vision*, adopted in January 2015, is a bold but achievable statement of what needs to be done to ensure these goals are reached locally in terms of:

- **Affordable Energy** – Putting Residents First - The Council actively supports measures to make energy more affordable, reduce energy use, and improve energy efficiency. We will continue to support Energy initiatives such as Fairerpower which, as it approaches its first birthday, has already secured savings of more than £1m for residents in the Borough.
- **Growing Energy Businesses** – Developing a local energy economy - the Council wants to encourage local energy supply companies and demonstrate that it is open to business for new and ambitious energy and low carbon companies to base themselves and expand in Cheshire East. We have already secured £160,000 Heat Networks Funding from Department of Energy and Climate Change to undertake feasibility studies into opportunities for district heating networks in Crewe, Macclesfield, and rural areas.
- **Independent Energy** – Secure, decentralised and locally managed energy services - virtually all of the electricity and heating used in the Borough originates from elsewhere. The majority needs to be generated, distributed and supplied locally to create a more decentralised and resilient energy economy. Key to this will be the creation of local district heating networks fuelled by renewable energy sources.

## 2016/17 Proposals

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The following budget changes are being targeted:

- **Working with ASDVs to achieve efficiencies and productivity gains that can be recognised in management fees: (-£0.5m) across**
  - Building Control, Land Charges and Planning Support
  - Environmental Operations
  - Bereavement Services
  - Transport

This saving has reduced since the Pre-Budget Report as a result of further work with the providers to agree appropriate management fees.

- **Fairerpower: (+£0.14m)**
  - Temporary investment in Fairerpower Scheme. New item to assist scheme.
- **Pay and Pensions Allocations including Living Wage and National Insurance (+£0.3m)**
  - To uplift the budget for best estimates around a 1% pay award, the impact of introducing the living wage and the change to single tier pensions. No change in overall allocation.

## Outcome 4 – Capital Investment is focused on:

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### Committed Schemes

- **Environmental S106 Funded Schemes (£0.05m)**
- **Highways Section 106 & 278 Schemes (£0.1m)**
- **Household Bin Replacement (£0.3m)**
- **King George V Pavilion Project (£0.2m)**
- **Local Area Programme (£0.05m)**
- **Restoration of South Park Lake (£0.13m)**
- **Structural Replacement Lighting (£1.2m)**
- **Environmental Hub (£16.3m)**
  - Certainty of construction costs now established, securing business continuity and creation of a waste transfer facility

### New Schemes and Option Development

- **Expanding Services Whilst Creating Efficiencies (Litter Bin Monitors) (£0.06m)**
  - Generating efficiencies by combining the activities of key service areas
- **School 20 Mile Per Hour Zones (£0.7m)**
  - Implementation of 20mph zones outside all Cheshire East schools.

### Recurring Programmes

- **Household Bin Replacement (£0.2m)**
  - Annual bin replacement programme to recognise and address the problem of ageing and failing household bins
- **Maintenance Block (£18.6m)**
  - Department for Transport funding to support the local transport plan to maintain and improve transport in the area

- **Park Development Fund (£0.09m)**
  - The establishment of a Park Development Fund to halt the decline and manage a sustained improvement to our parks and open spaces within the Borough
- **Replacement Litter Bins (£0.05m)**
  - The delivery of replacement litter bins over a three year period across the Borough
- **Residents First LED Lighting Upgrade - Residential Areas (£6.8m)**
  - 3 year programme to upgrade street lighting
- **Structural Replacement Lighting (£1.4m)**
  - Replacement of structurally defective streetlight columns

## Longer Term Proposals

- **Anaerobic Digestion Project (£12.4m)**
  - Procurement of a Joint Venture Agreement partner to deliver a Dry Anaerobic Digestion Plant

# Outcome 5 - People live well and for longer

What this means:	Local people have healthy lifestyles and access to good cultural, leisure and recreational facilities. Care services focus on prevention, early intervention and physical and mental wellbeing.			
What the Council will focus on:	1. Empowering people to live independent, healthier and more fulfilled lives	2. Information, Advice and Guidance, Prevention and Early Intervention	3. Accessible high quality services, Information & Advice	4. Public Protection, Health Protection and Safeguarding
What this will look like:	Our residents are supported to live independently with a high quality of life. Our residents take responsibility for their own health and well-being. They have a positive experience in all interactions with the health and care system.	The Council commissions and delivers proactive services which help to support physical and mental wellbeing. Facilitating the identification, at an early stage, of individuals who can benefit from preventative services and interventions which help improve physical and mental health and wellbeing.	Residents and customers find it easy to access local services and get the information they need. Our residents have choice when accessing our high quality services. Our residents achieve excellent outcomes through engagement with our local services.	There are strong, multi-agency arrangements in place to ensure residents are safeguarded and protected.





## Strategic Overview

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Responsibility for Public Health functions transferred to local authorities in April 2013 from the National Health Service. This means Cheshire East Council is required to “take appropriate steps to improve the health of the people who live in their area”. We do this by commissioning a wide range of services for residents such as sexual health, drugs and alcohol services, smoking cessation services and the NHS health checks programme. We also ensure that there are effective and tested emergency response arrangements for major incidents and the public is protected from the outbreak of communicable diseases and other significant threats including extreme weather events. Finally, we continue to support the NHS by offering specialist public health advice to ensure the public have access to evidence based services that will not only improve health but will reduce health inequalities.

These new responsibilities for the Local Authority came with a ring-fenced grant from the NHS to ensure the Council can invest in the delivery of these new functions. This has been in place within Cheshire East Council since April 2013 and has been used to support improvements in health and wellbeing for all residents. The changes we have implemented include:

- A new Drug and Alcohol service for adults and young people focused on preventing drug use, ensuring people who need treatment and care have the best possible support and opportunities to move on from substance misuse. We also provide opportunities for those in need to get the right help with housing and employment to aid their individual journey towards recovery which will benefit individuals, families and communities.
- A new Sexual Health service in Cheshire East which will offer residents more opportunities to access contraceptive advice and support locally together with the security of specialist sexual health services to identify and treat sexually transmitted infections. We will continue to invest in ways to help residents to access support and advice on sexual health issues and continue to reduce numbers of sexually transmitted infections in Cheshire East.
- A new integrated Health Visiting and School Nursing service offering support for new parents, children, young people and families from birth right through to leaving school. We will support families through dedicated teams of health visitors and school nurses providing advice and at times intensive support combined with the Council’s existing dedicated children’s workforce.

Early next year we will also:

- Launch a new integrated health and wellbeing service, offering lifestyle advice and support to residents in an integrated way for the first time. This will include new services to create more support for residents who want to be more active and for those who want help to lose weight together with existing services offering support for people who want to stop smoking or need to access sexual health services urgently. We will bring all of these services together with a re-invigorated NHS health checks programme to ensure we can support residents to stay healthy for longer.
- Launch a programme to focus on improving mental health and wellbeing including investing in young people in a way that has not been realised before. This will include support and assistance to identify the priority needs of school age children and help them with support to deal with the challenges of growing up in a changing world.

- Deliver a new programme to empower residents to both take responsibility for their own health and well-being, and ensure a positive experience in all interactions with the health and care system. This joint programme with the Health service has the potential to improve quality and length of life and also to reduce demand for health and social care services.

Ultimately, Public Health priorities will focus on helping people to stay healthy. This includes helping people to reduce their risk of illness, decreasing the effects that illness can have on residents and controlling the spread of disease. Services and activities are being refreshed to provide a greater focus on prevention and early intervention and supporting people in taking ownership of their health lifestyle choices. All services will continue to develop collaborative relationships across the Council and with local partners to achieve health and wellbeing improvements for all residents.

Adult Social Care and Independent Living is the single biggest spending directorate, accounting for one in every three pounds spent by the Council. Adult Social Care is facing unprecedented challenges in the numbers of people needing social care support. As the demographic picture changes and many residents are living longer, there are the associated problems of aging and ill health with many people having multiple health conditions and frailty, resulting in the need for additional care and support. As a result, many more people find themselves as carers of their loved ones and they themselves need to be supported in their caring role. In addition, the Council has to respond to the implementation of the Care Act 2014 and the new duties placed on the Council have had to be incorporated into the work we do. Financial pressures have been further impacted with the introduction of the national living wage which has had to be factored into the care services contracts as we move forward.

As this is taking place at a time of financial challenge the service area has had to review its priorities to ensure that we meet the needs of residents, but in doing so we have had to review how we can best do this within the available resources. In order to do this Adult Social Care has adopted a priority based budgeting approach for 2016/17 to ensure that every pound spent helps people live well and for longer.

The approach requires us to identify the priority outcomes we need to achieve and allocate our resources accordingly to ensure that the care and support is targeted so we can meet need and improve outcomes for our residents. In completing this approach we have had to make difficult decisions as to how best we can deliver quality services to those who need them, meet the growing demand and achieve value for money in what we do.

We have, together with our health partners, had the opportunity to engage with service users, carers and the public in the last two years focusing on a number of topics. This has given us rich information and allowed us to hear the views of people relating to the services available to them and what they would like to see going forward. This has informed and influenced our review of the priority areas and what types of services we need to make available.

The implementation of the new Care Act 2014 has led to new entitlements for service users and their carers. We know that we need to focus on wellbeing, on the provision of information and advice in a variety of formats that means our residents can be part of vibrant, connected and supportive communities, where social isolation is actively reduced and support isn't something done to you, it's something we all do together. The focus is on how we can support people to support themselves wherever possible and take responsibility for their own health and well being. We are embarking on an assets based approach where our communities are recognised as one of most important assets.

We are embarking on a new phase of integration with health partners where frontline assessment services will be part of integrated health and social care community services. The residents of Cheshire East will be able to have a single point of access to have the health and care needs assessed and a plan of support arranged for them without the need to be assessed by multiple professionals in different teams and locations.

We are being transparent with where we currently spend our money and it is the intention that this approach prompts reflection both within Cheshire East Council and with our health and wellbeing partners. That will let us identify where we may be duplicating resources, both in effort and spend. In 2016 we will achieve the required savings target by putting in place more efficient and lean methods of carrying out professional practice. Associated processes have been identified to deliver savings without adversely impacting on meeting residents' needs. At the same time we will implement the findings of service reviews in line with our priority outcomes and legislative requirements.

In all of this we will continue to protect our residents. This includes ensuring everyone enjoys physical safety and feels secure. Through our safeguarding activities we will work to protect our residents from physical and emotional abuse, harassment, neglect and self-injury.

## 2016/17 Proposals

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The following budget changes are being targeted:

### Children's Social Care

- **Commissioning Efficiencies (-£0.66m)**
  - Efficiencies will be achieved through improvements in the effectiveness of commissioning to meet greatest need and a focus on value for money. This will mean a reduction in the value of some contracts and this will be done as some contracts come to the end and upon re-commissioning. We will also look at better commissioning of short break provisions.
- **Reduction in management and agency staff costs (-£0.3m)**
  - Through continued proactive recruitment, service redesign and restructuring we will reduce our use of agency staff, consultants and additional posts.
- **Restructure and Redesign (-£0.16m)**
  - A reduction in posts and greater efficiencies across the children's workforce will realise savings in staffing budgets and supplies and services. A full consultation will take place with any permanent staff affected by this review.
- **Incentives for Foster Carers (-£0.09m)**
  - The current 100% council tax support provided to all Cheshire East Foster Carers will be targeted to support lower income foster carer households and those households with exceptional circumstances whilst retaining a generous 50% reduction for all Cheshire East foster carers.
- **Reduction in Supplies & Services including allowances (-£0.1m)**
  - A review of expenditure on supplies and services, and allowances, to ensure value for money and a consistent and fair application of policy. This will generate savings whilst ensuring we are continuing to meet statutory obligations.

- **Additional growth to reflect higher numbers of Children in Care (+£1.3m)**
  - To address the permanent pressures resulting from both a local and national increase in the number of cared for children. The predicted reduction in demand has not been realised and Cheshire East has experienced, as all other local authorities have, a significant rise in demand and therefore expenditure linked to placement costs.
- **Rationalisation of Children's Centre provision (-£0.5m)**
  - Children's Centres deliver both universal and targeted services, some of which serve geographical areas where the number of vulnerable children is very low. Delivery will be focused upon those areas of greatest need with the development of a flexible offer, taking the support to the heart of the community via a mobile service delivery approach. Any decision to de-designate a small number of Children's Centres will be the subject of public consultation, including consultation with any affected staff.
- **Youth Engagement Service (-£0.04m)**
  - The Youth Engagement Service will delete a vacant post, realising efficiencies of £40,000. The work undertaken by the post is now managed by the Public Health team.
- **Early Intervention (+£2.0m)**
  - To address the Council's priority of intervening early to reduce future costs through targeting prevention and early intervention initiatives to reduce need and future demand on the public.
- **Tackling Domestic Abuse / Sexual Violence (+£0.05m)**
  - Additional investment to address this issue. This is a new item based on consultation feedback.

## Commissioning Efficiencies in Adults Social Care

- **Housing Related Support (-£1m)**
  - This is non statutory support for certain client groups who need help to access, retain and maintain their tenancy. It is planned to reduce the spend on housing related support services by renegotiating contract values and looking for greater efficiencies by new ways of working and eligibility criteria. Other support services can deliver this type of support as part of a comprehensive set of interventions. More efficient use of the full range of support services to deliver multiple types of intervention will reduce the need for specialist housing related support for some client groups.

– **Care Fund Calculator (-£0.4m)**

- For people who live in externally provided supported tenancy schemes, it is intended to continue the review of their care and support packages by using the Care Fund Calculator tool. This tool is designed to focus on the needs of individuals to complete a personalised assessment which will allow for the needs to be considered in terms of new ways of meeting needs and to identify how the allocated budget can be spent differently. The focus of assessments is to move to using the community assets available to a person, assistive technology solutions and move away from a care dependency model.

– **Care Act Compliance and Care Provision (-£0.6m)**

- A review of in-house service provision to comply with the requirements of the Care Act 2014. Services need to be accessible to those who need them in terms of being able to exercise choice of provision and control over what services they access and how they are delivered. The responsibility of the Local Authority in complying with the legislation requires a review of how in-house services can be delivered to enable those who need and wish to access them can purchase them. Alternate models of care and how they are delivered will be co-designed and co-produced with service users, carers and care providers. This proposal has been refined over the last few months and phased over two years – reducing the saving in 2016/17.

– **Alternate funding of Community Alarm Provision (-£1m)**

- For people living in sheltered and extra care accommodation the community alarm service is often included as part of the tenancy arrangement. The options for funding this type of service will be reviewed to ensure maximum use of alternate funding sources and choice for the tenant is maximised. The Adult Social Care service heavily subsidises this provision irrespective of the financial status of the tenants. The subsidy, if required, can be covered by housing benefits or private funding dependent on the financial status of our residents.

– **Digital advice and support (-£0.25m)**

- The intention is to review existing contracts to reduce the overall cost of information and advice, allowing residents, their families and carers to self-serve via the marketplace and service directory. Work with Public Health, GPs and other partners is underway to promote a wellbeing culture and network of resources. The focus will be to review commissioned traditional information and advice services by implementing online and digital solutions to complement telephone and face to face contact.

– **Early Help (-£0.2m)**

- Review the performance and value for money of commissioned early help services reducing spend by £0.2m. Some services within this category have been identified as not delivering on intended outcomes or of being under-utilised. Contracts will be reviewed and either renegotiated or terminated.

## Professional Practice and Process

### – Maximising independence (-£0.2m)

- Some people have been assessed to require two carers to support them in mobilising safely. At times this has been at the point of discharge from hospital or when their mobility was at a particularly problematic stage. Mobility can fluctuate and at times two carers to assist can reduce the opportunity for the individual to maximise their independence. Intensive reviews by an occupational therapist will assist in ensuring the most appropriate support is provided to ensure safety and maximise independence.

### – Mental health domiciliary support (-£0.5m)

- Mental health services operate within a recovery model of care and utilise the principle of social inclusion to enable people to maintain or regain access to engaging with their local communities, access employment opportunities, access daytime occupation and leisure activities and secure stable appropriate accommodation. The recovery model focuses on the person taking control of their own lives with short term support to facilitate recovery and independence. A review of spend in this area has revealed a longer term dependency on support services has developed for some people. Reviews of this type of service provision with targeted support is planned to enable people to achieve their aspirations.

### – Review care packages (-£0.44m)

- Review the top 100 high cost care packages to assure ourselves that the needs, expectations and wellbeing of those residents are being served and that care is appropriate and promote independence. Our responsibility to meeting eligible needs that cannot be met by other support systems will not be affected by these reviews.

### – Low level interventions (-£0.07m)

- Review the effectiveness of low level commissioned interventions for individuals and identify alternate solutions to provide the support required by using where appropriate community assets and a greater enabling and socially inclusive approach. The focus of the reviews of care being provided will focus on a strengths based assessment.

### – Introduction of a self directed support approach – underpinned by a transparent Resource Allocation System (-£1.5m)

- There is a strong evidence base to demonstrate that appropriate practice and excellent social care both improve outcomes for residents and improve value for money. The introduction of a revised Resource Allocation system will support the process to deliver a fair and equitable system to ensure allocation of Council resources reflect the levels of need and risk experienced by the service user. This moves the allocation of the personal budget away from a subjective view on an individual professional. The new system will reduce overall care and support costs by using a system underpinning strengths-based assessments, which lead to person-centred support plans. These support plans will utilise community and social assets with Council funded services filling the gap.

- **Increase Income (-£0.7m)**
  - Annual uplift in fees, charges and benefit rates together with revision of the Charging Policy will increase income levels in 2016/17. The Charging Policy proposals have been formally consulted on and recommendations due to be approved by Cabinet. The impact of this change reduces the requirement to support service costs from other general funding. This has been reduced by £0.3m following further refinement.
- **Supporting investment in Public Health (+£1.2m)**
  - Public Health focuses on helping people to stay healthy. This includes helping people to reduce their risk of illness, decreasing the effects that illness can have on an individual and controlling the spread of disease. Services and activities are being refreshed to provide a greater focus on prevention and early intervention and supporting people in taking ownership of their health lifestyle choices. These services are continuing to develop collaborative relationships across the Council and with local partners to develop health and wellbeing services and the wider determinants that affect the health and wellbeing of the local population. Significant levels of efficiency savings are increasing the amount available for direct service provision.
- **Fall out of Grant (-£0.3m)**
  - To recognise reductions in grant funding for new burdens and the Independent Living Fund. Note that most specific grants remain subject to confirmation in the final settlement expected in early February 2016.
- **Complex Dependencies Programme (-£0.1m)**
  - Efficiency savings from this programme.

## Other

- **Systems integration for Direct Payments and review of Money Management Services (-£0.3m)**
  - Make savings in staffing costs (by removing temporary posts etc) in social care business and Finance support.
- **Review advocacy to maximise value for money (-£0.2m)**
  - We are working with Cheshire West and Chester Council to review our advocacy services and jointly commission them next year to maximise efficiency in this area, continue to meet the demands of the Care Act and maintain capacity.
- **Growth Pressures (£3.9m)**
  - This includes a review of provider fees and learning disability cases.



- **Working with ASDVs to achieve efficiencies and productivity gains that can be recognised in management fees: (-£0.05m)**
  - Including Leisure
- **Allocation of cross service savings relating to staff travel and supplies / services (-£0.1m)**
  - Efficiency savings from using technology to reduce travel and reducing supplies expenditure such as spending on paper. This has been allocated from the Chief Operating Officer page to each service.
- **Pay and Pensions Allocations including Living Wage and National Insurance (+£1.7m)**
  - To uplift the budget for best estimates around a 1% pay award, the impact of introducing the living wage and the change to single tier pensions.

## Outcome 5 – Capital Investment is focused on:

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### New schemes and Option Developments:

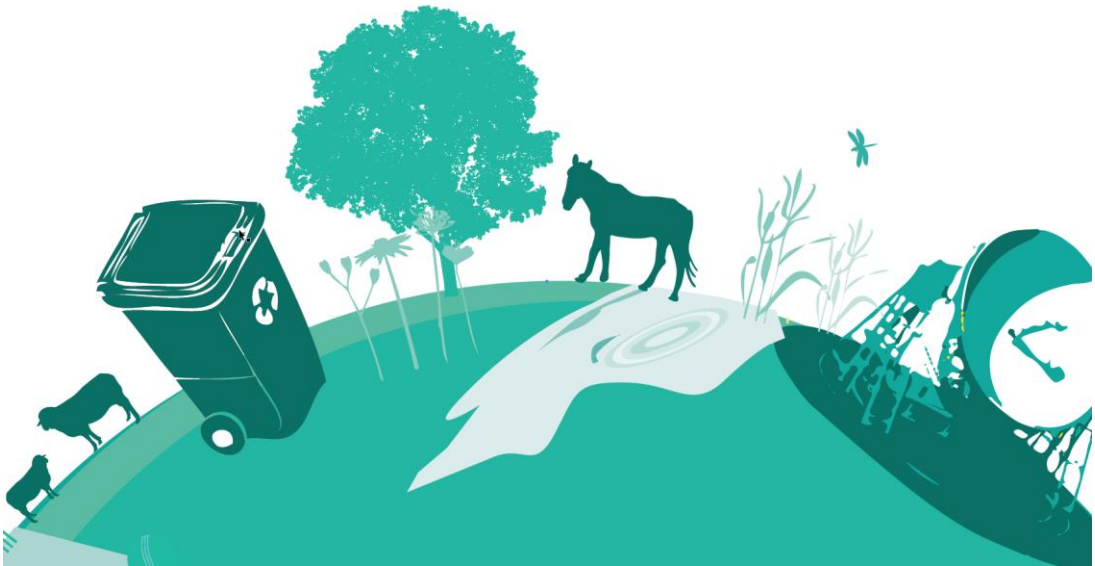
- **Redesign of Children's Residential Social Care (£0.81m)**
  - Improve delivery of residential social care for young people

### Recurring Programmes:

- **Community Capacity Grant**
  - Capital Funding provided by the Department of Health to enable local authorities to support development in adults social services in three key areas:
    - Personalisation
    - Reform
    - Efficiency

# Outcome 6 – A Responsible, Effective and Efficient Organisation

What this means:	The Council serves the people of Cheshire East through: Ensuring quality and best value for local people, striving to get it right first time, and acting with integrity, being open, honest and accountable and delivering on our promises				
What the Council will focus on:	1. Best Use of Assets	2. Effective Processes	3. Engaging Our Staff	4. Enhance Leadership and Governance	5. Strong Financial Management
What this will look like:	Property, Plant, Equipment and Information assets will be appropriate and add value to service delivery.	Strong Governance and appropriate internal controls will be in place.	Staff will be engaged and their welfare and development will be managed well.	External & internal assessment will show how the Council is performing.	Financial control will be effective. Budgets will be well prepared. Financial information will be accurate and appropriate.



## Strategic Overview

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Chief Operating Officer Services focus on providing high quality professional advice in areas, such as legal and accountancy, supporting all Council services. They are also responsible for providing appropriate buildings, facilities and technology that enable front-line services to operate effectively. These Services have a vital role in ensuring compliance, providing legal and procurement advice and project management skills, supporting elected Members and managing the governance and stewardship arrangements that promote transparency and accountability.

The services are focused on driving efficiencies and improved productivity through the better use of systems, automated processes and challenging the value for money of all initiatives to ensure activities add value, achieve priorities and contribute to the Council's stated outcomes. It is crucial that these services are lean and 'fit for purpose' to support and enable front line services delivery that meet residents' needs.

For 2016/17 the Chief Operating Officer has developed a range of savings options or proposed corporate financial changes that significantly address the overall level of savings required.

Achievements within Chief Operating Officer Services will be measured by such things as promoting local democracy; unqualified 'true and fair' opinions from the external auditors; the acknowledgement of added value from professional staff; the level of income collection; how the costs of support compare with national comparisons; and achieving the best rate of returns on investment and the effective running of the Council's estate.

It is a difficult challenge to balance financial stability with sustainable services that meet residents' needs. The proposals contained within this document are achievable, but in some cases will depend on changing behaviours of residents and staff and moving arrangements to more modern self-service options.

## Outcome 6 - Savings from Chief Operating Officer Services

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The following changes are being targeted -

### — **Reductions in employee or employee related costs in Chief Operating Officer (-£1.34m)**

(Changed from the Pre-Budget Report as a result of refinement and allocation of costs / savings that cut across all services areas).

This will be achieved across the range of Chief Operating Officer Services through a mix of:

- Freezing recruitment and deletion of vacant posts that have been created by reshaping services.
- Reviewing and reducing staffing levels to focus on priorities and a smaller Council. This will include savings in:
  - Commissioning;
  - Communications;
  - Changing support to Members and senior officers.
- Reductions in training and organisational development in line with comparator authorities.
- Targeted reductions in professional services such as Legal, HR, Finance and ICT in line with comparator authorities;
  - These savings will be challenging to deliver but services have been re-designed and core priorities will be maintained.

### — **Facilities Management running costs (-£1.25m)**

- Efficiencies in the running of the Council's property portfolio are proposed to increase even further in 2016/17 through better use of office space and reducing expenditure on things such as maintenance, utilities and business rates.

### — **Unallocated Procurement Saving (+£0.3m)**

- This adjustment removes savings that cannot be delivered as part of a central services budget, as front line services have made the changes that have embedded appropriate cost reductions within their base budgets.

### — **Additional cost recovery in frontline services (-£0.04m)**

- Introducing charges to customers that recover the additional costs arising from credit card payments. This does not affect other card payments or other payment methods.

— **Allocation of cross-service savings relating to staff travel and supplies / services (-£0.02m)**

Efficiency savings from using technology to reduce travel and reducing supplies expenditure such as spending on paper. This has been allocated from the Chief Operating Officer page to each service.

— **Pay and Pensions Allocations including Living Wage and National Insurance (+£0.68m)**

- To uplift the budget for best estimates around a 1% pay award, the impact of introducing the living wage and the change to single tier pensions. No change in overall allocation.

## Corporate Unallocated

— **Digital Customer Services project (-£0.55m)**

- Better services will be provided through the internet where it works best for residents and keeps costs down. This is part of a multi year programme to increase uptake of digital service options given that 36% of residents prefer digital channels, with potential for up to 70% to shift to digital. A Customer Portal will provide a single route into digital services, with information tailored around the individual's specific needs. Reductions in overall staffing levels will result from shifting to digital services. Savings in 2016/17 have been reduced as the Business Case has been refined.

— **Unallocated Pay & Pensions (+£0.22m)**

- To uplift the budget for best estimates around a 1% pay award, the impact of introducing the living wage and the change to single tier pensions. No change in overall allocation.

## Outcome 6 – Capital Investment is focused on:

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### New Schemes and Options Development:

- **Financial computer system replacement programme (Enterprise Resource Planning) (£5.5m)**
  - To procure and implement a new ERP solution, focusing on value for money, agreed Strategic ERP principles and strategic goals developed as part of the ERP service review

### Recurring Programmes:

- **Asset Management Maintenance Programme (£6.0m)**
  - Planned maintenance of the Council's assets to prolong and enhance the operational life of the properties
- **Core Financials, HR Services (£1.65m)**
  - Deliver developments and security to the Council and Alternative Service Delivery Vehicle core financial and HR systems
- **Corporate Landlord Model - Operational (£0.3m)**
  - To undertake a rationalisation of current Council operational asset portfolio to consolidate delivery of services into fewer buildings, releasing efficiencies in overheads, reducing carbon emissions and generating capital receipts as sites are released
- **ICT Infrastructure Investment Programme (Essential Replacement & Enhancement) (£2.8m)**
  - Maintain business levels of service availability ensuring compliance with mandatory standards. Investment to achieve business agility, efficiency, value and customer satisfaction
- **Information Assurance and Data Management (£2.8m)**
  - Enables information Assurance (incl. Compliance, Data Management and Transparency)
- **Minor Works Programme (£1.0m)**
  - Minor improvement and alterations to the corporate property assets to facilitate ongoing efficient operation of the client services

## Longer Term Proposals:

- **Supporting Strategic Capital Projects (£5.0m)**
  - A budget provision available to fund strategic acquisitions and investment opportunities

## 2. Financial Stability

### Introduction

1. Local residents and businesses contribute to sustainable Council services through local taxation, contributions and charges; and Central Government provides grants funded mainly from national taxation. The Council manages these resources to achieve maximum efficiency and diverts as much funding as possible to front line services.
2. The Government's Autumn Statement for 2015 highlighted the continuing need to reduce the public sector deficit and debt to secure economic recovery. Cheshire East Council is proposing to continue supporting this approach in a number of ways:
  - No additional external borrowing in 2016/17.
  - Maintain appropriate reserves levels that protect against risks.
  - React to changes in demand and develop budget proposals that can reduce net expenditure.
  - Focusing on economic wellbeing for local residents by investing in local development and infrastructure.

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

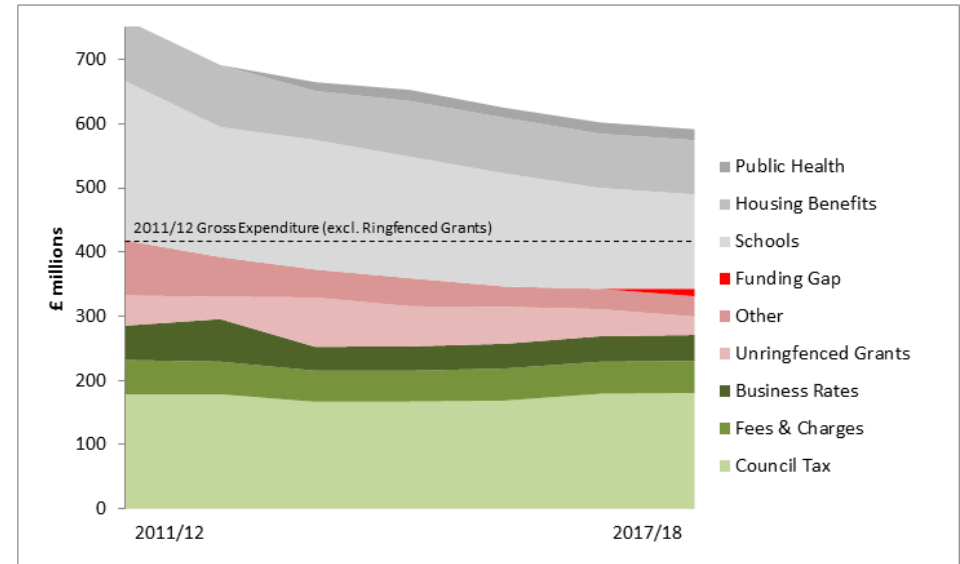
Source of Funding	Paragraphs
Balance of National vs Local Funding	4 to 11
Government Grant Funding of Local Expenditure	12 to 39
Collecting Local Taxes for Local Expenditure	40 to 64
Charges to Local Service Users	65 to 69
<b>Income and expenditure are also influenced by decisions and estimates of the Council in relation to:</b>	
Investment, Borrowing and the Capital Programme	70 to 101
Other Economic Factors	102 to 105
Managing the Reserves Position	106 to 110



## Balance of National vs Local Funding

4. Cheshire East Council is becoming more reliant on local funding and less reliant on Central Government grant. The Provisional Local Government Settlement 2016/17 provided a shift in approach, where government used potential Council Tax income to determine levels of Local Authority spending. Compared to the Council's October Pre-Budget Report government grant has been reduced by £4.7m. Pressure from local demand for services, especially in social care for children and adults is increasing so the Council is only able to maintain spending levels if Council Tax levels are increased. This is reflected in the fact that funding for Council Services from Council Tax and Business Rates will have increased to over 83% of the total net funding for 2016/17.
5. The financial stability of the Council, which determines the amount of money available for service expenditure, should be exposed to less risk from further Government funding shortfalls in the medium term. But financial planning for the Council must now reflect the potential for year on year increases in demand to fall on local funding sources such as council tax, business rates and fees and charges.
6. **Chart 1** illustrates how the balance between funding sources is changing over time placing emphasis on support from local funding sources.
7. The Budget Report is based on the Provisional Local Government Finance Settlement released on 17<sup>th</sup> December 2015. The final settlement is expected in early February 2016 with a debate in the House of Commons shortly after. Any further information on funding will be reported to Members and may be managed through reserves.

**Chart 1: The Council is becoming more reliant on local funding sources**



Source: Cheshire East Finance

8. **Table 2** sets out the revised funding forecast for Cheshire East Council for the period 2015/16 and 2016/17. This updates the information previously published in the Council's [Pre-Budget Report](#) in October 2015.

Table 2 - Funding available to services has reduced	2015/16 £m	2016/17 £m	Change £m	Change %
Government Grants	-58.4	-42.2	-16.2	-27.7%
Business Rates Retention	-38.6	-39.7	1.1	2.8%
Council Tax	-168.8	-179.4	10.6	6.3%
<b>Funding Available to Services</b>	<b>-265.8</b>	<b>-261.3</b>	<b>-4.5</b>	<b>-1.7%</b>

Source: Cheshire East Finance

9. The Business Rates Retention funding system and control over Council Tax levels are placing greater responsibility on all councils to determine their own funding levels.

10. In Cheshire East the Council is meeting this challenge in a number of ways and focusing on longer term financial stability through its actions.

11. Cheshire East Council is putting residents first:

**Growing the domestic tax base** - each new home brings additional Council Tax revenue, New Homes Bonus and potentially Community Infrastructure Levy together with additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully examined to achieve maximum value. Through such actions the Council can protect families from Council Tax increases but still increase income from Council Tax overall.

**Promoting Economic Growth** - business growth can result in additional income being retained for local investment, subject to certain thresholds. Therefore, the Council is investing heavily in economic growth through unlocking development land and supporting inward investment.

**Increasing employment opportunities** - through economic growth resulting in fewer people relying on welfare benefits from the Council which releases funding for further improvements.

**Maintaining strong collection rates and challenge of tax bases** - to ensure fairness to all involved and ensure the Council maximises local income for local use.

This approach is very important and is embedded in the Council's actions.

## Government Grant Funding of Local Expenditure

12. The detailed funding settlement from Government impacts on longer term financial planning. Issues for 2016/17 include:

- The release of the Autumn Statement on 25<sup>th</sup> November.
- The release of the Provisional Settlement on 17<sup>th</sup> December 2015 and Final Settlement expected on 3<sup>rd</sup> February 2016.
- Late confirmation of approach to grants, Council Tax and calculation of business rates estimates.
- Late announcement of Specific Grants.

These have set out changes to:

- General funding levels – confirming a 32.8% reduction in Revenue Support Grant.
- Funding from Business Rates – use of RPI to increase the multiplier.

13. Funding for local government is forecast to continue reducing over the next five years, and is likely to continue to reduce beyond this timeframe. In the medium term this presents itself as funding deficits which need to be addressed through further financial planning. Delays in figures from government cause this issue, which is common amongst local authorities in England.

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

- Revenue Support Grant
- Specific Grants (unring-fenced)
- Specific Grants (ring-fenced)

More detail is provided on each of these funding elements below.

## Revenue Support Grant (RSG)

15. In addition to retained business rates the Government provides RSG which is not ring-fenced for specific purposes. Historically, RSG and retained business rates were allocated based on a complicated formula that reflected local characteristics such as deprivation, age profiles and road lengths. Links to this complex approach have been dropped in favour of promoting economic growth through named grants. The provisional settlement has confirmed previous indications that RSG will be phased out by 2019/20.
16. The substantial reduction in RSG has been offset in later years by a small decrease in the Business Rate tariff. However, this remains a significant challenge and means that all grants rolled into RSG, including Social Care new burdens, and previous Council Tax Freeze Grants, will be removed. Any further changes to the amount of Business Rates retained are expected to come with additional responsibilities.
17. Transitional grants to town and parish councils for the implementation of the local Council Tax support scheme have been considered as part of the Budget Setting Process and a proposal to remove the grant entirely has been replaced by a 50% reduction in 2016/17 (£149,000) (followed by a complete removal in 2017/18) as a result of engagement feedback. The Council has communicated this message to all Town and Parish Councils so that they can plan for this reduction.

## Unring-fenced Specific Grants

18. A number of separately identified but unring-fenced Specific Grants have been retained. The detailed list is shown in **Annex 8** and summarised in **Table 3**.

19. Other than RSG, the list of Specific Grants mainly relates to funding for the New Homes Bonus and Education Services Grant. Together they equate to 91% of the total expected in 2016/17.

Table 3 - Specific grants and RSG have decreased by 27.7%	2015/16 £m	2016/17 £m	Change £m	Change %
Revenue Support Grant	-39.2	-26.4		
New Homes Bonus	-6.7	-9.2		
Education Services Grant	-3.0	-2.9		
Council Tax Freeze Grant	-1.8	0		
Social Care Grants	-3.3	-0.9		
Independent Living Fund	-0.7	-0.9		
Other Grants	-3.7	-1.9		
<b>Total Specific Grants</b>	<b>-58.4</b>	<b>-42.2</b>	<b>-16.2</b>	<b>-27.7%</b>

Source: Cheshire East Finance

20. Cheshire East Council was allocated £2.3m from DCLG to support the delivery of additional responsibilities under the Social Care Act in 2015/16. The changes were to financial thresholds and the introduction of the care cap to be introduced from April 2016. For 2016/17, this funding allocation has been rolled into RSG at a level of £2m.
21. From 1<sup>st</sup> July 2015, the responsibility for the Independent Living Fund (ILF) transferred from the Department of Work and Pensions to local authorities. Cheshire East Council expects associated funding of approximately £0.8m to continue to provide ILF care and support to people already in receipt of ILF. The funding will transfer to the Council via a s31 grant. The full year grant of £0.8m was

received in 2015/16. From 2016/17 the grant will be subject to a reduction of 5% for attrition. The ILF is not open to new entrants.

22. New Homes Bonus funding is provided to the Council based on the net increase in properties and affordable homes. The scheme is now coming into the final year of a six year rolling programme with unring-fenced funding of £9.2m expected for 2016/17. Beyond 2016/17, the Government has launched a review of the scheme and a significant reduction in allocation is expected from 2018/19.

## Education Services Grant (ESG)

23. The Department for Education (DfE) continue to administer and distribute the ESG, which remains unring-fenced, to local authorities and to academies proportionate to the number of pupils for which they are responsible.
24. The provisional allocation for local authorities was made on 18th December 2015 and set a figure of £2.9m for Cheshire East.
25. Beyond March 2017 the position is less clear and prudent estimates of reductions of 15% per annum have been factored in. This reflects the receipt of some element of funding or subsequent service reductions, or increased income, to the wider Council and the latest risk assessment.

## Ring-fenced Grants

### Dedicated Schools Grant (DSG)

26. The Government has announced the indicative allocations of DSG for 2016/17 which is ring-fenced. Following extensive educational funding reforms by the DfE, the grant is now allocated in notional funding blocks, namely the High Needs Block, the Schools Block and the Early Years Block. The additional £6.8m received in the schools block in 2015/16, as a result of a national increase in available funding, has been baselined in the 2016/17 settlement.
27. The Pupil numbers used in the calculation are based on the October 2015 Pupil Level from Schools Census information. Funding is based on a Guaranteed Unit of Funding (GUF) per pupil for the latter two blocks. The value of the High Needs Block is determined by identified 2015/16 local authority budgets to which adjustments have then been made.
28. Final allocations of the 2016/17 DSG will include an adjustment to the Early Years block for pupils reflected in the January 2016 Early Years Census.
29. **Table 4** shows the actual DSG received for 2015/16, the indicative DSG for 2016/17, the actual GUF (Amount per Pupil) received for 2015/16 and the Block GUFs to be received for 2016/17 (excluding the adjustment for Academy recoupment).

Table 4 - Dedicated Schools Grant are allocated in three notional blocks from 2015/16	Actual 2015/16 £m	Estimated 2016/17 £m	Change £m	Change %
Total Dedicated Schools Grant	245.5	247.6	2.1	0.87%
Comprising:				
Schools Block (notional)	194.0	195.8	1.8	0.93%
Early Years Block (notional)	16.3	16.3	0.0	0.00%
High Needs Block (notional)	35.2	35.5	0.3	0.94%
New responsibilities	0.1	0.1	0.0	-2.34%
<b>Per Pupil Funding</b>	<b>£ / pupil 2015/16</b>	<b>£ / pupil 2016/17</b>		
Dedicated Schools Grant:				
Schools Block (notional)	4,201	4,206		
Early Years Block (notional)	4,048	4,048		
Figures quoted are before the Academy recoupment				

Source: Cheshire East Finance

30. 92% of Dedicated Schools Grant (DSG) is passported directly through to schools and this is one of the highest levels nationally.

### Dedicated Schools Grant (DSG) ~ Academy Funding

31. The DfE are clear that becoming an Academy should not bring about a financial advantage or disadvantage to a school but rather, enable Academies to have greater freedom over how they use their budgets.
32. The Individual Schools Budget (ISB) receivable for the 51 academies which opened before or during 2015/16 has not been removed from the total DSG award to be received (as reflected in **Table 4**). The funding for these academies of approximately £100m will be recouped from the Authority's DSG as part of the academy recoupment process.

### Sixth Form Funding

33. Total sixth form funding of £16.1m is receivable for schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known) of which £4.1m is provided directly to maintained schools with the balance of £12m being allocated directly to Academies by the Education Funding Agency.

### Pupil Premium Grant

34. Grant allocations are based on January 2016 census figures for deprived pupils in years from Reception to Year 11.
35. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2016/17 are estimated to be the same as in 2015/16 at £1,320 for primary-aged pupils and £935 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £1,900 and children whose parents are in the armed forces continue to attract £300 per annum. It is estimated that Cheshire East Council will receive £6.2m in relation to the Pupil Premium for 2016/17.

### Public Health Grant

36. Central Government transferred the responsibility of commissioning and delivering public health services from Health to Local Authorities from April 2013.
37. Public Health responsibilities cover a wide range of services including: sexual health services; NHS Health Check programmes; Drug Misuse; Alcohol Misuse and Obesity.

38. Public Health grant will remain ring-fenced for the first five years as a minimum, so expenditure is incurred in line with the definition of public health.

Funding from Public Health England for the first five years is shown below:

- 2013/14 – originally £12.7m subsequently revised to £13.8m.
  - 2014/15 - £14.3m.
  - 2015/16 – originally £14.3m then increased by £2.4m for 0-5 year olds new responsibility (half year funding) and reduced by £1.1m in year. Total £15.6m.
  - 2016/17 – anticipated funding £15.6m then increased by £2.4m for the remaining six months of 0-5 year old funding and reduced by 2.2% (£0.4m) via the settlement, meaning a total of £17.6m.
  - 2017/18 - anticipated original funding £17.6m then reduced by 2.5% (£0.5m). Total £17.1m.
  - During 2018/19 and 2019/20 there is anticipated to be an in year reduction of funding by 2.6% each year.
39. For 2016/17, confirmation of the grant is expected before the end of March 2016 and the grant is expected to be ring-fenced until 2017/18.

## Collecting Local Taxes for Local Expenditure

### Business Rate Retention Scheme (BRRS)

40. The Council anticipates collection of approximately £140.5m in business rates in 2016/17 (based on the Council's NNDR1 return to the DCLG 31<sup>st</sup> January 2016). Under the BRRS arrangements 50% of this funding is paid to Government with 49% being retained specifically to support Cheshire East Council services. 1% is paid to Fire. In addition to this reduction a tariff of £29.1m must be paid to

government which is used to top-up funding allocations to other local authorities.

41. The Council is continuing to use the DCLG Business Rates baseline figures, plus levy savings as a result of being in the Greater Manchester Pool, for budget setting purposes of £39.7m. This is slightly below the NNDR 1 reflecting a prudent approach to business rates growth. This will be kept under review. (see **Table 5**).

Table 5 - Business Rates Retention	2015/16 £m	2016/17 £m	Change £m	Change %
Business Rate Retention Scheme	-38.6	-39.7	1.1	2.8%

Source: Cheshire East Finance

42. Growth in business rates can increase local funding, but this does take time and recent trends in rateable values have remained at a constant level. The Council's reaction is to promote inward investment to the area. There are positive signs of investment already, with developments in the south of the borough at Bentley and in the north of the borough at Alderley Science Park. There is also significant capital investment in infrastructure in the middle of the borough with progress towards a Congleton link road.
43. During 2015/16, the Council was part of a BRRS Pool with Greater Manchester authorities. This allows the authorities included within the pool to be treated as one entity for the purposes of tariff / top up and levy / safety net payments potentially reducing the amounts to be paid over to Central Government. For 2016/17, the Pool is expected to also include Cheshire West and Chester Council. The new Pool was included in the Provisional Settlement announcement and subject to approval, will become operational for 2016/17.

44. The Pool has been selected as a pilot for a 100% growth retention scheme. This will allow growth above 0.5% to be retained in full if achieved. The current estimates include an additional £0.7m as being levy returned to Cheshire East Council from the Pool – rather than being paid to Central Government. Further information on business rates growth is set out in **Annex 6**.

### Council Tax

45. The Council has frozen Council Tax for five years, supported by Government policy. During that time the Council has made efficiencies and transformed service levels to assist this policy. However, with the increase in demand for services, such as Social Care and Waste Collection, spending on local services is expected to remain consistent. But provisional grant reductions over the four year period take into account the Council's ability to raise Council Tax levels, which is a significant shift in policy. As such it is recommended that Council Tax is increased by 3.75% to give a Band D charge of £1,261.95.

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

Table 6 - The calculation of the Cheshire East Council Band D Council Tax		2016/17 £m	2016/17 £m
Total Net Revenue Budget 2016/17			263.7
Specific Grants			15.8
Revenue Budget recommended to Council on 25 <sup>th</sup> February 2016			247.9
Less:			
Business Rates Retention Scheme	16.0% <sup>1</sup>	39.7	
Revenue Support Grant	10.6% <sup>1</sup>	26.3	66.0
Surplus on Council Tax	1.0% <sup>1</sup>		2.5
<b>Amount to be Raised from Council Tax</b>	<b>72.4% <sup>1</sup></b>		<b>179.4</b>
No. of Band D Equivalent Properties			142,186.60
<b>Band D Council Tax</b>			<b>£1,261.95</b>

<sup>1</sup>. Percentage of Cheshire East net budget

Source: Cheshire East Finance

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

Table 7 - Impact of Council Tax on each Band				
Band	A	B	C	D
Council Tax £	841.30	981.52	1,121.73	1,261.95
No of Dwellings	29,891	35,186	33,267	24,802
Band	E	F	G	H
Council Tax £	1,542.38	1,822.82	2,103.25	2,523.90
No of Dwellings	19,208	13,161	11,893	1,781

Source: Cheshire East Finance



## Council Tax Freeze Grant

46. By freezing Council Tax in previous years, local residents have benefitted from grant payments equal to the amount that could have been raised by a 1% increase (before adjusting for Council Tax Support). As a result of past decisions to freeze Council Tax, the Council received £9.9m of freeze grant in 2015/16 as set out in **Table 8**.

Table 8 - Council Tax Freeze Grant Equals 12.0% of Cheshire East Council's Government Funding in 2016/17	2016/17 £m
Allocation for:	
2011/12 (now rolled into BRRS)	4.5
2013/14 (now rolled into BRRS)	1.8
2014/15 (now rolled into BRRS)	1.8
2015/16 (now rolled into BRRS)	1.8
<b>Total Freeze Grant to be Received</b>	<b>9.9</b>

Source: Cheshire East Finance

47. As Revenue Support Grant is removed then the impact of these grants will also be reduced.
48. Beyond 2016/17 the Council's medium term financial planning assumptions continue to assume a freeze in Council Tax levels. This partly reflects the fact that changes in government policy were only announced in November and December of 2015. For 2016/17, the Government has not offered a Freeze Grant and is unlikely to do so again based on the recent change in approach. Therefore, no freeze grants have been built into the medium term plans, but equally neither have changes in Council Tax levels at present.

## Council Tax Base

49. The Council Tax Base quantifies the number of properties from which the Council is able to collect Council Tax. The tax base is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a Band D). The level of Council Tax multiplied by the tax base equals the expected income from local taxation.
50. The gross tax base for 2016/17 (before making an allowance for non-collection) is calculated as 143,986.43. After taking into account current collection rates, the non-collection rate was maintained at 1.25%. This results in a final tax base of **142,186.60** Band D equivalent domestic properties.
51. The tax base for 2016/17 reflects an increase of 2.5% on the 2015/16 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of Council Tax Support. The Council Tax Base was approved by [Council on 17<sup>th</sup> December 2015](#).
52. Cheshire East has a relatively high Council Tax Base compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16% in Cheshire East compared to the England average of 9% based on [2013/14 data](#)).

## The impact of the Council Tax Support Scheme

53. From 1<sup>st</sup> April 2013 the Council Tax Benefit system was replaced by a locally designed Council Tax Support Scheme. Claimants under this scheme receive appropriate discounts to their bills depending



on their circumstances. It is important to note that pensioner claimants remain unaffected by this change.

54. The impact of Council Tax Support reductions is decreasing in Cheshire East, reflecting a positive trend away from a dependence on support from the local authority. The local Council Tax Support Scheme was reviewed and consulted on during 2015. The results and way forward were considered in a report to Council on 17<sup>th</sup> December 2015 and factored into the Tax Base Report. Further details are provided in the [Tax Base Report](#) to Council on 17<sup>th</sup> December 2015.
55. Cheshire East will continue to compensate local town and parish councils for reductions in tax base as a result of the Council Tax Support Scheme. Although this compensation grant will be reduced by 50% in 2016/17 and removed in 2017/18.

### Collection Fund

56. Receipts from Council Tax payers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire & Police and local Town & Parish Councils).
57. A predicted deficit in the Collection Fund reduces revenue funding for the following annual budget and vice versa in the case of a surplus. This can happen if actual changes in the tax base vary from the predicted changes.
58. The estimated balance on the Collection Fund has been forecast to be a £2.9m surplus at 31<sup>st</sup> March 2016. £2.5m of this surplus is retained by the Council and is factored in to the 2016/17 budget.
59. The year-end balance on the Business Rates Collection Fund is estimated to be a deficit position of £7.6m. This is derived from the carried forward deficit from 2014/15 of £7.8m, less the in-year

repayment of £2.1m plus the 2015/16 predicted in-year deficit of £1.9m. The main reason for the position on the fund has been due to much larger than anticipated appeals for rateable valuation reductions being successful. This will be managed through the earmarked reserve at this stage.

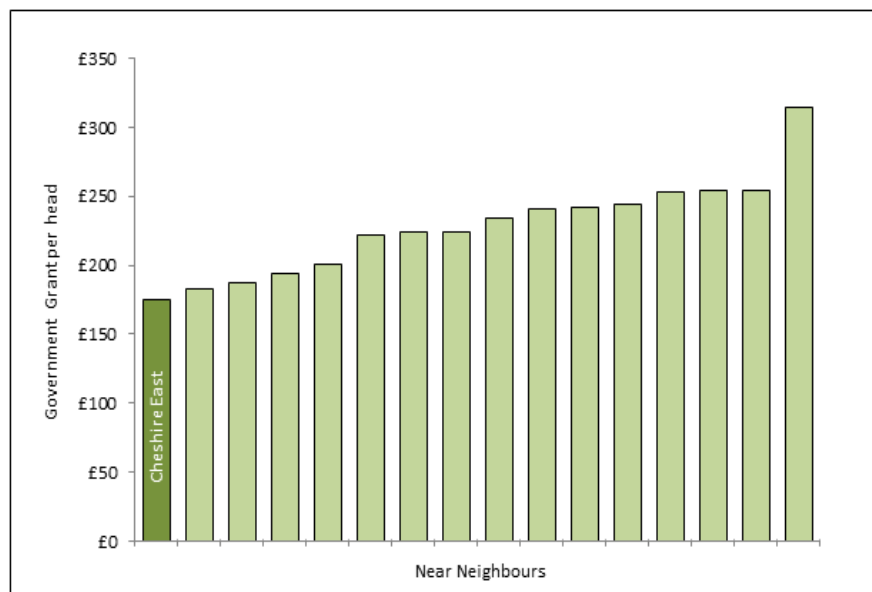
### Council Tax on Second Homes

60. During 2006 the Cheshire Local Government Association (LGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:-
  - 50% to be retained by local authorities.
  - The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.
61. The final figures cannot be calculated until each authority has set its 2016/17 Council Tax. Contributions under the Second Homes agreement to the CDRP from the Police and Crime Commissioner and Cheshire Fire and Rescue Authority will be made during 2016/17 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is £171,000.
62. Any further changes to Second Homes discounts are not part of the local agreement and therefore the additional income from any change is not included in the figure shown.

### Funding Comparisons to similar Councils

63. Comparisons, based on available data, add context to Cheshire East's funding position. For further analysis of the Council's financial position please refer to the [Council's Value for Money](#) document.

**Chart 2**  
**Cheshire East Council receives the lowest level of Government Grant per head compared to its Near Neighbours.**



Source: Cheshire East Finance

### What is the Council doing about it?

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

#### Responding to Key Consultations

2015/16 has seen several consultations on changes to local government finance. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers and the Local Government Association (Cheshire East Council is a member of both) and therefore, in some cases, relied on their collective responses to make any relevant comments. The Council has also joined the Society of Unitary Treasurers in 2015 to

assist with influencing collective messages. The consultations that have taken place so far in 2015/16 are as follows:

- Health and Social Care
  - Public Health Allocations 2015/16 (closed August 2015)
  - Public Health Grant: Proposed Target Allocation Formula for 2016/17 (closed November 2015)
- Council Tax and Business Rates
  - Business Rates Review: Terms of Reference and Discussion Paper (closed June 2015)
  - Check, Challenge, Appeal: Reforming Business Rates Appeals (closed January 2015)
  - Independent Review of Local Council Tax Support Schemes (closed January 2016)
  - Council Tax Setting in 2016/17: Offer to Social Care Authorities (closed January 2016)
- Pensions
  - Revoking and Replacing the LGPS (Management and Investment of Funds) Regulations 2009 (closes February 2016)
- Accounting and Audit
  - Auditors' Work on Value for Money Arrangements (closed September 2015)
- General
  - Spending Review 2015 (closed September 2015)
  - New Homes Bonus (closes March 2016)
- Schools Funding
  - The Local Authority consulted with all schools and governing bodies over the potential changes to the funding formula, with the results of the consultation being considered by the Schools Forum and the Local Authority

in producing the Funding Formula for 2016/17. The DfE is still intending to implement a National Fair Funding Formula. A consultation on any proposed changes to the schools funding formula for 2017/18 is expected in 2016.

- Provisional Settlement
  - The Council has responded to the settlement through the Society of County Treasurers' response. This collective response raised the key issues of:
    - Late release of information.
    - Significant concerns over the profile and severity of grant reductions for councils with Adult Social Care responsibilities.
    - The lack of any links to needs.
    - The timing of the Settlement in terms of no information to base budgets on prior to 17<sup>th</sup> December, and a lack of time to respond to the consultation and to set the 2016/17 budget.
    - Rising population pressures in Adults not being reflected in grant calculations.
    - The additional reporting requirement for the Adult Social Care precept in 2016/17 and later years.
    - The proposal for the Better Care Fund.

### **Membership of Collective Groups**

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

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

The Council is also making use of the CIPFA / Pixel Financial Management Service to assist with Financial Planning.

### **Monitoring Developments**

The Council is monitoring news alerts and public sector journals for any developments with Business Rates and grant funding arrangements. One notable issue relates to other local authorities seeing greater control over their business rates in return for losing other grants.

### **On-going briefing with Members of Parliament**

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

## **Charges to Local Service Users**

65. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering some or preferably all of the Council's costs in delivering discretionary services.
66. Approximately 7.9% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.
67. The Cheshire East Council pricing structure has over 1,500 different charges. With the overall objective to reduce subsidy in charged for services some prices rises may exceed inflation in the medium term. In such cases users are consulted and alternative service options are discussed.

68. To assist officers and Members to recover full cost, the Council has produced a Charging and Trading Strategy to provide the relevant guidance to be applied. This document is available on request.
69. The fees and charges list is subject to review given the change in commissioning arrangements in some areas. A revised version will be available in due course.

## Investment, Borrowing and the Capital Programme

70. The capital programme is intentionally aspirational, reflecting the Council's priority to put Residents First and to promote local growth. To support this ambition the Council actively pursues funding from private sector organisations and government as well as attempting to maximise receipts from asset sales. Resources will be utilised accordingly to allow flexibility within the overall programme. Major highway infrastructure projects, for example, may require Council resources before capital receipts and developer contributions can be realised and therefore the funding requirement for future years will be updated as plans and funding streams are secured.
71. The Council has continued its policy of utilising investment balances instead of taking out new external borrowing in order to finance capital expenditure. This has allowed external loans amounting to £26m to be repaid since 2009. Together with debt restructuring this has reduced external interest costs by £2m per year.
72. The Treasury Management Strategy aims to hold capital financing requirements at £14m per year in the medium term. Over time the percentage of the net revenue budget required for capital financing will show as an increase, but this reflects the Council's significant capital ambitions for local investment and the fact the actual net budget is reducing. This is acceptable as the Council targets

investment in infrastructure that can support the local economy and provide future revenue savings or additional income.

73. The capital financing budget for 2016/17 is shown in **Table 9**. This includes repayment of debt and interest payable on the Council's long-term loans. Costs are partly offset by the interest earned on the Council's investments.

Table 9 - Capital Financing Budget	
	2016/17
	£m
Repayment of Outstanding Debt	10.8
Contribution re: Schools Transforming Learning Communities Schemes	-0.9
Direct Revenue Funding	0.4
Interest on Long Term Loans	4.1
Less: Interest Receivable on Cash Balances	-0.4
<b>Net Capital Financing Budget</b>	<b>14.0</b>

Source: Cheshire East Finance

74. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2016/17, comprise of the following elements:
- **For borrowing incurred prior to April 2008:** Cost is calculated as 4% of the outstanding balance at 31<sup>st</sup> March 2015.
  - **For borrowing incurred after April 2008:** Cost is calculated as equal instalments over the anticipated life of the asset. These periods vary from five years to 50 years depending on the type of expenditure funded from the borrowing.

75. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 10**.
76. The amount of interest paid on the Council's portfolio of long-term loans is mainly at a fixed rate of interest (circa 3.83%). This provides a degree of certainty to the capital financing budget.
77. Currently, long-term fixed interest rates are around 3.3%.
78. The rate of interest to be earned from temporary investment of the Council's cash balances (c.£40m) is estimated to be 1% during 2016/17.
79. The Council will continue to use its own cash balances to fund capital expenditure. This strategy is sound, particularly with the 1% margin on Public Work Loan Board rates, low-investment yields and on-going concerns regarding credit risk.
80. The Council sets out the approach to these issues in its Treasury Management Strategy which is also being reported to Cabinet and Council in February 2016.
83. Capital commitments have been reviewed to identify the profile of expenditure. There is recognition that the complexities around planning applications, public consultation and dependencies on third parties for external funding can mean that projects will be delayed from one year to the next.
84. Since 2012/13, the inclusion of a project in the capital programme is subject to the Council's governance arrangements. Schemes are assessed for technical viability by the Technical Enabler Group (TEG) and then reviewed and challenged by a member led Executive Monitoring Board (EMB).
85. Services are required to provide business cases in accordance with the HM Treasury five case model. EMB may reject proposals if they are unconvinced of the viability of the business case and any other aspect of the delivery plan including the fit with corporate priorities. This may result in the recommendation to stop the project or a request for a revised proposal.
86. Proposals are at various stages of this process during the year and are included in the programme for planning purposes. Where costings are not yet available indicative estimates are included.

## Capital Programme Planning

81. The 2015/18 capital programme was approved by Council on 26<sup>th</sup> February 2015. Updates have been provided via quarterly reports to Cabinet during 2015/16.
82. The Third Quarter Review of Performance and the revised profile of spend for 2016/17 onwards forms the base for the 2016/19 programme, which is detailed in **Annex 12**.
87. Spending plans are subject to scrutiny to ensure a robust quality assurance framework is followed for each project. The governance arrangements safeguard against projects proceeding where costs may escalate beyond budgets. Potential variances from approved budgets may become subject to supplementary approval in accordance with financial regulations.

## Capital Programme Financing

88. The level of resources available for capital investment is set out in **Table 10** and is based on the level of borrowing that the Council can undertake on a prudential basis, the level of Government grant, the level of capital receipts and external contributions that can be generated over the period.

Table 10 - Capital Programme Summary	2016/17	2017/18	2018/19	Total 2016/19
	£m	£m	£m	£m
Committed Schemes	90.8	34.3	1.8	126.8
New Schemes	18.3	9.2	4.9	32.4
Recurring Programmes	32.7	36.4	14.7	83.8
Long Term Proposals	41.9	68.1	128.7	238.8
<b>Total Capital Programme</b>	<b>183.6</b>	<b>148.0</b>	<b>150.2</b>	<b>481.8</b>
<b>Financing</b>				
Prudential Borrowing	83.4	50.8	0.0	134.1
Government Grants	51.9	63.2	81.8	196.9
Capital Receipts	41.1	20.9	39.6	101.6
External Contributions	6.7	13.0	28.8	48.4
Other Revenue Contributions	0.7	0.0	0.0	0.7
<b>Total Sources of Funding</b>	<b>183.6</b>	<b>148.0</b>	<b>150.2</b>	<b>481.8</b>

Source: Cheshire East Finance

## Borrowing

89. The Council's capital investment complies with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the

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

90. The level of Prudential Borrowing required in 2016/17 and in future years is detailed in **Annex 11 – Prudential Borrowing Indicators**. The revenue consequences have been considered as part of the medium term strategy to ensure they can be afforded in future years.
91. If at any point there is potential for schemes to remain unfunded then work will be prioritised on all schemes to prevent any unnecessary financing costs.

## Government Grants

92. Government grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.
93. The Council seeks to maximise allocations of grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs for local residents. Overall Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and major highways infrastructure. Over the medium term these resources equate to £197m, which is 41% of the total Capital Programme. **Annex 9** provides a list of Government Grants that are supporting the Cheshire East capital programme.



## Capital Receipts

94. A capital receipt is an amount of money which is generated from the sale of an asset. The asset rationalisation process continues to explore opportunities to generate capital receipts by disposing of surplus property assets after considering potential development opportunities to maximise benefits for local residents. This will also have revenue benefits by reducing costs relating to those assets.
95. Capital receipts are pooled in the Council's capital reserve and are allocated in line with corporate priorities. An asset disposal schedule is maintained which indicates the timing and estimated values of future receipts.
96. Where a scheme is expected to be funded from capital receipts, the start times may be brought forward or delayed depending on the timing of the receipt. The status of the land and property market is kept under review by the Asset Management Service. The programme is reviewed if the resource position changes.
97. New guidance, issued by government to coincide with the local government finance settlement, allows the Council to fund certain costs of efficiency from Capital Receipts. The Council's 2016/17 budget does not rely on this flexibility to balance the revenue budget and this opportunity will only be taken-up with the approval of Council. Quarterly reporting will be used to raise any potential requirement to use capital receipts to fund revenue expenditure and this will consider the value for money associated with the approach.

## External Contributions

98. The Council also receives contributions from developers towards the provision of public assets or facilities, such as Section 106 contributions to mitigate the impact of their developments.

99. Section 106 agreements are drawn up during the planning process which identifies and addresses the local needs of the community in relation to new developments. The agreement obligates the developer to provide a sum of money to enable the provision of facilities such as play areas and open spaces, increased education placements and road improvements.
100. As at 31<sup>st</sup> March 2015 the authority held Section 106 balances totalling £10m. The use of the funding is restricted by the terms of the original agreement and the timing of developer contributions is less predictable than other sources.

## Other Revenue Contributions

101. Capital expenditure may be funded directly from revenue, but not vice-versa. Whilst overall funding reductions continue pressure on the Council's revenue budget limits the extent to which this may be used.

## Other Economic Factors

102. The Council makes an assessment of its financial position over the next three years by using a model known as the financial scenario. It is based on a series of planning assumptions (for example: estimated inflation rates). The planning assumptions were published in the [Pre-Budget Report](#) 2016/17 issued in October 2015, and updated through the year via Central Finance Group. Allowance will be made in the 2016/17 budget for other economic factors, largely inflation and pension costs; totalling **£5.4m**.
103. The Budget Report for 2016/17 continues the theme of not including any central allowance for non-pay inflationary pressures on the basis this is being mitigated by service efficiency proposals,

increased charges or specifically bid for as a separate policy proposal.

104. For 2016/17, the Council has allocated budget for the introduction of the Living Wage and the removal of the Second State Pension, in terms of the impact on employers' national insurance contributions.

## Employer Pensions Contributions

105. The Workforce Planning section (**Annex 4**) provides further details on the Pensions provision.

## Managing the Reserves Position

106. The Council Reserves Strategy 2016/17 states that the Council will maintain reserves to protect against risk and support investment. The strategy is updated each year and latest update is provided in the MTFS 2016/19 Report at **Annex 13**.

107. The Strategy identifies two types of reserves:

### General Reserves

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

### Earmarked Reserves

109. Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.

110. Further details, such as opening and closing balances and protection against financial risks, are contained within the strategy.

## Summary of Financial Stability

111. **Table 12** summarises the position for 2016/17 to 2018/19.

	Estimated Net Budget 2016/17	Estimated Net Budget 2017/18	Estimated Net Budget 2018/19
	£m	£m	£m
Outcome 1 - Our Local Communities are strong and supportive	25.6	25.5	25.9
Outcome 2 - Cheshire East has a strong and resilient economy	32.8	32.8	33.1
Outcome 3 - People have the life skills and education they need in order to thrive	12.1	12.3	12.6
Outcome 4 - Cheshire East is a green and sustainable place	31.4	30.4	30.1
Outcome 5 - People live well and for longer	111.4	112.0	111.6
Outcome 6 - Efficiency	35.0	33.5	34.1
<b>Total Outcomes</b>	<b>248.3</b>	<b>246.5</b>	<b>247.4</b>
Corporate Contributions and Adjustments	1.1	1.1	1.1
Capital Financing	14.0	14.0	14.0
Use of / Contribution to Earmarked Reserve	0.3	-0.1	-0.1
<i>Additional Reductions to closing Funding Deficit Yr 2/3</i>		<i>0.0</i>	<i>-11.8</i>
<b>TOTAL:</b>	<b>263.7</b>	<b>261.5</b>	<b>250.6</b>
<b>CENTRAL BUDGETS</b>			
Business Rate Retention Scheme	-39.7	-40.4	-41.6
Revenue Support Grant	-26.3	-13.4	-5.4
Specific Grants	-15.8	-15.2	-11.2
Council Tax	-179.4	-180.7	-181.9
Collection Fund Surplus	-2.5	0.0	0.0
<b>TOTAL: Central Budgets</b>	<b>-263.7</b>	<b>-249.7</b>	<b>-240.1</b>
<b>Funding Deficit</b>	<b>0.0</b>	<b>11.8</b>	<b>10.5</b>



112. Service expenditure for 2016/17 is shown as **£263.7m**. This represents a decrease of £2.1m (0.8%) on the Budget at the [Three Quarter Year Review](#) position.
113. The Funding Available to Services in 2016/17 is estimated at **£263.7m** to give a balanced position.
114. Proposals were received in a Better Business Cases Five Case Model format and subject to detailed scrutiny by corporate enabling services through several iterations before being accepted into this budget; these business cases will be developed into the delivery phase and are subject to oversight and assurance from the Executive Monitoring Board.
115. This balance has been achieved through a substantial process to review and refine the funding figures and Services' expenditure / income levels.

## Allocating Funding to Services

116. Section 1 of this Medium Term Financial Strategy Report sets out further details of how the Council is approaching delivery of the new Corporate Plan.

## Balancing the Medium Term Budget 2016/17 to 2018/19

117. **Table 12** illustrates that the Council faces medium term deficits in its revenue budget. This has been a recurring issue while the most significant income sources have been subject to such large scale review. It is an issue across local government in England and is not localised to Cheshire East.

118. The Council has a track record of balancing the revenue budget, spending in-line with the budget and maintaining adequate reserves to protect against risk and provide necessary investment.
119. Work with other organisations, as detailed in "Para 64 (the "What are we doing about it?" section), will primarily aim to lengthen the planning process. The overall approach to funding is sound, and has been for some time, in that local sources such as Council Tax and Business Rates will fund a greater share of local costs in the future so a pro-growth approach is appropriate.
120. Council funding is forecast to reduce over the medium term by as much as 61%. These estimates are prudent, but there is little doubt that Government funding is expected to decrease and that inflationary pressure on services will continue to increase. Setting a robust budget in these circumstances is therefore challenging and plans will be subject to review.
121. The Medium Term Financial Strategy reflects a balanced position for 2016/17 with a mix of specific policy proposals in each Service.
122. The position for 2017/18 and 2018/19 continue to reflect a deficit position and the challenge to remove that gap will continue during 2016/17. The Council has expressed an interest to government about agreeing a 4 year funding settlement. Little detail has been shared on how this opportunity will work in practice.
123. The Council adopts a standard five measures approach to balancing the budget and each measure is explored in relation to the medium term balancing of the MTFS. The measures are :

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

## Options related to each of the five measures are set out below:

Measure	Table 13 – Balancing the Medium Term Budget
Measure One Challenge Financial Assumptions	<ul style="list-style-type: none"> <li>- The Government issued provisional Core Spending Power figures for the next four years (2016/17 to 2019/20). This provides estimates of available grant funding for certain areas and replaces the former Spending Power calculation.</li> <li>- Therefore, the Council does have some insight of certain grants for the next four years, albeit they are subject to change. The overall ambition, within the announcements from government, is to maintain core spending over the life of the parliament in cash terms.</li> <li>- Core Spending Power includes: <ul style="list-style-type: none"> <li>○ <b>Business Rates</b></li> </ul> </li> <li>- Business Rate income will rise with inflation, as controlled by the government set multiplier. Above inflation increases are not factored in to the Cheshire East medium term financial plans due to the current significant risk associated with business rates income. Government are consulting on changes to the scheme, appeals against rates payable still distort annual payments and there is a national revaluation of non-domestic premises planned for release in April 2017.</li> <li>- The Business Rate Retention Scheme approach to funding local authorities could provide up to £0.3m in revenue funding from a £1m increase in rates payable. This supports the approach of the Council to promote growth and inward investment for the wider economic well being of individuals in the area. Agreements to work with the Local Enterprise Partnership and other local authorities or regional partners, on regeneration schemes, always consider the potential impact of business rates.</li> <li>- The business rates baseline may increase in later years of the settlement as new burdens are added. For example Public Health Grant, currently provided as a separate grant from government, could be funded from business rates instead. This may increase the level of business rates retained, but makes no actual difference in the level of core funding for the Council. <ul style="list-style-type: none"> <li>○ <b>Revenue Support Grant (RSG)</b></li> </ul> </li> <li>- RSG will reduce to nil by 2019/20 for Cheshire East Council. The government settlement assumed authorities can replace an element of lost grant with Council Tax increases, however this is a local discretion.</li> </ul>

Measure	Table 13 – Balancing the Medium Term Budget
	<ul style="list-style-type: none"> <li>○ <b>New Homes Bonus (NHB)</b> <ul style="list-style-type: none"> <li>- At present NHB attracts funding of circa £1,500 per annum for six years for every additional band D property. The estimates for property numbers, in the MTFs, match those detailed in the Local Plan and these will be reviewed in light of in year performance, planning permission granted and sites being developed.</li> <li>- In 2017/18 the year one grant, first paid in 2011/12, falls away. This means the 2017/18 grant replaces the 2011/12 grant and is not in addition to it, this situation then re-occurs each year. Therefore, the Council will need to at least maintain the housing supply to ensure no change to this figure over time.</li> <li>- The settlement has also triggered a review of NHB, with anticipated reductions of 40% in 2018/19. The influence the Council can have on this reduction may not be clear until the revised scheme is available.</li> </ul> </li> <li>○ <b>Specific Grants</b> <ul style="list-style-type: none"> <li>- These remain subject to ad-hoc information releases from Government departments. Where no information is available assumptions are used based on the reductions in general funding levels.</li> <li>- The Government has offered councils a four year deal to set certain funding figures and this will be reviewed.</li> </ul> </li> </ul>
Measure Two Review Local Taxation	<p>The Council retains the opportunity to review current funding assumptions:</p> <ul style="list-style-type: none"> <li>- Council Tax will rise in line with Government policy and to support Adult Social Care.</li> <li>- Increases for later years will be reviewed annually but current assumptions are for no further increases.</li> <li>- The Council will continue to maximise its tax base through any further flexibility made available by legislation. The potential for development in the area, backed by the Council's continued support for economic growth, is also likely to increase the domestic and non-domestic tax bases over time.</li> <li>- Impacts from the continuation of the local Council Tax Support Scheme will be reviewed and scrutinised during the medium term. The scheme may be amended where appropriate, but overall the ambition is to reduce claimant numbers in relation to out of work residents through the promotion of economic growth in the area.</li> <li>- Increasing employment opportunities – through economic growth, resulting in fewer people relying on welfare benefits from the Council and releasing funding for further improvements.</li> </ul>

Measure	Table 13 – Balancing the Medium Term Budget
	<ul style="list-style-type: none"> <li>- As the potential benefits of investment in local infrastructure are realised local business may engage with the Council to consider the introduction of a Business Rate Supplement to raise funds for specific local purposes. For example, if businesses opted to pay an additional rate of 1p on the rating multiplier they could raise as much as £2.1m each year, this level of funding could support a 15% increase in the Council's Capital funding costs for an agreed scheme.</li> <li>- There is potential to work with local businesses to introduce business improvement districts for specific purposes.</li> <li>- Continued high collection rates may result in a surplus that can be released to support investment in improved services in the local area.</li> </ul>
Measure Three Manage Reserves	<ul style="list-style-type: none"> <li>- The Council adopts a rigorous approach to managing in year expenditure. Service heads will sign off their Budget allocations to endorse accountability. In-year reporting will identify variances to budget.</li> <li>- The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure.</li> <li>- The Reserves Strategy for 2016/19 aims to maintain reserve levels over the medium term, although emerging risks or opportunities may require short-term use of reserves.</li> </ul>
Measures Four and Five Manage Cost Drivers & Income	<p>The Council's current proposals for change are contained within Section 1 of the Medium Term Financial Strategy. Although the financial implications may relate specifically to 2016/17, many of these programmes will deliver further savings through to 2018/19.</p> <p>Some of the financial areas being reviewed by budget holders and the Finance Team are:</p> <ul style="list-style-type: none"> <li>- Employer pension's costs, which will be revised following the 2017 actuarial review. The appropriate long term approach to funding local government pensions in Cheshire East will be considered in relation to affordability and demand.</li> <li>- Pay Inflation will continue to be assumed at 1% in the medium term in line with government projections.</li> <li>- Reviewing management control and staffing structures. Expenditure on employees accounts for c.37% of the Council's expenditure on services, and the reviews will look to ensure that the Council operates an effective commissioning model that focuses on putting residents first while achieving cost benefits and efficiency.</li> <li>- Ensuring Corporate Services, which account for c.16% of the Council's net budget, continue to reflect changes that are making the Council a smaller organisation.</li> </ul>

Measure	Table 13 – Balancing the Medium Term Budget
	<ul style="list-style-type: none"> <li>- Challenging discretionary services to ensure these meet priority needs, are paid for in the most effective way or are instead ceased or transferred to alternative providers.</li> <li>- Introducing a robust and effective Community Infrastructure Levy that can engage developers and other stakeholders in delivering appropriate funding in key areas.</li> <li>- Continue to develop the Council’s Best Fit approach to challenge service providers and the improvements they can make to outcomes through innovation.</li> <li>- Maximising development opportunities from the increasing broadband coverage. Increasing commercial development located in Cheshire East would see returns from Business Rate Retention. For example a 1% increase in Business Rates would realise c.£0.3m of additional income per year.</li> <li>- Exploring opportunities to improve health and reduce dependency through integration of the local health programme with key partners. Net expenditure on Adult Services is currently accounting for 38% of the Council’s budget. This is the largest budget area so managing costs in this area is essential.</li> <li>- Engaging with community groups and local Town &amp; Parish Councils to explore ways of maintaining service delivery at a local level. There are c.300 such groups already financially engaged with Cheshire East Council. The third sector is a powerful economic partner, employing nearly 4,000 staff and generating an income of over £125m per annum, the vast proportion of which is invested back into our local communities and economies. Further opportunities will be explored as part of the Council’s Corporate Plan.</li> <li>- Carrying out a further Capital Challenge to ensure the benefits of the ambitious programme are realised.</li> <li>- Promoting “Digital Customer Services” approach across the Council where suitable to improve access to services.</li> <li>- Continuing to rationalise the Council’s assets to minimise costs associated with utilities and rates and maximise receipts that can support economic growth outcomes.</li> <li>- Making sure that ways of working maximise the technology we have within the organisation and helping staff to take advantage of expertise and development opportunities that can increase productivity.</li> </ul>

# **Annexes to the Medium Term Financial Strategy Report 2016/19**

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**February 2016**

# Annex 1 Four Year Corporate Plan 2016/17 to 2019/20





# Annex 2 Business Planning Process - Engagement

## Introduction

1. Cheshire East Council is conducting an engagement process on its Medium Term Financial Plans through a number of stages running from October 2015 to Council in February 2016, and beyond that as proposals are implemented.
2. The [Pre-Budget Report](#), published on the 28<sup>th</sup> October 2015 included details of the proposals from each service area for the next financial year. This report was made available to various stakeholder groups and through a number of forums. It was accompanied, on the website, by a short animation to explain the budget setting process.
3. Where consultation with specific stakeholder groups is required in relation to specific proposals, this is being identified as part of the proposal's High Level Business Case. Therefore, some of the major proposals remain "subject to consultation", that is further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.
4. The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is subject to change. The Council deals with this by factoring into its minimum level of reserves an allowance for changes to proposals arising from consultation or delayed implementation, etc.

## Background

5. Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. In September 2013, Council conducted a stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
6. The analysis helped to inform the consultation process for the subsequent Budget and this has been maintained for 2016/17. It has continued to identify additional channels of communication which were used to facilitate consultation with more of our stakeholder groups.

## Business Planning Process

7. The Business Planning Process for 2016/17 followed the standard timescale for consultation and allowed nearly four months for consultation on the [Pre-Budget Report](#).
8. The engagement exercise used existing meetings, as well as specific events, to provide a briefing on the Council's Priorities, Outcomes, the Budget Setting Process, and updates on progress for various stakeholder groups. It was based around the proposals that were published in the Council's [Pre-Budget Report](#) 2016/17, issued on

28<sup>th</sup> October 2015 and shared with [Corporate Overview and Scrutiny Committee](#) on 5<sup>th</sup> November 2015.

9. All Member Finance Briefings were organised for the 15<sup>th</sup> December 2015 and 2<sup>nd</sup> February 2016. These included updates on the Budget Setting Process, in-year performance and the Council's [Value for Money](#) document.

10. The key events are outlined in **Table 1** along with the topics of discussion and any feedback received.
11. Other feedback received by the Council is set out in **Table 2**.

**Table 1 – Key Engagement Events**

Events	Comments
All Member Briefing – 13 <sup>th</sup> July 2015	The Chief Operating Officer updated Members on the annual finance processes of planning, monitoring and reporting.
Cabinet – 21 <sup>st</sup> July 2015	<a href="#">Revenue 2014/15 Outturn</a>
Cabinet – 29 <sup>th</sup> September 2015	Receive <a href="#">First Quarter Review of Performance</a>
Cheshire East Council website – 28 <sup>th</sup> October 2015	<a href="#">Pre-Budget Report</a> and animation placed on Council's website and Centranet to launch consultation exercise.
Team Voice – 30 <sup>th</sup> October 2015	Issued to all staff and Members to headline <a href="#">Pre-Budget Report</a> .
Trades Unions – 2 <sup>nd</sup> November 2015	Noted concerns about the budget cuts proposed through the supporting people agenda and not wanting this cost to fall on the Council and the impact such cuts would have on the remaining workforce.
<a href="#">Corporate Overview and Scrutiny Committee</a> on 5 <sup>th</sup> November 2015	Received <a href="#">Pre-Budget Report</a> and <a href="#">Mid-Year Review of Performance</a> .
<a href="#">Cabinet</a> – 10 <sup>th</sup> November 2015	Received the <a href="#">Mid-Year Review of Performance</a> Report.

Events	Comments
Schools Forum – 3 <sup>rd</sup> December 2015	<p>The meeting noted the following points:</p> <ul style="list-style-type: none"> <li>- Peter Groves is the new portfolio holder.</li> <li>- Peter Bates is the Section 151 Officer</li> <li>- CE Council aims to put residents first; to deliver to budget; and to deliver value for money.</li> <li>- There are 6 priorities: Local communities; Economic growth; Education; Environmental services; Health and wellbeing and Efficiencies</li> <li>- The budget has been cut by £6.4m to £258.1m</li> <li>- A spending review conducted in November 2015 has identified a number of areas where savings can be made and additional revenues can be found</li> <li>- The Council will approve the budget in February 2016.</li> </ul>
<a href="#">Cabinet</a> – 8 <sup>th</sup> December 2015	Consider the Council Tax Support Scheme and Council Tax Base for recommendation to Council.
Town and Parish Councils Conference – 10 <sup>th</sup> December 2015	<p>The Finance and Assets Portfolio Holder presented an overview of the Council's Finances and the <a href="#">Pre-Budget Report</a>.</p> <ul style="list-style-type: none"> <li>- The reduction to the compensation grant would be phased 50% in 2016/17 and removed in 2017/18 following feedback from local councils over the impact this would have.</li> </ul>
All Member Briefing – 15 <sup>th</sup> December 2015	Budget proposals
<a href="#">Council</a> – 17 <sup>th</sup> December 2015	Agree Council Tax Support Scheme and Council Tax Base.

Events	Comments
Funding announcements – 17 <sup>th</sup> December 2015	From Government
South Cheshire Chambers of Commerce – 12 <sup>th</sup> January 2016	<p>Cllr Groves presented the Council's <a href="#">Pre-Budget Report</a> to a South Cheshire Business networking event. Issues raised:</p> <ul style="list-style-type: none"> <li>- Development of Crewe Town Centre.</li> <li>- Council Tax plans for the medium term.</li> <li>- Additional contacts for Business Rates.</li> </ul>
East Cheshire Chamber of Commerce and Enterprise Business Event – 20 <sup>th</sup> January 2016	<p>Cllr Groves presented the Council's <a href="#">Pre-Budget Report</a> to an East Cheshire Business networking event. Issues raised:</p> <ul style="list-style-type: none"> <li>- Capital schemes in Crewe and Congleton Town centres</li> <li>- Infrastructure projects, such a Crewe Green Link &amp; Congleton Relief roads were raised in terms of timelines</li> <li>- The impact of developer contributions was also discussed and the effect of Section 106 agreements / Community Infrastructure Levy on the Council's plans</li> <li>- Local Plan was also mentioned in terms of business wanting to expand</li> <li>- Overall impression that employers appreciated the openness of the conversation and looked forward to greater opportunity in the future</li> </ul>
Individual proposals received from Cheshire East Council Members in January 2016	<p>Feedback on:</p> <ul style="list-style-type: none"> <li>- Additional investment to control flytipping</li> <li>- Additional investment required in safeguarding</li> <li>- Additional investment required to tackle domestic abuse / sexual violence.</li> </ul>

Events	Comments
Third Quarter Review of Performance – Challenge sessions	Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS.
Final Medium Term Financial Strategy (MTFS) / Budget Report released – 1 <sup>st</sup> February 2016	
Corporate Overview and Scrutiny Committee – 4 <sup>th</sup> February 2016	Receive MTFS Report
Corporate Trades Unions – 8 <sup>th</sup> February 2016	Final MTFS Report
Macclesfield Chamber of Commerce Business Event – 10 <sup>th</sup> February 2016	Cllr Groves will present the Council's <a href="#">Pre-Budget Report</a> to a joint event with Macclesfield Chamber of Commerce.
Cabinet – 9 <sup>th</sup> February 2016	Consider MTFS Report
Council – 25 <sup>th</sup> February 2016	Consider MTFS Report

**Table 2 – Comments Received by the Council**

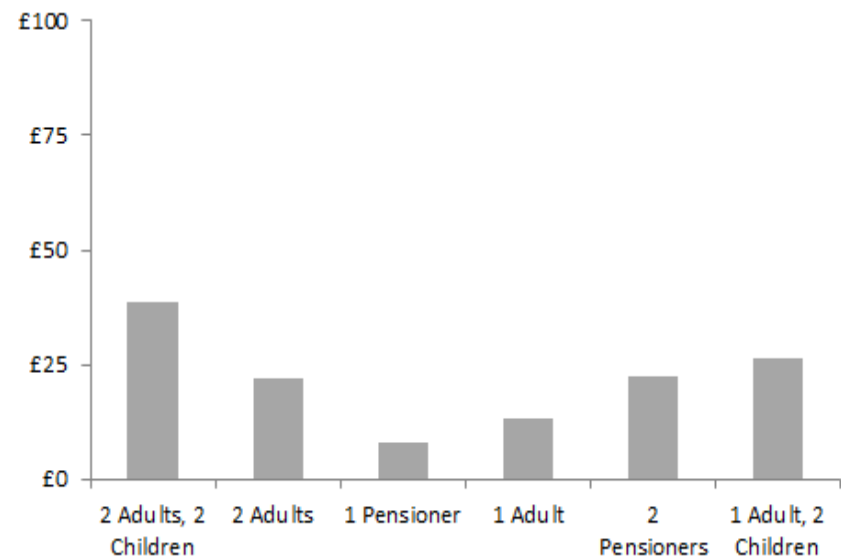
January 2016	Objection to the removal of full Council Tax relief for Foster Carers.
	Three responses raising concerns over reductions in services to help homeless people.
	E-mail raising issues over service levels in Poynton.
October 2015	Suggestion over the use of LED lighting for Council buildings.

# Annex 3 Impact Assessment

## Household Calculator

1. The 2016/17 Budget is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation to services. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.
2. A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.
3. **Chart 5** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Retail Price Index (RPI), as at December 2015, were to be applied.

**Chart 5**  
**Households could face £10 to £40 increases in costs if the Council just applied inflation to its charges**



Source: Cheshire East Finance

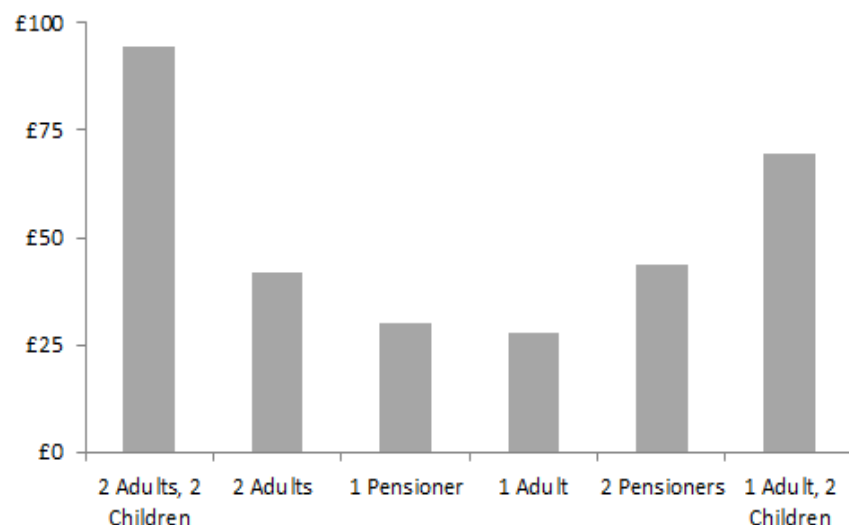
4. Every service within the Authority is in the process of refining a Charging and Trading Strategy which sets out the rationale for setting / changing fees and charges within that area.
5. The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of

future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.

6. **Chart 6** below illustrates the actual annual increase per household when applied to the same variety of services.

**Chart 6**

**Actual increases in potential costs across all groups**



Source: Cheshire East Finance

7. The mix of increases varies across the services and results in an average increase per household of £51. This is higher than the average increase of £22 had RPI at 1.2% been applied across all services. This is due mainly to the Council Tax charge increase of 3.75%. The average increase in fees and charges excluding Council Tax is only £12 per household.

**Note:**

Typical households are made up as follows:

- 2 Adults with 2 Children living in a Band E property
- 2 Adults no Children living in a Band C property
- 1 Pensioner living in a Band D property
- 1 Adult (not Pensioner) living in a Band B property
- 2 Pensioners living in a Band D property
- 1 Adult with 2 Children living in a Band D property.

Each household average is based on typical use of chargeable services expected for that category such as school meals, libraries and environmental, and leisure services.

8. Further details on the impact on businesses, communities and the environment are shown in **Table 1** on the following pages.

**Table 1: Impact of the 2016/17 Budget Proposals on Businesses**

**Typical Facts:**

- Non Domestic Rates are set by Government
- Supplementary Rates could be set by Cheshire East Council
- Businesses are liable to pay some Fees and Charges (for example licensing)



**Working with Businesses**

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

**The team provides:**

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

The Council has a strong commitment to the development and regeneration of our town centres. This will be supplemented further over the 2016/19 period, through further investment in its regeneration programme, alongside the strategic use of its own land and property, to lever in additional private sector investment. This will enhance the attractiveness of our towns to residents and visitors, and increase confidence in the developer and investor communities.

**Government sets new Business Rates multipliers for 2016/17**

- Multiplier set by Government and the increase is 0.8% (September's RPI figure)
  - Provisional 2016/17 Multiplier at 49.7p\* in the £.
  - Small business multiplier provisionally 48.4p\*\* in the £.

\* Includes supplement to fund small business relief.

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





### **Small Business Rate Relief (SBRR)**

- Extension of the doubling of the SBRR to April 2017.
- Amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs.

### **Supplementary Business Rates**

There are no proposals for Cheshire East Council to charge supplementary rates in 2016/17.

### **Local Retention of Business Rates**

From 1<sup>st</sup> April 2013 Cheshire East Council will retain c.28% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. This may take several years to stabilise but will assist funding for the Council's activities over time. The Medium Term Financial Strategy sets out the Council's ambition to promote economic development.

### **Local Discretionary Rate Relief**

Cheshire East Council has the discretion to award rate relief to any ratepayer. Applications are considered on an individual basis. Relief would only be awarded where it was in the Council Tax payer's interest to do so.

### **Other measures to support local businesses with business rates**

- Continuation of the option to spread business rates bills over 12 months rather than 10 months.

## Council Partners and Stakeholders



Mayor Cllr Hilda Gaddum  
with Deputy Mayor Cllr Olivia  
Hunter

For Example:  
Town and Parish Councils,  
Health, Fire, Police, Schools,  
Colleges, Universities,  
Community, Voluntary and  
Faith Organisations, Housing  
Providers,  
Community Partnerships.

The Council proactively works with partners to deliver services in Cheshire East. We seek to commission and deliver jointly with our partners, both across Cheshire East and at a local level. We are working with partners to focus our joint resources on early intervention and prevention, and supporting the development of resilient, self-reliant communities.

The Council will continue its work with Town and Parish Councils to develop local service delivery options including the transfer of assets and devolution of services where appropriate. The budget includes a one off payment to Town and Parish Councils to reflect changes in funding arising through Council Tax Support. The total amount allocated for 2016/17 is £149,000. This grant allocation will be phased out in 2017/18.

The Council is committed to further developing and managing collaborative partnership working in local areas to deliver services as locally as possible and to develop strong communities. We are leading activity to secure outcomes based on understanding the needs of the community through:

- Developing our strategic partnerships across Cheshire East to enable joint commissioning and improve integration of local services.
- Bringing local partners together to better share resources and redesigning public sector services across Cheshire East to better meet local needs.
- Community engagement work to support and develop strong communities, with local communities identifying and being involved in addressing their local issues.
- Promoting and supporting community partnerships to further develop communities with a stronger sense of neighbourliness.
- Developing Community Hubs across Cheshire East which provide services where local people will use them, so that services are delivered in the way which gives best value for local people.
- Working collaboratively with partners to deliver against our joint rural priorities, and to rural proof key decisions.
- Working with partners and communities to ensure that local people feel safe and are safe in their communities.
- Developing positive relationships between the Council and the community, voluntary and faith sector, at both a local and strategic level, and supporting the sectors to become commissioning ready.
- Investing in our Community Grants scheme to ensure communities can develop initiatives which are important to them.

## The Local Environment



Cheshire East Council is committed to continuing to reduce its energy consumption and carbon emissions from its buildings and will continue to develop strategies during 2016/17, and beyond, to reduce the environmental impact of its activities.

The Council has achieved its Carbon Management Plan target of reducing carbon emissions by 25% by March 2016 - a full two years early. The target for reducing energy use in its corporate buildings has been increased to 35%. The Council has embedded carbon reduction into its service delivery and continues to improve by undertaking carbon reducing projects:

- Energy saving measures and property rationalisation in our own Council buildings to continue to reduce our carbon footprint.
- Reducing carbon emissions from its own vehicles by undertaking a whole fleet review, installing technology and educating staff to reduce fuel consumption.
- Completion of our £5.2m capital investment in street lighting combining a number of measures to reduce energy use including a borough wide replacement of traffic signal lamps with LED's, which will cut energy and carbon.
- Reducing the impact of our staff travel through a number of measures including changes to staff travel rates and promotion of alternatives to single car occupancy.

<b>Equality Impact</b>	<p>We have a statutory duty to understand the equality impacts of our decisions, policies, strategies and functions.</p> <p>We ensure that our budget decisions do not discriminate against any group and promote equality of opportunity and good community relations. We undertake equality assessments where necessary, and continue to do so as projects develop across the lifetime of the Three Year Plan. This process helps us to understand if our budget proposals:</p> <ul style="list-style-type: none"><li>- Have an adverse impact on any of the protected characteristics listed in the 2010 Equality Act,</li><li>- Result in direct or indirect discrimination.</li></ul> <p>The process assists us to consider what actions could address or alleviate any adverse impact and help us to recognise where investment could alleviate an adverse impact from a saving.</p> <p>Completed equality assessments form part of any detailed Business Cases.</p>
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# Annex 4 Workforce Strategy

## Workforce priorities

Building a workforce which is ready, willing and able to meet future challenges remains at the heart of our Council's success. In many cases, this involves continuing to develop and consolidate on what we are already doing but in others it may involve the development of new skills and different ways of working.

### Key workforce priorities are:

- **Resident led and customer focused** - our workforce will need to continue to be resident led and focused on providing the very best customer service.
- **Outcome focused and high performing** - we will need to be focused on outcomes and less on processes but continuously reviewing and improving our performance to be the best that we can be.
- **Well led and managed** - those with responsibility for directing and supporting the work of others will need to deploy a wider range of skills underpinned by fairness, equality and diversity to ensure that the workforce can address the challenges that the Council faces.
- **Engaged, motivated and resilient** - we will need to ensure that our workforce are fully engaged and motivated to contribute their ideas and views about the best way to deliver the Council's objectives. We will need them to be more resilient to deal with lots of change and fewer resources but remain focused on delivery.

- **Professionally skilled and competent but working across boundaries** - we will continue to need highly skilled and competent professionals who operate safe practice and risk awareness but we will need them to work more effectively across internal and external boundaries as the structure and form of public service changes.
- **Flexible, adaptable and innovative** - our workforce will need to be flexible and adaptable to deal with a rapidly changing environment as well as finding innovative ways to organise and deliver services for our residents.
- **Working in a safe, healthy and supportive environment** - which enables the workforce to contribute effectively, reach their potential and maximise attendance.

To achieve these priorities the Council's workforce strategy focuses on six themes. The key achievements and future focus for each is summarised:

### 1. Culture and Values

Work has and will continue to embed the Council's core values which, at their heart, is our commitment of 'Putting Residents First'. The five values reflect what we collectively believe will stand us in good stead in the years to come and define the culture we believe will enable success. The focus for 2016/17 will be on fully integrating the values and associated behaviours into the Council's strategies, policies and processes with an emphasis on embedding a "right first time" approach.

Role models of our values were celebrated in December 2015 through a number of Making a Difference annual awards to individuals and teams

as part of the Making a Difference staff recognition scheme. Around 60 nominations were received from staff and members, resulting in more than 360 colleagues being recognised for putting residents first and making a real difference to colleagues, citizens and communities. The Making a Difference staff recognition scheme will run throughout 2016/17 to recognise colleagues who go the extra mile and put residents and communities first.

## 2. Organisational Design

The Council's journey as a strategic commissioning authority continues with a range of Alternative Service Delivery Vehicles (ASDV's) now established. Alongside of this the Council seeks to embrace the devolution agenda and respond to flexing service delivery as the conversation and sub-regional thinking evolves and emerges.

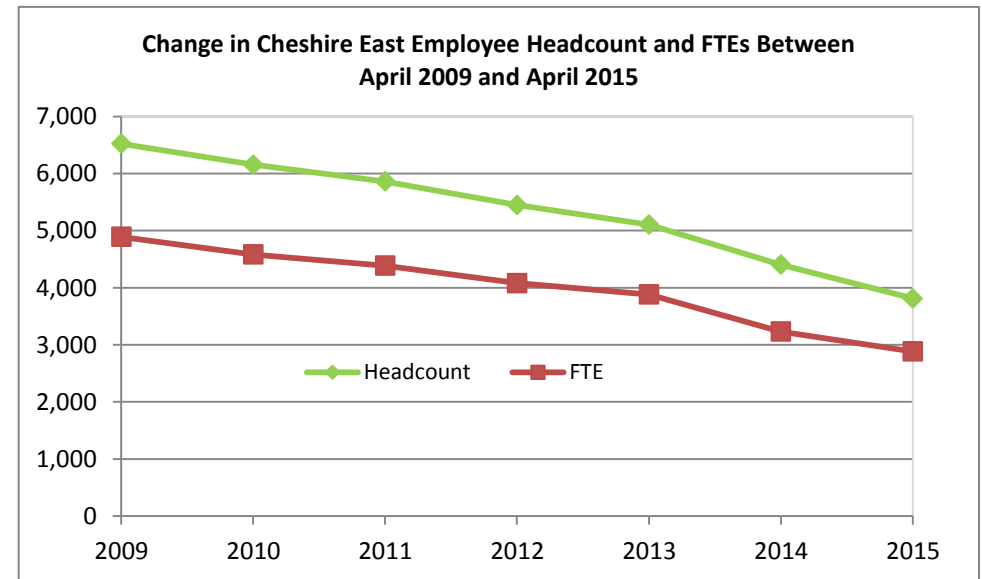
Cheshire East Council and Cheshire West and Chester Council announced in October 2015 that CoSocius was to be brought back in-house as a shared service with effect from 1<sup>st</sup> April 2016. Human Resources / Finance services will revert to Cheshire West and ICT will be the responsibility of Cheshire East.

Looking ahead for 2016/17 in terms of service design and delivery, the focus will continue on improved demand management, prevention and early intervention as well as multi-disciplinary / inter-organisational design in areas such as integrated care. Appropriate governance will continue to play an important role in service redesign and delivery.

Between April 2009 and December 2015, the Cheshire East headcount has reduced by 42.8%. Across financial years the largest reductions in headcount occurred between April 2013 and April 2014, and April 2014 and April 2015, when the Cheshire East headcount reduced by 13.7% and 13.4% respectively. This was, in part, attributable to the TUPE transfer of

staff to the ASDV's. Further creation of ASDVs or the transfer of Council services is under consideration.

## Headcount Analysis and Trend



## 3. Leadership and Management

It is critical for a high performing organisation to have high performing leaders and managers at all levels. A specific priority continues to be developing leadership and robust operational and people management capabilities at all levels. This has been achieved through the Council's Management Institute of Excellence with a range of tailored development programmes underway or in the pipeline. 2016 will see an increased focus on integrated leadership across both health and adult social care and developing a collaborative leadership pipeline working with partners from across the sub-region.



Plans are being developed to improve management induction and management capability through improved information sharing during induction and targeted coaching and development of managers throughout their careers. The Management Development Programme will continue with ILM levels 3 & 5 in Leadership and Management offered across the Council. 2015 has seen 85 registered on these qualifications.

A new six month ILM 4 'Aspiring Managers' programme was introduced in 2015/16. Offered to those identified through the Council's appraisal process as future managers, there are 11 candidates in the first cohort. This will continue during 2016/17 with new service specific and corporate cohorts.

Supervision training for both Corporate and Social Care managers will continue in the next year, aiming to equip managers with the skills to support and develop staff through regular and structured supervision.

2015/16 has seen the introduction of a Neuro-Linguistic Programming (NLP) course for managers. 25 managers across the organisation completed the course during 2015/16, improving communication and people management skills. Early impact assessments reveal that NLP techniques are being used successfully in practice.

#### 4. Resourcing and Talent

Recognising that talent and potential exists throughout the organisation increased emphasis has and will continue to be placed on introducing mechanisms to identify, develop and deploy those individuals with the highest levels of potential in a systematic and proactive way during 2016/17, and to build talent across the Council to yield the best return on investment.

Following a successful year where a total of 55 coaches have now been accredited, the Council's "Coaching Matters" programme will continue

into 2016/17 to develop and embed a coaching style across the Council as an important tool to developing potential, accelerate change and maximise performance. Evaluation has highlighted positive changes in behaviours and performance through this approach.

Recruiting the right people who demonstrate our values and required behaviours impacts on performance and retention, and so competency and behaviour based assessments at interviews are promoted.

In 2015/16, Cheshire East Council launched a new pilot work readiness programme, entitled the Cygnet Pathway. Its aim is to help prepare cared-for young people into work. This programme will be developed further in the next financial year.

Cheshire East Council continues to offer a Graduate Programme, which includes Graduate Internships and a Graduate Development Programme to recognise the importance of early career development. 2015/16 saw four Graduate Internship appointments, with more planned for 2016/17. Opportunities are currently in process across three directorates. The Graduate Development Programme provided learning events through 2015/16 offering both permanent staff, recent graduates and graduate interns the opportunity to learn strategic and business focused skills. This programme continues into 2016/17 with a focus on Community engagement and responsibility. Programme members are leading the project management of Rural Summit 7 in liaison with the Communities Partnerships team to create a purposeful engagement event for local communities, stakeholders and partners. The Graduate Programme continues to receive positive feedback regarding benefits to individuals and services involved in terms of harnessing new perspectives and enthusiasm while preparing individuals for worthwhile future careers.

Support for existing staff undertaking academic study continues with approval given to staff representing all Directorates for support in completing academic qualifications directly related to role development

at partner Universities. The Continuous Professional Development (CPD) approval process has been successful in 2015/16 in determining 18 members of staff were eligible in line with appraisal requirements to undertake further study, this process will continue in 2016/17 to ensure funding support is allocated where most value is gained across the organisation. Additionally, an in-house support forum for staff undertaking academic study / CPD is available for 2016/17 to encourage sharing of experiences and good practice in academia to ensure all staff supported to undertake academic study can be successful and are able to apply their learning effectively to job roles.

### Building Capability and Capacity

The Council continues to focus on and invest in educating and equipping our workforce with continuous professional development and the technical skills they require to help the organisation meet its objectives. In addition, work is ongoing to build key organisational capabilities including increased commercial awareness, commissioning skills and performance improvement.

Towards Excellence, the learning, development and staff improvement corporate training programme has been developed further ensuring that the Council creates a workforce which is safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses. In the last year, on average, 800 delegates have attended corporate training events each quarter, across a wide range of topic areas.

The workforce development team continues to work closely with numerous regulatory and professional bodies and link into several local universities and colleges to ensure academia and research based theories are inherent in everything we do. As a recognised centre of excellence, the Council's quality assurance measures ensure that all employees receive up to date training and surpass expectations of

external verification and examination boards and feel fully supported throughout all stages of their career.

To ensure the Council attracts a high calibre of young people into the workforce (with a predominantly ageing workforce) we need to prepare young people now to ensure experience and skills are transferred. 2015/16 saw five apprentices across the organisation secure position across the Council and the Apprentice scheme is being further transformed, to increase the apprentices' wage in line with national minimum wage requirements. As a major employer in the area, the Council provides more than 200 work experience placements for young adults and school children. This will remain a key focus for 2016/17.

The Council continues to develop high calibre registered social work professionals as follows: supporting 39 new qualified social workers (adults and children's) with a further cohort to register on Assessed and Supported Year in Employment programmes from 2016/17; 20 children's social workers undertaking the Progression Year 2 programme and Post Graduate Diploma / modules; ensuring that 25 specialist mental health practitioners and 21 Best Interest Assessors created to adhere to changes in legislation are appropriately trained. Partnership arrangements within local networks continue to deliver on Safeguarding and Integration agendas too.

### Pay and Benefits

Market and financial pressures on pay are increasingly evident in a number of areas and a review of the Council's approach to fair pay and "total rewards" is proposed for 2016/17. This is expected to explore approaches to keep pace with the market and fully leverage both intrinsic and extrinsic rewards. Retention of key skilled workers such as Social Workers and Planning Officers has led to the implementation of recruitment and retention awards which will continue into 2016/17 as demand for such workers nationally outstrips supply.



The Council continues to offer a range of staff benefits such as green car scheme, bike to work scheme, childcare vouchers and additional annual leave. These salary sacrifice schemes offer a saving to both the employee and Council by allowing a portion of an employee's salary to be exchanged to purchase an accredited scheme. Work is underway to establish an online platform through which colleagues can more easily access a wider range of benefits.

The last pay deal agreed nationally covered a two year period ending on 31<sup>st</sup> March 2016 and the Local Government Association have recently advised that Council employees have been offered a two-year pay increase from 1<sup>st</sup> April 2016. The majority of employees – those on salaries starting at £17,714 per annum – would receive an uplift of one percent on 1<sup>st</sup> April 2016 and a further one percent on 1<sup>st</sup> April 2017, with those on lower salaries receiving higher increases to take account of the new National Living Wage.

As the Council implemented the Living Wage with effect from 1<sup>st</sup> November 2015, the first point in the claim above will not cause additional pressure. The further points are being considered in the framework of regional employer consultations led by North West Employers and feeding into the national negotiations. However, the impact of the new National Living Wage, which will rise to £9 per hour by 2020, will be monitored during the period 2016/20 as it will overtake the current Living Wage of £7.85 and lead to an increased cost on the Council's pay budget and also on commissioned services.

On 6<sup>th</sup> April 2016 the current basic state pension and state second pension (S2P) will be abolished and replaced by a single-tier state pension. The abolition of S2P will also mean the end of contracting out of pension schemes. Currently contracted out schemes must provide a certain level of Defined Benefits (DB) and in return both employer and employees pay lower National Insurance Contributions (NICs). The abolition of contracting out will therefore have cost implications for both employers and employees because of the loss of the NIC rebates. The

Council has made provision for this impact and communication with staff is planned.

## Measuring success

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Measuring the effectiveness of the workforce strategy will be tracked through a small number of macro performance indicators such as:

- Employee engagement index.
- Employee turnover.
- Sickness absence.
- Ratio of agency workers to employed staff.
- Number of staff with performance development plans and performance ratings.
- Reasons for leaving.

# Annex 5 Risk Management

The Council recognises that there are risks and opportunities involved in everything it does and that it has a duty to manage them in a balanced, structured and cost effective way. In doing this the Council is better placed to achieve its objectives and enhance the services it provides.

As part of the actions to improve the Council's risk management arrangements the Risk Management Policy (approved in July 2014) has recently been comprehensively reviewed, the outcome of which is subject to approval by Cabinet on 9<sup>th</sup> February 2016. This has resulted in a new Risk Management Policy Statement and Strategy being drafted.

The policy statement formally acknowledges the Council's commitment to the effective management of risks and opportunities. The aim of the Policy is not to have risk eliminated completely from Council activities, but rather to ensure that every effort is made to maximise potential opportunities and minimise the adverse effects of risk.

Supporting the policy statement is the strategy, which gives the scope, direction and priorities for risk management activity across the Council.

Underpinning the strategy and policy are risk management procedures that are articulated in a framework document. These procedures are currently being reviewed by officers and the Highways Portfolio Holder, who in accordance with the constitution are responsible for developing the risk management framework to ensure that it meets the needs of the Council. Taken together the documents provide practical guidance to assist Members in the identification, evaluation and control of risk that may impact upon the achievement of corporate and service level objectives and priorities.

The Corporate Assurance Group (CAG) and Risk Management Sub Group which include officer and portfolio holder representation have been involved in the development of the policy, strategy and procedures within the framework. The groups will also, following approval, be involved in implementing them which will promote stronger awareness, understanding and ownership of outcomes. This will include:

- Promotion and explanation through training and inductions, and discussion at team meetings to ensure that they remain relevant.
- Ensuring copies are easily accessible, encouraging inclusion in staff manuals on the intranet system.

Further work is necessary to integrate risk management into the service planning process to ensure that:

- Risk is considered and responses chosen at the business planning stage.
- Risk activity is focused on the delivery of key organisational objectives.
- The performance management processes ensure that risk registers are critically examined and refreshed throughout the year.

A comprehensive review is currently being undertaken of the Council's corporate risk register. The Audit Committee has been informed of progress in managing our corporate risks. CAG, Management Group Board and Cabinet are included as part of the process to identify new

and emerging risks and seek agreement for the 2015/16 corporate risk register.

Key messages from the management of our corporate risks and opportunities during 2015/16 include:

**Protection of children and young people** – The most recent Ofsted inspection in July 2015 confirmed that there had been significant improvement in services overall, however it also acknowledged that there are still challenges and risks associated with the recruitment of competent and qualified social workers.

**Public Sector Effort (Opportunity)** – The future financial context for Local Government will continue to require services to be funded and delivered differently. Maximum opportunities will continue to be sought to secure improved value from the totality of public resources available locally, as well as continuing to build upon the promotion of communities and individuals to be less reliant upon publically funded services where appropriate.

**Reputation** - The Council has identified opportunities to improve processes in contracting and procurement in order to improve a potential loss of confidence of the public perception of the transparency of these processes.

**Financial Control Risk** – The budget pressures in Local Government remain challenging as central government settlements continue to impact on the Medium Term Financial Strategy. The Council has robust financial management processes in place which have been acknowledged by the Council's external auditors.

The Council has continued to deliver the budget for 2015/16. This demonstrates that the risk faced by the Council is being managed effectively.

# Annex 6 Business Rates – Forecasting over the medium term

1. The Government introduced the Business Rates Retention Scheme on 1st April 2013. Therefore, councils are building up to the fourth year of the scheme in 2016/17. This Annex provides an illustration of how this scheme will work over time and may affect the Council's medium term financial planning.
2. The scheme is complex but does enable the Council to fund local services from locally generated increases in business rates income. It is therefore important to reflect on how the forecasting of such income can be understood and built in to medium term plans.
3. The basic concept is that a baseline position is established and an element of growth over and above that can be retained. The DCLG set the baseline over which growth is measured but the Council can budget on locally set figures. This can be informed by the NNDR1 form which contains estimates that must be provided to Government at the end of January each year.
7. At this point the intention is to pilot this system for 2016/17 and monitor performance against it to see if it forms a robust method for 2017/18.
8. For 2016/17 the NNDR1 return is forecasting retained rates above the DCLG baseline for Cheshire East to be £2.1m. The assumption will still be to use the baseline for budgeting purposes due to the inherent volatility in the business rates tax base which can be affected substantially, if a large business moves out of the area or an approach to valuing business rates is successfully challenged.
9. There have been further changes in the taxbase for 2016/17 from the relocation of Astra Zeneca (-£4.1m), the inclusion of the new Enterprise Zone at Alderley Park (+£2.5m) and the cessation of Retail Relief exemptions (+£2.5m).
10. The use of the Business Rates Retention Earmarked Reserve, to hold differences between the NNDR1 and the baseline budget, provides an element of protection against future risks.

## Available Data

11. The Council has gathered information from several sources to judge likely levels of economic growth including:
  - a. Information from the business engagement team.
  - b. Data from the Council's planning system.
  - c. Data from the team working to generate capital receipts.
  - d. Data from the Revenues collection service in terms of appeals and expected growth.
  - e. Data from the valuation office.
  - f. Strategy Finance knowledge of the BRRS calculations.

## Method

12. This available data has been reviewed to generate broad estimates of the potential increase in Rateable Value (RV) over the medium term.
13. An allowance has been made for the average impact of timing delays, on appeals, on other RV nearby (displacement) and likely loss of RV.
14. The end result has been converted to business rates and processed via a new local BRRS model developed by Strategy Finance.
15. This model also takes account of any impact of pooling or additional growth retention (from being a pilot for the new 100% growth retention scheme).

## Results

16. **Table 1** sets out the results.
17. As expected there is more knowledge around likely local developments in the first two years.
18. Retained rate income forecast from growth in the taxbase for 2016/17 is forecast to be £1.3m. After the central share and levy payments have been made it results in a net increase for Cheshire East of £0.5m as per **Table 1**.
19. The mix of data sources and balance of results provides a good indication that this methodology is creating a reliable baseline for future work in this area. Due to the early stages of this modelling work the results are not being factored into Budget setting at this stage.

**Table 1 - Estimated Increased Net Business Rates Income (incremental)**

Business Type	2016/17 £m	2017/18 £m
Offices	0.47	0.07
Industrial	0.38	0.00
Retail	0.31	1.38
Leisure	0.12	0.00
Importer / Distribution	0.07	0.00
Manufacturing	-0.05	0.46
<b>Total Net Growth</b>	<b>1.29</b>	<b>1.91</b>

<b>Total Retention for Cheshire East</b>	<b>0.50</b>	<b>0.74</b>
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# Annex 7 The Budget Setting Process

Set Parameters			Gather Evidence			Consult and refine			Approve		
May to June 2015			July 2015 to September 2015			October 2014 to January 2016			February 2016		
Assumptions reported to Cabinet / Council in Feb 2015:			Develop Pre-Budget Report:			Changes post Pre-Budget Report:			Budget Report:		
Revenue Budget 2016/17			Review Assumptions			Confirm Proposals			Latest Position		
£m			£m			£m			£m		
Cost of services	266.4	➔	Growth Pressures (including Pay, Adults and Early Intervention)	10.7	➔	Proposed changes following consultation	4.7	➔	Cost of services	263.7	
			Draft Proposals for 2016/17	-18.4	➔	Contribution to Earmarked Reserve	0.3	➔			
Council Tax	-170.7	➔	Estimate Tax Base (New properties less discounts)	-1.4	➔	Tax base agreed / Council Tax increased by 3.75%	-7.3	➔	Council Tax	-179.4	
Government Funding	-82.7	➔	Changes in Funding Assumptions	-3.4	➔	Funding estimate further decreased following Prov Settlement	4.4	➔	Government Funding	-81.8	
			Use of Council Tax Surplus	-0.5	➔	Use of Council Tax Surplus	-2.0	➔	Council Tax Collection Fund	-2.5	
Total	13.0		Total	-13.0		Total	0.0		Total	0.0	

# Annex 8 Grant Funding Details

	Revised Budget 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Forecast 2019/20 £000
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	245,519	247,645	247,645	247,645	247,645
Less Academy Recoupment	95,086	100,685	110,685	120,685	130,685
Dedicated Schools Grant (Cheshire East)	150,433	146,960	136,960	126,960	116,960
Pupil Premium	6,247	6,158	5,908	5,658	5,408
Sixth Forms	4,164	4,164	4,164	4,164	4,164
<b>Total Schools</b>	<b>160,844</b>	<b>157,282</b>	<b>147,032</b>	<b>136,782</b>	<b>126,532</b>
Housing Benefit Subsidy	84,518	84,518	84,518	84,518	84,518
Public Health	15,598	17,556	17,117	16,672	16,239
Restorative Justice Development	8	0	0	0	0
<b>TOTAL SPECIFIC USE</b>	<b>260,968</b>	<b>259,356</b>	<b>248,667</b>	<b>237,972</b>	<b>227,288</b>
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant	39,182	26,340	13,415	5,416	0
<b>Children and Families Services</b>					
Troubled Families	332	110	110	110	110
Troubled Families - Co-ordinator	200	85	85	85	85
Youth Justice Grant	289	0	0	0	0
Youth Rehabilitation Order - Junior Attendance Centre	33	0	0	0	0
Extended Rights to Free Transport	128	0	0	0	0
Staying Put Grant	73	0	0	0	0
Remand Funding	40	0	0	0	0

	Revised Budget 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Forecast 2019/20 £000
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Adult Social Care and Independent Living</b>					
Local Reform and Community Voices	195	0	0	0	0
Independent Living Fund	749	925	879	835	793
Adult Social Care	2,272	0	0	0	0
Social Care in Prison Grant	70	0	0	0	0
<b>Economic Growth &amp; Prosperity</b>					
Skills Funding Agency	627	749	706	706	706
Neighbourhood Planning Grant	55	0	0	0	0
Right to Move	3	0	0	0	0
Property Search Fees New Burdens	259	0	0	0	0
Letting Agents Transparency and Redress Schemes	1	0	0	0	0
<b>Environment</b>					
Lead Local Flood Authorities	35	0	0	0	0
Lead Local Flood Authorities - technical advice on surface water proposals	82	0	0	0	0
<b>Communities</b>					
Housing Benefit and Council Tax Administration	1,548	1,275	1,000	1,000	1,000
NDR Admin Allowance	559	562	506	456	410
Council Tax Support	53	0	0	0	0
<b>Chief Operating Officer</b>					
Education Services Grant	3,000	2,920	2,550	2,168	1,842
Council Tax Freeze Grant 2015/16	1,840	0	0	0	0
New Homes Bonus / Affordable Homes - ALL YEARS	6,664	9,203	9,348	5,874	5,636
Individual Electoral Registration	112	0	0	0	0
<b>TOTAL GENERAL PURPOSE</b>	<b>58,401</b>	<b>42,169</b>	<b>28,599</b>	<b>16,649</b>	<b>10,582</b>
<b>TOTAL GRANT FUNDING</b>	<b>319,370</b>	<b>301,524</b>	<b>277,266</b>	<b>254,621</b>	<b>237,871</b>



# Annex 9 Capital Grants

	Prior Years Grant Received £000	Expected Receipt 2016/17 £000	Application of Grants in 2016/17 £000	Expected Receipt 2017/18 £000	Application of Grants in 2017/18 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
<b>SPECIFIC PURPOSE (Held Corporately)</b>							
<b>Children and Families Services</b>							
Basic Need Grant 2014/15	1,454	0	1,454	0	0	0	0
Basic Need Grant 2015/16	2,486	0	2,486	0	0	0	0
Basic Need Grant 2016/17	0	2,937	2,937	0	0	0	0
Basic Need Grant 2017/18	0	0	0	6,286	6,286	0	0
Basic Need Grant 2018/19	0	0	0	0	0	4,000	4,000
Department for Education Grant 17/18	0	0	0	4,400	4,400	0	0
Capital Maintenance Grant 2014/15	1,559	0	1,559	0	0	0	0
Capital Maintenance Grant 2015/16	3,144	0	3,144	0	0	0	0
School Condition Grant 2016/17	0	3,144	3,144	0	0	0	0
School Condition Grant 2017/18	0	0	0	3,144	3,144	0	0
School Condition Grant 2018/19	0	0	0	0	0	3,144	3,144
Devolved Formula Capital 2014/15	180	0	180	0	0	0	0
Devolved Formula Capital 2015/16	436	0	436	0	0	0	0
Devolved Formula Capital 2016/17	0	648	348	0	300	0	0
Devolved Formula Capital 2017/18	0	0	0	648	648	0	0
Devolved Formula Capital 2018/19	0	0	0	0	0	648	648
Universal Infant School Meals 2014/15	29	0	29	0	0	0	0
Short Breaks Disabled Children 2012/13	31	0	31	0	0	0	0
<b>Total Children &amp; Families Services</b>	<b>9,319</b>	<b>6,729</b>	<b>15,748</b>	<b>14,478</b>	<b>14,778</b>	<b>7,792</b>	<b>7,792</b>

	Prior Years Grant Received £000	Expected Receipt 2016/17 £000	Application of Grants in 2016/17 £000	Expected Receipt 2017/18 £000	Application of Grants in 2017/18 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
<b>Adult Social Care and Independent Living</b>							
Community Capacity Grant 2015/16	356		356				
Community Capacity Grant 2016/17		0	0				
Community Capacity Grant 2017/18				0	0		
Community Capacity Grant 2018/19						0	0
<b>Total Adult Social Care and Independent Living</b>	<b>356</b>	<b>0</b>	<b>356</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Prior Years Grant Received £000	Expected Receipt 2016/17 £000	Application of Grants in 2016/17 £000	Expected Receipt 2017/18 £000	Application of Grants in 2017/18 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
<b>Economic Growth &amp; Prosperity</b>							
Disabled Facilities Grant 2016/17		990	990				
Disabled Facilities Grant 2017/18				990	990		
Disabled Facilities Grant 2017/18						990	990
Gypsy Traveller Sites/ Housing Communities Agency		900	900				
Rights of Way Improvement Plan Cycle/Walking Schemes		34	34				
Crewe Green Link Road / Department of Transport							
Tatton Vision / Heritage Lottery Funding		959	959	15	15		
Congleton Relief Road / Department of Transport				11,585	11,585	33,414	33,414
Poynton Relief Road / Department of Transport				734	734	23,266	23,266
Crewe Transformation Project / Phase 3		368	368	10,632	10,632		
Crewe Town Centre Regeneration / Local Growth Fund		10,000	10,000				
A34 Corridor Improvements / Department of Transport						9,450	9,450
King Street Enhancement / Department of Transport				600	600	866	866
Sydney Road Bridge / Department of Transport		1,080	1,080	3,417	3,417	1,665	1,665
SEMMS Mitigation / Department of Transport		500	500	800	800		
Crewe Green Roundabout				3,300	3,300		
Housing Innovation / Housing Grant		14	14				
Central Heating Fund	100		100				
National Energy Action Technical Innovation Fund	49		49				
Connecting Cheshire Phase 1 & 2 - Super Fast Broadband		2,650	2,650	390	390		
<b>Total Economic Growth &amp; Prosperity</b>	<b>149</b>	<b>17,495</b>	<b>17,644</b>	<b>32,463</b>	<b>32,463</b>	<b>69,651</b>	<b>69,651</b>

	Prior Years Grant Received £000	Expected Receipt 2016/17 £000	Application of Grants in 2016/17 £000	Expected Receipt 2017/18 £000	Application of Grants in 2017/18 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
<b>Highways</b>							
Maintenance Block 2012/13	6		6				
Maintenance Block 2015/16	200		100		100		
Integrated Transport Block 2015/16							
Maintenance Block 2016/17		9,580	9,580				
Integrated Transport Block 2016/17		1,987	1,987				
Maintenance Block 2017/18				9,290	9,290		
Integrated Transport Block 2017/18				1,987	1,987		
<b>Total Highways</b>	<b>206</b>	<b>11,567</b>	<b>11,673</b>	<b>11,277</b>	<b>11,377</b>	<b>0</b>	<b>0</b>
<b>Chief Operating Officer</b>							
<b>TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING</b>	<b>10,030</b>	<b>35,791</b>	<b>45,421</b>	<b>58,218</b>	<b>58,618</b>	<b>77,443</b>	<b>77,443</b>

# Annex 10 Minimum Revenue Provision

1. The annual Minimum Revenue Provision (MRP) Statement sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.
2. Capital expenditure is expenditure that provides on-going benefits to the Council for a period of longer than one year. Accounting rules require that where this capital expenditure is not funded through external contributions, external grants, capital receipts or contributions from revenue budgets it must be charged against the Council's General Fund Balances. The period over which this charge is made should reflect the length of time that the expenditure will provide benefits to the Council.
3. DCLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.
4. Prior to 2010 the major proportion of MRP relates to the more historic debt liability that was outstanding at the time the Guidance was adopted. This will continue to be charged at the rate of 4%, in accordance with Option 1 of the Guidance.
5. New capital expenditure for each subsequent year will in general be charged in accordance with Option 3 of the Guidance, which recommends that the annual charge should broadly equate to the anticipated life, or period of benefit, which is reflective of the nature of the expenditure. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.
6. Charges to the revenue budget will commence in the year following the creation of the asset, i.e., in the asset's first full year of operation. This allows the Council to constantly review the most cost effective way of funding capital expenditure.
7. In the case of long term debtors arising from loans or other types of capital expenditure made by the Council, which will be repaid under separate arrangements, there will be no minimum revenue provision made.
8. For those types of capital expenditure incurred by the Council which are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.
9. MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.
10. The MRP Statement will be submitted to Council before the start of the 2016/17 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

# Annex 11 Prudential Borrowing Indicators

## Prudential Indicators revisions to: 2015/16 and 2016/17 – 2018/19, and future years

### Background

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

### Gross Debt and the Capital Financing Requirement

- 2. This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
- 3. If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

- 4. The Chief Operating Officer reports that the Authority had no difficulty meeting this requirement in 2015/16, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

### Estimates of Capital Expenditure

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

Table 1 - Capital Expenditure	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	Future Years Estimate £m
Total	109.6	183.7	148.0	115.7	34.5

Source: Cheshire East Finance

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

Table 2 - Capital Financing	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	Future Years Estimate £m
Capital Receipts	17.0	41.0	21.0	27.3	12.3
Government Grants	30.3	51.9	63.2	73.7	8.1
External Contributions	14.5	6.7	13.0	14.6	14.1
Revenue Contributions	3.8	0.7	0.0	0.0	0.0
<b>Total Financing</b>	<b>65.6</b>	<b>100.3</b>	<b>97.2</b>	<b>115.7</b>	<b>34.5</b>
Prudential Borrowing	44.0	83.4	50.8	0.0	0.0
<b>Total Funding</b>	<b>44.0</b>	<b>83.4</b>	<b>50.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Financing and Funding</b>	<b>109.6</b>	<b>183.7</b>	<b>148.0</b>	<b>115.7</b>	<b>34.5</b>

Source: Cheshire East Finance

7. The above table shows how the capital expenditure plans of the Authority will be funded.

### Ratio of Financing Costs to Net Revenue Stream

8. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.
9. The ratio is based on costs net of investment income.

Table 3 - Ratio of Financing Costs to Net Revenue Stream	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Total	5.58	5.55	5.44	5.48

Source: Cheshire East Finance

### Capital Financing Requirement

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

Table 4 - Capital Financing Requirement	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Total	248	310	377	359

Source: Cheshire East Finance

## Actual External Debt

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

Table 5 - Actual External Debt as at 31 <sup>st</sup> March 2015		£m
Borrowing		115
Other Long-term Liabilities		31
<b>Total</b>		<b>146</b>

Source: Cheshire East Finance

## Incremental Impact of Capital Investment Decisions

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

Table 6 - Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Band D Council Tax	23.51	26.72	0.00

Source: Cheshire East Finance

## Authorised Limit and Operational Boundary for External Debt

13. The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.
14. The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
15. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
16. The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
17. The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.



Table 7	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Authorised Limit for Borrowing	260	320	390	370
Authorised Limit for Other Long-term Liabilities	30	28	27	25
<b>Authorised Limit for External Debt</b>	<b>290</b>	<b>348</b>	<b>417</b>	<b>395</b>
Operational Boundary for Borrowing	250	310	380	360
Operational Boundary for Other Long-term Liabilities	30	28	27	25
<b>Authorised Limit for External Debt</b>	<b>280</b>	<b>338</b>	<b>407</b>	<b>385</b>

Source: Cheshire East Finance

## Adoption of the CIPFA Treasury Management Code

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

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

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

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

20. These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

21. The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

Table 8	Existing Level (or Benchmark level) at 31/03/2016 %	2015/16 Approved %	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0%	100%	100%	100%	100%	100%

Source: Cheshire East Finance

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

## Maturity Structure of Fixed Rate borrowing

23. This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
24. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.
25. The Lenders Option Borrowers Option (LOBO) is classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs can be called within 12 months the upper limit for borrowing maturing within 12 months has remained at 35% to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2015/16.

Table 9 - Maturity structure of fixed rate borrowing	Level as at 31 <sup>st</sup> March 2016 (based on Current Borrowing)	Lower Limit for 2016/17	Upper Limit for 2016/17
	%	%	%
Under 12 months	24	0	35
12 months and within 24 months	6	0	25
24 months and within 5 years	14	0	35
5 years and within 10 years	1	0	50
10 years and within 20 years	24	0	100
20 years and within 30 years	7	0	100
30 years and within 40 years	17	0	100
40 years and within 50 years	7	0	100
50 years and above	0	0	100

Source: Cheshire East Finance

## Credit Risk

26. The Authority considers security, liquidity and yield, in that order, when making investment decisions.
27. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.
28. The Authority also considers alternative assessments of credit strength, and information on corporate developments and market sentiment towards counterparties. The following key tools are used to assess credit risk:

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

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

# Annex 12 Financial Summary Tables

Note: the 2015/16 Budget, shown as the starting point in the following tables, takes account of any permanent changes made during the 2015/16 financial year to date. There may be differences from the budget position at the [Three Quarter Year](#) Review which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

## Summary of Budget Movements from 2015/16 Budget at Three Quarter Review to Permanent Base Carried Forward

Service	Current Net Budget 2015/16 at Three Quarter Review £m	Less temporary specific grant allocations £m	Less other temporary in- year budget adjustments £m	Permanent Base Budget carried forward to 2016/17 £m
Children and Families	43.0	-0.5		<b>42.5</b>
Adult Social Care and Independent Living	95.4	0.2		<b>95.6</b>
Public Health and Wellbeing	0.0			<b>0.0</b>
Economic Growth and Prosperity	6.6	-0.3		<b>6.3</b>
Chief Operating Officer				
Commissioning Services				
Building Control, Land Charges & Planning Support	1.7			<b>1.7</b>
Environmental	27.3	-0.1		<b>27.2</b>
Highways	11.2			<b>11.2</b>
Leisure	2.0		0.2	<b>2.2</b>
Transport	14.6			<b>14.6</b>
Communities	9.2			<b>9.2</b>
Other	39.4	-0.1	-0.2	<b>39.1</b>
<b>TOTAL:</b>	<b>250.4</b>	<b>-0.8</b>	<b>0.0</b>	<b>249.6</b>

# CHESHIRE EAST COUNCIL REVENUE BUDGET SUMMARY

## REVENUE

	2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
				Previous Balance Brought Forward					
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children and Families	220,883	-178,379	42,504	208,919	-164,755	44,164	199,642	-154,755	44,887
Adult Social Care and Independent Living	131,259	-35,673	95,586	130,471	-36,661	93,810	130,301	-36,661	93,640
Public Health	15,598	-15,598	0	17,556	-17,556	0	17,117	-17,117	0
Economic Growth and Prosperity	20,330	-14,067	6,263	21,610	-14,470	7,140	21,407	-14,470	6,937
Commissioning	62,360	-5,590	56,770	61,952	-5,590	56,362	61,017	-5,590	55,427
Communities	104,280	-95,075	9,205	104,329	-94,745	9,584	104,253	-94,745	9,508
Chief Operating Officer Other	47,273	-8,200	39,073	45,636	-8,240	37,396	46,235	-8,240	37,995
Corporate Unallocated	210	0	210	-119	0	-119	-2,013	0	-2,013
<b>Base Budget</b>	<b>602,193</b>	<b>-352,582</b>	<b>249,611</b>	<b>590,354</b>	<b>-342,017</b>	<b>248,337</b>	<b>577,959</b>	<b>-331,578</b>	<b>246,381</b>
	Changes to Budget Requirement								
Children and Families	-11,964	13,624	1,660	-9,277	10,000	723	-11,221	10,000	-1,221
Adult Social Care and Independent Living	-788	-988	-1,776	-170	0	-170	871	0	871
Public Health	1,958	-1,958	0	-439	439	0	-445	445	0
Economic Growth and Prosperity	1,280	-403	877	-203	0	-203	199	0	199
Commissioning	-408	0	-408	-935	0	-935	-212	0	-212
Communities	49	330	379	-76	0	-76	361	0	361
Chief Operating Officer Other	-1,637	-40	-1,677	599	0	599	623	0	623
Corporate Unallocated	-329	0	-329	-1,894	0	-1,894	203	0	203
<b>Financial Impact of Policy Proposals</b>	<b>-11,839</b>	<b>10,565</b>	<b>-1,274</b>	<b>-12,395</b>	<b>10,439</b>	<b>-1,956</b>	<b>-9,621</b>	<b>10,445</b>	<b>824</b>
<b>Total Cost of Service</b>	<b>590,354</b>	<b>-342,017</b>	<b>248,337</b>	<b>577,959</b>	<b>-331,578</b>	<b>246,381</b>	<b>568,338</b>	<b>-321,133</b>	<b>247,205</b>

# Children and Families

# REVENUE

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

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward								
Outcome	Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Schools	3	176,077	-176,077	0	162,053	-162,053	0	152,053	-152,053	0
Education Support	3	3,069	-1,064	2,005	2,960	-1,464	1,496	2,957	-1,464	1,493
Children Social Care	3	27,155	-624	26,531	27,029	-624	26,405	26,994	-624	26,370
Early Help and Protection	3	12,113	-115	11,998	13,520	-115	13,405	13,504	-115	13,389
Safeguarding	3	2,469	-499	1,970	2,511	-499	2,012	2,509	-499	2,010
Unallocated Pay & Pensions	3			0	846	0	846	1,625	0	1,625
				0	0	0	0	0	0	0
Base Budget		220,883	-178,379	42,504	208,919	-164,755	44,164	199,642	-154,755	44,887
		Changes to Budget Requirement								
Schools										
Academy Conversions	3	-18,708	18,708	0	-10,000	10,000	0	-10,000	10,000	0
DSG Growth	3	4,684	-4,684	0			0			0
Education support										
Trading Services (Children's)			-400	-400			0			0
Reduction in Legacy Pension Liabilities	3	-100		-100			0			0

# Children and Families

# REVENUE

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

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
					Changes to Budget Requirement					
<b>Children Social Care</b>										
Commissioning Efficiencies (Children's)	5	-660		-660			0			0
Reduction in Management and Agency Staffing Costs	5	-300		-300			0			0
Restructure and Redesign	5	-160		-160			0			0
Incentives for Foster Carers	5	-90		-90			0			0
Reduction in Supplies & Services including allowances	5	-100		-100			0			0
Additional growth to reflect higher numbers of Children in Care	5	1,300		1,300			0			0
<b>Early Help and Protection</b>										
Rationalisation of Children's Centre Provision	5	-500		-500			0			0
Youth Engagement Service	5	-40		-40			0			0
Invest in Early Intervention	5	2,000		2,000			0	-2,000		-2,000
<b>Safeguarding</b>										
Tackling Domestic Abuse / Sexual Violence	5	50		50			0			0
<b>Other</b>										
Allocation of cross service savings relating to staff travel and supplies / services (incl. paper consumption)	3	-186		-186	-56		-56			0
Pay & Pensions Allocations including Living Wage and National Insurance	3	846		846	779		779	779		779
<b>Financial Impact of Policy Proposals</b>		<b>-11,964</b>	<b>13,624</b>	<b>1,660</b>	<b>-9,277</b>	<b>10,000</b>	<b>723</b>	<b>-11,221</b>	<b>10,000</b>	<b>-1,221</b>
<b>Total Cost of Service</b>		<b>208,919</b>	<b>-164,755</b>	<b>44,164</b>	<b>199,642</b>	<b>-154,755</b>	<b>44,887</b>	<b>188,421</b>	<b>-144,755</b>	<b>43,666</b>

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

## REVENUE

This page provides details of budgets funded by specific ring fenced grants used to support schools, including Dedicated Schools Grant (£248m), Education Funding Agency 6th Form Funding Grant (£15.4m) and Pupil Premium Grant (£9m) indicatively for 2016/17. Funding for Academies of £116m is recouped from this total by the EFA. The largest proportion of the DSG is allocated directly to schools, with a proportion held back to fund Local Authority Schools-related expenditure. This Central Spend budget is funded by the Dedicated Schools Grant and is included here for information. It is not shown on individual service pages.

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Nursery Schools	3	280	-10	270	280	-10	270	280	-10	270
Primary Schools	3	98,725	-3,064	95,661	91,210	-3,898	87,312	84,045	-4,104	79,941
Secondary Schools	3	36,809	-1,108	35,701	29,975	-742	29,233	27,576	-781	26,795
Special Schools	3	5,323	-21	5,302	5,397	-85	5,312	4,961	-90	4,871
Pupil Referral Unit	3	1,163		1,163	1,163	0	1,163	1,163	0	1,163
Private Voluntary and Independent Nurseries	3	10,330		10,330	12,218	0	12,218	12,218	0	12,218
Other Schools Provision	3	3,739		3,739	3,040	0	3,040	3,040	0	3,040
Central Spend: C&F (Director / Social Care / Safeguarding)	3	280		280	280	0	280	280	0	280
Central Spend: C&F (Strategy, Planning & Performance)	3	17,967	-36	17,931	17,065	-36	17,029	17,065	-36	17,029
Central Spend: C&F (Early Intervention and Prevention)	3	600		600	600	0	600	600	0	600
Central Spend: Economic Growth and Prosperity)	3	147		147	147	0	147	147	0	147
Central Spend: Chief Operating Officer	3	714		714	678	0	678	678	0	678
Base Budget		176,077	-4,239	171,838	162,053	-4,771	157,282	152,053	-5,021	147,032
		Changes to Budget Requirement								
Academy Conversions										
Academy Conversions (In Year)		-15,648		-15,648	-10,000		-10,000	-10,000		-10,000
						0			0	0
DSG Growth		4,684		4,684			0			0
Increase in Pupil Numbers affecting Pupil Premium Grant			-532	-532		-250	-250		-250	-250
Efficiencies made in Central Spend and Other Schools Provision		-3,060		-3,060			0			0
Financial Impact of Policy Proposals		-14,024	-532	-14,556	-10,000	-250	-10,250	-10,000	-250	-10,250
Total Cost of Service		162,053	-4,771	157,282	152,053	-5,021	147,032	142,053	-5,271	136,782



# Adult Social Care and Independent Living

## REVENUE

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

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
					Previous Balance Brought Forward					
Outcome Reference		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Adult Social Care	5	15,388	-906	14,482	15,036	-906	14,130	14,995	-906	14,089
Care packages	5	75,292	-17,663	57,629	75,736	-18,551	57,185	75,736	-18,551	57,185
Care4CE (Internal Care Provision)	5	18,747	-3,150	15,597	18,147	-3,150	14,997	17,147	-3,150	13,997
Prevention	5	16,772	-6,558	10,214	15,772	-6,658	9,114	15,772	-6,658	9,114
Public Health	5	321	-321	0	321	-321	0	321	-321	0
Better Care fund	5	2,467	-7,075	-4,608	2,467	-7,075	-4,608	2,467	-7,075	-4,608
Care Act	5	2,272	0	2,272	2,048	0	2,048	2,048	0	2,048
Unallocated Pay & Pensions				0	944	0	944	1,815	0	1,815
<b>Base Budget</b>		<b>131,259</b>	<b>-35,673</b>	<b>95,586</b>	<b>130,471</b>	<b>-36,661</b>	<b>93,810</b>	<b>130,301</b>	<b>-36,661</b>	<b>93,640</b>
					Changes to Budget Requirement					
<b>Commissioning Efficiencies in Adults Social Care</b>										
Housing Related Support	5	-1,000		-1,000			0			0
Care Fund Calculator	5	-400		-400			0			0
Care Act Compliance and Care Provision	5	-600		-600	-1,000		-1,000			0
Alternate funding of Community Alarm Provision	5	-1,000		-1,000			0			0
Digital advice and support	5	-250		-250			0			0
Early Help	5	-200		-200			0			0

# Adult Social Care and Independent Living

## REVENUE

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

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
					Changes to Budget Requirement					
Professional Practice and Process										
Maximising independence	5	-200		-200			0			0
Mental Health domiciliary support	5	-500		-500			0			0
Review care packages	5	-440		-440			0			0
Low level care interventions	5	-73		-73			0			0
Introduction of a self directed support approach - underpinned by a transparent Resource Allocation System	5	-1,500		-1,500			0			0
Increase Income	5		-700	-700			0			0
Supporting investment in Public Health	5	1,200		1,200			0			0
Fall-out of Grant	5	-299		-299			0			0
Complex Dependencies Programme	5		-100	-100			0			0
Other										
Systems integration for Direct Payments and review of Money Management Services	5	-300		-300			0			0
Review advocacy to maximise value for money	5		-188	-188			0			0
Growth Pressures	5	3,932		3,932			0			0
Allocation of cross service savings relating to staff travel and supplies / services	5	-102		-102	-41		-41			0
Pay & Pensions Allocations including Living Wage and National Insurance	5	944		944	871		871	871		871
Financial Impact of Policy Proposals		-788	-988	-1,776	-170	0	-170	871	0	871
Total Cost of Service		130,471	-36,661	93,810	130,301	-36,661	93,640	131,172	-36,661	94,511

# Public Health

# REVENUE

Public Health is a local authority responsibility transferred from Health in 2013/14, the service will take the lead on promoting and commissioning services that improve the Public Health of the residents of Cheshire East.

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward								
Outcome	Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Public Health	5	15,598	-15,598	0	17,556	-17,556	0	17,117	-17,117	0
Pay & Pensions Allocation	5			0	0	0	0	0	0	0
Base Budget		15,598	-15,598	0	17,556	-17,556	0	17,117	-17,117	0
		Changes to Budget Requirement								
0 to 5 year olds, remaining 6 month funding	5	2,353	-2,353	0			0			0
2.2% funding reduction	5	-395	395	0			0			0
2.5% funding reduction	5			0	-439	439	0			0
2.6% funding reduction	5			0			0	-445	445	0
Financial Impact of Policy Proposals		1,958	-1,958	0	-439	439	0	-445	445	0
Total Cost of Service		17,556	-17,556	0	17,117	-17,117	0	16,672	-16,672	0

## Economic Growth and Prosperity

## REVENUE

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

	Outcome Reference	2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward			Previous Balance Brought Forward			Previous Balance Brought Forward		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Director and Business Management	2	892	-529	363	900	-529	371	907	-529	378
Planning & Sustainable Development	2	3,025	-4,603	-1,578	3,221	-4,603	-1,382	3,287	-4,603	-1,316
Growth & Regeneration	2	5,411	-3,040	2,371	5,449	-3,263	2,186	5,517	-3,263	2,254
Visitor Economy, Culture, Tatton Park, PROW & Countryside	2	7,264	-4,526	2,738	7,344	-4,606	2,738	7,443	-4,606	2,837
Investment	2	3,086	-1,151	1,935	3,879	-1,151	2,728	3,422	-1,151	2,271
Strategic Infrastructure	2	652	-218	434	817	-318	499	831	-318	513
<b>Base Budget</b>		<b>20,330</b>	<b>-14,067</b>	<b>6,263</b>	<b>21,610</b>	<b>-14,470</b>	<b>7,140</b>	<b>21,407</b>	<b>-14,470</b>	<b>6,937</b>
Changes to Budget Requirement										
Silk Heritage Trust	2	-20		-20			0			0
Review of charging across EG&P including Assets, Culture & Tatton	2		-190	-190			0			0
Increase Management Capacity in EGP	2	380		380	-40		-40	-150		-150
One off Investment in skills and growth	2	500		500	-500		-500			0
Town Centre Management	2	-78		-78			0			0
Reduction in ground rent	2		60	60			0			0
Reduce business rates and holding costs for Assets	2	-315		-315			0			0
Capitalise current revenue costs of Property Management	2		-250	-250			0			0
Team and Strategic Infrastructure & Transport										
Roe Street Hostel (revised income projections)	2		-23	-23			0			0
Fairerpower	4	140		140			0			0
Adult & Community Learning impact of additional grant	2	122		122			0			0
Provision of additional housing services	2	200		200			0			0
Pay & Pensions Allocations including Living Wage and National Insurance	2	379		379	349		349	349		349
Allocation of cross service savings relating to staff travel and supplies / services (incl. paper consumption)	2	-28		-28	-12		-12			0
		<b>1,280</b>	<b>-403</b>	<b>877</b>	<b>-203</b>	<b>0</b>	<b>-203</b>	<b>199</b>	<b>0</b>	<b>199</b>
<b>Total Cost of Service</b>		<b>21,610</b>	<b>-14,470</b>	<b>7,140</b>	<b>21,407</b>	<b>-14,470</b>	<b>6,937</b>	<b>21,606</b>	<b>-14,470</b>	<b>7,136</b>

## Commissioning Services

## REVENUE

Responsible for commissioning key services that are now provided by an alternative service delivery vehicle (or contract in the case of Highways). The areas include waste disposal, bereavement, streetscape, transport, leisure and building control.

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Building Control, Land Charges and Planning		1,693		1,693	1,765		1,765	1,765		1,765
	4	30,619	-3,289	27,330	30,289	-3,289	27,000	29,019	-3,289	25,730
	4	13,233	-2,101	11,132	13,010	-2,101	10,909	13,007	-2,101	10,906
	5	2,230	-200	2,030	2,181	-200	1,981	2,181	-200	1,981
	2	14,585		14,585	14,339		14,339	14,339		14,339
Pay & Pensions Allocation				0	368		368	706		706
Base Budget		62,360	-5,590	56,770	61,952	-5,590	56,362	61,017	-5,590	55,427
		Changes to Budget Requirement								
Building Control, Land Charges and Planning		72		72			0			0
	4	-330		-330	-1,270		-1,270	-550		-550
	4	-220		-220			0			0
	5	-49		-49			0			0
	4	-246		-246			0			0
Allocation of cross service savings relating to staff travel and supplies / services (incl. paper consumption)		-3		-3	-3		-3			0
	4 / 5	368		368	338		338	338		338
National Insurance										
Financial Impact of Policy Proposals		-408	0	-408	-935	0	-935	-212	0	-212
Total Cost of Service		61,952	-5,590	56,362	61,017	-5,590	55,427	60,805	-5,590	55,215

# Communities

# REVENUE

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

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Head of Communities	1	206	-200	6	212	-200	12	217	-200	17
Local Community Services	1	97,019	-88,562	8,457	96,979	-88,562	8,417	96,924	-88,562	8,362
Partnerships & Communities	1	3,015	-294	2,721	2,902	-294	2,608	2,791	-294	2,497
Car Parking	1	1,070	-5,007	-3,937	1,088	-4,636	-3,548	1,105	-4,636	-3,531
Emergency Planning	1	167	-12	155	167	-17	150	171	-17	154
Regulatory Services & Health	1	2,803	-1,000	1,803	2,981	-1,036	1,945	3,045	-1,036	2,009
Base Budget		104,280	-95,075	9,205	104,329	-94,745	9,584	104,253	-94,745	9,508
		Changes to Budget Requirement								
Communities / Partnerships restructure	1	-130		-130			0			0
Reducing welfare demand / grant	1	-275		-275	-275		-275			0
Reducing Council Tax support compensation grant	1	-149		-149	-150		-150			0
Emergency Planning	1	-4	-5	-9			0			0
Providing appropriate levels of service in regulatory services	1	-64	-36	-100			0			0
Alignment of Licensing budgets	1	174		174			0			0
Gypsy and traveller transit - site management	1	62		62			0			0
Car Parking	2		371	371			0			0
Enforcement capacity for fly tipping	1	75		75			0			0
Agreed reduction in grant payment to Citizens Advice Bureau	1	-10		-10			0			0
Allocation of cross service savings relating to staff travel and supplies /services	1	-22		-22	-12		-12			0
Pay & Pensions Allocations including Living Wage and National Insurance	1	392		392	361		361	361		361
Financial Impact of Policy Proposals		49	330	379	-76	0	-76	361	0	361
Total Cost of Service		104,329	-94,745	9,584	104,253	-94,745	9,508	104,614	-94,745	9,869

## Other (e.g. Finance, ICT, Legal, Facilities, etc)

## REVENUE

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

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Resources and Stewardship	6	33,843	-5,857	27,986	32,908	-5,897	27,011	33,230	-5,897	27,333
Organisational Development	6	3,606	-750	2,856	3,394	-750	2,644	3,475	-750	2,725
Monitoring Officer	6	2,342	-427	1,915	2,268	-427	1,841	2,333	-427	1,906
Governance and Democratic	6	5,117	-1,146	3,971	4,901	-1,146	3,755	4,967	-1,146	3,821
Commissioning	6	1,624	0	1,624	1,505	0	1,505	1,553	0	1,553
Communications	6	741	-20	721	660	-20	640	677	-20	657
Base Budget		47,273	-8,200	39,073	45,636	-8,240	37,396	46,235	-8,240	37,995
		Changes to Budget Requirement								
Reduction in Employee Related Costs in Chief Operating Officer	6	-1,319	0	-680	0	0	0	0	0	0
R&S - Facilities Management	6	-1,250	0	-1,250	0	0	0	0	0	0
R&S - Credit Card Fee Cost Recovery	6	0	-40	-40	0	0	0	0	0	0
R&S - 15/16 Unallocated Procurement Saving	6	300	0	300	0	0	0	0	0	0
Allocation of cross service savings relating to staff travel and supplies /services	6	-44	0	-44	-24	0	-24	0	0	0
Pay & Pensions Allocations including Living Wage and National Insurance	6	676	0	676	623	0	623	623	0	623
Financial Impact of Policy Proposals		-1,637	-40	-1,677	599	0	599	623	0	623
Total Cost of Service		45,636	-8,240	37,396	46,235	-8,240	37,995	46,858	-8,240	38,618

# Corporate Unallocated

# REVENUE

This page sets out a number of Council-wide items that will be allocated during the year.

		2016/17 Budget Calculation			2017/18 Budget Calculation			2018/19 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
	Unallocated Pay & Pensions	6	210	210	431	0	431	634	0	634
	Unallocated Cross Cutting Savings	6		0	-550	0	-550	-2,647	0	-2,647
Base Budget		210	0	210	-119	0	-119	-2,013	0	-2,013
		Changes to Budget Requirement								
	Cross Service: Digital Customer Services - Local Community Services	6	-550	-550	-1,850		-1,850			0
	Savings in Supplies and Services incl reducing paper consumption	6		0	-247		-247			0
	Unallocated Pay & Pensions	6	221	221	203		203	203		203
Financial Impact of Policy Proposals		-329	0	-329	-1,894	0	-1,894	203	0	203
Total Cost of Service		-119	0	-119	-2,013	0	-2,013	-1,810	0	-1,810



## CAPITAL PROGRAMME 2016/17 - 2018/19

**Glossary of Terms**

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

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

**Committed Schemes - In Progress**

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

**New Schemes and Option Developments**

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

**Recurring Programmes and Longer Term**

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

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

# CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Committed Schemes - In Progress</b>					
Children and Families	9,252	6,548	948	648	8,144
Adult Social Care	0	0	0	0	0
Public Health	0	0	0	0	0
Economic Growth and Prosperity	68,212	42,842	19,848	1,137	63,827
Commissioning	122,382	27,368	13,282	0	40,650
Communities	1,044	329	0	0	329
Chief Operating Officer Other	38,736	16,282	200	0	16,482
<b>Total Committed Schemes - In Progress</b>	<b>239,626</b>	<b>93,369</b>	<b>34,278</b>	<b>1,785</b>	<b>129,432</b>
<b>New Schemes and Option Developments</b>					
Children and Families	0	900	0	0	900
Adult Social Care	0	0	0	0	0
Public Health	0	0	0	0	0
Economic Growth and Prosperity	3,401	14,108	5,445	4,742	24,295
Commissioning	0	701	580	150	1,431
Communities	0	80	145	25	250
Chief Operating Officer Other	0	2,500	3,000	0	5,500
<b>Total New Schemes and Option Developments</b>	<b>3,401</b>	<b>18,289</b>	<b>9,170</b>	<b>4,917</b>	<b>32,376</b>
<b>Total Committed Schemes</b>	<b>243,027</b>	<b>111,658</b>	<b>43,448</b>	<b>6,702</b>	<b>161,808</b>

## CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

### CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Recurring Programmes</b>					
Children and Families	320	9,867	9,430	7,144	26,441
Adult Social Care	0	356	0	0	356
Public Health	0	0	0	0	0
Economic Growth and Prosperity	5,892	6,603	2,923	1,815	11,341
Commissioning	246	13,831	14,937	2,270	31,038
Communities	0	0	0	0	0
Chief Operating Officer Other	474	2,001	9,097	3,500	14,598
<b>Total Recurring Programmes</b>	<b>6,932</b>	<b>32,658</b>	<b>36,387</b>	<b>14,729</b>	<b>83,774</b>

## CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

### CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Longer Term Proposals</b>					
Children and Families	250	2,491	11,430	0	13,921
Adult Social Care	0	0	0	0	0
Public Health	0	0	0	0	0
Economic Growth and Prosperity	8,933	28,872	47,079	128,727	204,678
Commissioning	150	2,980	9,620	0	12,600
Communities	0	0	0	0	0
Chief Operating Officer Other	1,618	5,000	0	0	5,000
<b>Total Longer Term Proposals</b>	<b>10,951</b>	<b>39,343</b>	<b>68,129</b>	<b>128,727</b>	<b>236,199</b>
<b>Total</b>	<b>260,910</b>	<b>183,659</b>	<b>147,964</b>	<b>150,158</b>	<b>481,781</b>

# CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis:</b> (See note 1)					
Government Grants	111,136	51,885	63,242	81,809	<b>196,936</b>
External Contributions	20,357	6,668	13,011	28,751	<b>48,430</b>
Revenue Contributions	1,357	654	0	0	<b>654</b>
Capital Receipts	31,318	41,099	20,934	39,598	<b>101,631</b>
Prudential Borrowing (See note 2)	96,742	83,353	50,777	0	<b>134,130</b>
<b>Total</b>	<b>260,910</b>	<b>183,659</b>	<b>147,964</b>	<b>150,158</b>	<b>481,781</b>

### Notes:

1. The funding requirement presents a balanced position. However the Council will attempt to maximise grants, external contributions and the receipts from assets in order to minimise any potential borrowing requirement. If a borrowing requirement becomes likely then schemes may be delayed until other sources of funding become available. The Council will continue its policy of 'internally' borrowing to reduce external interest charges.

2. Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure (See Minimum Revenue Policy Statement ~ **Annex 10**)

# Children and Families

# CAPITAL

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Committed Schemes - In Progress</b>						
Adelaide Academy	3	0	164	0	0	164
CyPad Tablets	3	0	180	0	0	180
Devolved Formula Capital	3	3,710	943	948	648	2,539
Foster Carers Capacity Scheme	3	321	314	0	0	314
Free Early Years Education Grant for 2 year Olds	3	543	604	0	0	604
Hollinhey Primary School	3	131	120	0	0	120
Kitchen Block	3	261	400	0	0	400
Mablins Lane Primary School	3	123	630	0	0	630
Poynton High School - Condition Works	3	99	401	0	0	401
Pupil Referral Unit - New Site	3	250	1,805	0	0	1,805
Purchase of Multi Purpose Vehicles - Working on Wheels	3	180	180	0	0	180
Schools Maintenance Projects	3	2,837	256	0	0	256
Short Breaks for Disabled Children	3	201	31	0	0	31
The Dingle Primary School	3	67	433	0	0	433
Universal Free School Meals	3	88	28	0	0	28
Wyche PS - Condition Works	3	441	59	0	0	59
<b>Total Committed Schemes - In Progress</b>		<b>9,252</b>	<b>6,548</b>	<b>948</b>	<b>648</b>	<b>8,144</b>
<b>New Schemes and Option Developments</b>						
Redesign of Children's Residential Social Care	3	0	800	0	0	800
To expand 'in borough' SEN placement capacity	3	0	100	0	0	100
<b>Total New Schemes and Option Developments</b>		<b>0</b>	<b>900</b>	<b>0</b>	<b>0</b>	<b>900</b>
<b>Total Committed Schemes</b>		<b>9,252</b>	<b>7,448</b>	<b>948</b>	<b>648</b>	<b>9,044</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Recurring Programmes</b>						
Basic Need Programme	3	0	6,363	6,286	4,000	16,649
Capital Maintenance Programme	3	320	3,504	3,144	3,144	9,792
<b>Total Recurring Programmes</b>		<b>320</b>	<b>9,867</b>	<b>9,430</b>	<b>7,144</b>	<b>26,441</b>
<b>Longer Term Proposals</b>						
Knutsford Achievement	3	250	350	9,400	0	9,750
Re-development of Hurdsfield Family Facilities	3	0	0	975	0	975
To expand 'in borough' SEN placement capacity	3	0	2,141	1,055	0	3,196
<b>Total Longer Term Proposals</b>		<b>250</b>	<b>2,491</b>	<b>11,430</b>	<b>0</b>	<b>13,921</b>
<b>Total</b>		<b>9,822</b>	<b>19,806</b>	<b>21,808</b>	<b>7,792</b>	<b>49,406</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis:</b>					
Government Grants	8,761	15,742	14,778	7,792	38,312
External Contributions	31	0	390	0	390
Revenue Contributions	709	529	0	0	529
Capital Receipts	0	0	4,610	0	4,610
Prudential Borrowing	321	3,535	2,030	0	5,565
<b>Total</b>	<b>9,822</b>	<b>19,806</b>	<b>21,808</b>	<b>7,792</b>	<b>49,406</b>

# Adult Social Care

# CAPITAL

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Recurring Programmes</b>						
Community Capacity Grant	5	0	356	0	0	356
<b>Total Recurring Programmes</b>		<b>0</b>	<b>356</b>	<b>0</b>	<b>0</b>	<b>356</b>
<b>Total</b>		<b>0</b>	<b>356</b>	<b>0</b>	<b>0</b>	<b>356</b>
<b>Indicative Funding Analysis:</b>						
Government Grants		0	356	0	0	356
External Contributions		0	0	0	0	0
Revenue Contributions		0	0	0	0	0
Capital Receipts		0	0	0	0	0
Prudential Borrowing		0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>356</b>	<b>0</b>	<b>0</b>	<b>356</b>



## CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
No Proposals	0	0	0	0	0

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Committed Schemes - In Progress</b>						
Central Heating Fund	2	80	100	0	0	100
Congleton Public Realm	2	55	393	656	0	1,049
Connecting Cheshire - Phase 1	2	29,429	920	135	0	1,055
Connecting Cheshire - Phase 2	2	1,159	5,149	510	0	5,659
Corporate Landlord Model - Non-Operational	2	224	160	0	0	160
Crewe Green Link Road - Phase 2	2	23,917	633	1,197	0	1,830
Crewe Green Roundabout	2	75	575	4,350	0	4,925
Crewe Town Centre Regeneration	2	6,978	12,317	4,400	0	16,717
Development Programme for Housing and Jobs	2	2,296	14,889	5,133	0	20,022
Elworth Section 106 Footpath Works	2	0	135	0	0	135
Empty Homes Initiative	2	0	150	150	150	450
Farms Strategy	2	642	840	911	987	2,738
Gypsy and Traveller Sites	2	943	2,565	0	0	2,565
Housing Innovation Fund	2	0	1,014	0	0	1,014
Jodrell Bank Square Kilometre Array Support Project	2	0	1,000	0	0	1,000
Leighton West Spine Road	2	75	375	1,550	0	1,925
National Energy Action Technical Innovation Fund	2	150	49	0	0	49
Rights of Way Improvement Plan Cycle/Walking Schemes	2	805	34	0	0	34
SEMMMS Mitigation (Disley / Handforth)	2	100	500	800	0	1,300
Tatton Electronic Point Of Sale System	2	115	85	0	0	85
Tatton Vision	2	1,169	959	56	0	1,015
<b>Total Committed Schemes - In Progress</b>		<b>68,212</b>	<b>42,842</b>	<b>19,848</b>	<b>1,137</b>	<b>63,827</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>New Schemes and Option Developments</b>						
A34 Corridor Improvements Option Development	2	50	150	150	150	450
A51/500 Corridor - Nantwich Option Development	2	50	100	100	0	200
Archives Option Development	2	0	100	175	0	275
Astbury Marsh Caravan Site	2	0	200	0	0	200
Connecting Cheshire Digital 2020	2	2,511	6,227	4,920	4,592	15,739
Investment in Heritage Buildings	2	540	4,820	0	0	4,820
Macclesfield Movement Strategy Option Development	2	0	100	100	0	200
Middlewich Eastern Bypass	2	250	500	0	0	500
Roe Street Homeless Hostel Re-configuration	2	0	92	0	0	92
Supplier Park	2	0	40	0	0	40
Volumetric Construction of Houses on Council Owned Land	2	0	1,779	0	0	1,779
<b>Total New Schemes and Option Developments</b>		<b>3,401</b>	<b>14,108</b>	<b>5,445</b>	<b>4,742</b>	<b>24,295</b>
<b>Total Committed Schemes</b>		<b>71,613</b>	<b>56,950</b>	<b>25,293</b>	<b>5,879</b>	<b>88,122</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Recurring Programmes</b>						
Disabled Facilities Grants	2	4,553	1,500	1,500	1,500	4,500
Private Sector Assistance	2	0	200	150	150	500
Regeneration & Development Programme	2	1,319	1,941	138	0	2,079
Tatton Park Investment Phase 2	2	20	2,780	1,000	0	3,780
Vehicle Replacement Programme - Countryside Service	2	0	182	135	165	482
<b>Total Recurring Programmes</b>		<b>5,892</b>	<b>6,603</b>	<b>2,923</b>	<b>1,815</b>	<b>11,341</b>
<b>Longer Term Proposals</b>						
A34 Corridor Improvements	2	0	0	0	15,500	15,500
A51/500 Corridor - Nantwich	2	0	0	0	3,750	3,750
Science Based Investment Opportunities	2	0	5,000	0	0	5,000
Archives	2	0	0	0	13,000	13,000
Congleton Relief Road (Includes Prior Years Option Development Costs)	2	5,296	2,500	11,585	60,164	74,249
Crewe Transformation Phase 3	2	250	750	15,500	0	16,250
Energy projects	2	0	4,600	0	0	4,600
Enhanced Disley Mitigation	2	50	550	0	0	550
King Street Enhancement Scheme	2	34	0	1,100	866	1,966
Macclesfield Movement Strategy	2	0	0	0	6,100	6,100
Crewe Town Centre Regeneration	2	0	0	8,000	0	8,000
Poynton Relief Road (Includes Prior Years Option Development Costs)	2	2,551	1,850	734	27,466	30,050
Road Network and Linked Key Infrastructure Projects	2	0	5,000	5,000	0	10,000

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Longer Term Proposals (continued)</b>						
Strategic Acquisitions	2	0	7,500	0	0	7,500
Sydney Road Bridge	2	752	1,222	5,160	1,881	8,263
<b>Total Longer Term Proposals</b>		<b>8,933</b>	<b>28,872</b>	<b>47,079</b>	<b>128,727</b>	<b>204,678</b>
<b>Total</b>		<b>86,438</b>	<b>92,425</b>	<b>75,295</b>	<b>136,421</b>	<b>304,141</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis:</b>					
Government Grants	40,791	23,654	37,187	74,017	<b>134,858</b>
External Contributions	19,281	6,463	4,481	28,751	<b>39,695</b>
Revenue Contributions	332	125	0	0	<b>125</b>
Capital Receipts	4,146	26,848	8,419	33,653	<b>68,920</b>
Prudential Borrowing	21,888	35,335	25,208	0	<b>60,543</b>
<b>Total</b>	<b>86,438</b>	<b>92,425</b>	<b>75,295</b>	<b>136,421</b>	<b>304,141</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Committed Schemes - In Progress</b>						
Alderley Edge Bypass Scheme	2	59,849	2,300	962	0	3,262
Alderley Edge Village Enhancements	2	28	66	0	0	66
Crewe Lifestyle Centre	5	15,869	250	0	0	250
Environmental S106 Funded Schemes	4	76	32	20	0	52
Highway Investment Programme	2	34,122	5,000	5,000	0	10,000
Highways Section 106 & 278 Schemes	4	373	105	0	0	105
Household Bin Replacement	4	417	302	0	0	302
King George V Pavilion Project	4	251	173	0	0	173
Local Area Programme	4	2,305	50	0	0	50
Peter Mason Leisure Centre	5	235	1,265	7,300	0	8,565
Restoration of South Park Lake	4	63	132	0	0	132
Structural Replacement Lighting	4	2,550	1,360	0	0	1,360
Environmental Hub	4	6,244	16,333	0	0	16,333
<b>Total Committed Schemes - In Progress</b>		<b>122,382</b>	<b>27,368</b>	<b>13,282</b>	<b>0</b>	<b>40,650</b>
<b>New Schemes and Option Developments</b>						
Expanding Services whilst Creating Efficiencies (Litter Bin Monitors)	4	0	60	0	0	60
Highways Asset Management System (Maximising DFT Funding)	2	0	125	200	150	475
Parking and Enforcement Digital Solutions	2	0	200	0	0	200
School 20 Mile Per Hour Zones	4	0	316	380	0	696
<b>Total New Schemes and Option Developments</b>		<b>0</b>	<b>701</b>	<b>580</b>	<b>150</b>	<b>1,431</b>
<b>Total Committed Schemes</b>		<b>122,382</b>	<b>28,069</b>	<b>13,862</b>	<b>150</b>	<b>42,081</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Recurring Programmes</b>						
Household Bin Replacement	4	0	0	220	0	220
Integrated Transport Block	2	0	1,987	1,987	0	3,974
Maintenance Block	4	0	9,464	9,110	0	18,574
Park Development Fund	4	146	90	0	0	90
Replacement Litter Bins	4	100	50	0	0	50
Residents First LED Lighting Upgrade - Residential Areas	4	0	2,240	2,260	2,270	6,770
Structural Replacement Lighting	4	0	0	1,360	0	1,360
<b>Total Recurring Programmes</b>		<b>246</b>	<b>13,831</b>	<b>14,937</b>	<b>2,270</b>	<b>31,038</b>
<b>Longer Term Proposals</b>						
All Weather Pitch - Cumberland Arena	5	0	250	0	0	250
Anaerobic Digestion Project	4	150	2,730	9,620	0	12,350
<b>Total Longer Term Proposals</b>		<b>150</b>	<b>2,980</b>	<b>9,620</b>	<b>0</b>	<b>12,600</b>
<b>Total</b>		<b>122,778</b>	<b>44,880</b>	<b>38,419</b>	<b>2,420</b>	<b>85,719</b>



## CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis:</b>					
Government Grants	57,141	11,623	11,277	0	22,900
External Contributions	801	197	8,140	0	8,337
Revenue Contributions	80	0	0	0	0
Capital Receipts	1,876	0	1,908	2,420	4,328
Prudential Borrowing	62,880	33,060	17,094	0	50,154
<b>Total</b>	<b>122,778</b>	<b>44,880</b>	<b>38,419</b>	<b>2,420</b>	<b>85,719</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Committed Schemes - In Progress</b>						
Car Parking Improvements	1	224	34	0	0	34
CCTV - Infrastructure Rationalisation	1	69	100	0	0	100
Community Facilities Grants	1	0	100	0	0	100
Residents Parking Schemes	1	214	5	0	0	5
Sustainable Libraries	1	537	90	0	0	90
<b>Total Committed Schemes - In Progress</b>		<b>1,044</b>	<b>329</b>	<b>0</b>	<b>0</b>	<b>329</b>
<b>New Schemes and Option Developments</b>						
Next Generation Libraries - Self - Service	1	0	80	145	25	250
<b>Total New Schemes and Option Developments</b>		<b>0</b>	<b>80</b>	<b>145</b>	<b>25</b>	<b>250</b>
<b>Total Committed Schemes</b>		<b>1,044</b>	<b>409</b>	<b>145</b>	<b>25</b>	<b>579</b>

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
Recurring Programmes						
Total Rolling Programmes		0	0	0	0	0
Longer Term Proposals						
Total Longer Term Proposals		0	0	0	0	0
Total		1,044	409	145	25	579

## CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis:</b>					
Government Grants	0	0	0	0	0
External Contributions	15	8	0	0	8
Revenue Contributions	0	0	0	0	0
Capital Receipts	0	0	0	25	25
Prudential Borrowing	1,029	401	145	0	546
<b>Total</b>	<b>1,044</b>	<b>409</b>	<b>145</b>	<b>25</b>	<b>579</b>

## Other (e.g. Finance, ICT, Legal, Facilities, etc)

## CAPITAL

### CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Committed Schemes - In Progress</b>						
Asset Management Maintenance Programme	6	12,012	3,000	0	0	<b>3,000</b>
Core Financials, HR Services	6	5,560	1,080	0	0	<b>1,080</b>
Digital by Design	6	574	160	0	0	<b>160</b>
Digital Customer Services	6	2,686	3,118	200	0	<b>3,318</b>
ICT Infrastructure Investment Programme (Essential Replacement & Enhancement)	6	11,448	6,324	0	0	<b>6,324</b>
Information Assurance and Data Management	6	4,614	1,421	0	0	<b>1,421</b>
Minor Works Programme	6	1,392	669	0	0	<b>669</b>
Schools Capital Maintenance	6	450	510	0	0	<b>510</b>
<b>Total Committed Schemes - In Progress</b>		<b>38,736</b>	<b>16,282</b>	<b>200</b>	<b>0</b>	<b>16,482</b>
<b>New Schemes and Option Developments</b>						
Enterprise Resource Planning (Oracle Replacement)	6	0	2,500	3,000	0	<b>5,500</b>
<b>Total New Schemes and Option Developments</b>		<b>0</b>	<b>2,500</b>	<b>3,000</b>	<b>0</b>	<b>5,500</b>
<b>Total Committed Schemes</b>		<b>38,736</b>	<b>18,782</b>	<b>3,200</b>	<b>0</b>	<b>21,982</b>

## Other (e.g. Finance, ICT, Legal, Facilities, etc)

## CAPITAL

### CAPITAL PROGRAMME 2016/17 - 2018/19

	Outcome	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Recurring Programmes</b>						
Asset Management Maintenance Programme	6	0	0	3,000	3,000	6,000
Core Financials, HR Services	6	0	0	1,650	0	1,650
Corporate Landlord Model - Operational	6	474	304	0	0	304
ICT Infrastructure Investment Programme (Essential Replacement & Enhancement)	6	0	0	2,816	0	2,816
Information Assurance and Data Management	6	0	1,697	1,131	0	2,828
Minor Works Programme	6	0	0	500	500	1,000
<b>Total Recurring Programmes</b>		<b>474</b>	<b>2,001</b>	<b>9,097</b>	<b>3,500</b>	<b>14,598</b>
<b>Longer Term Proposals</b>						
Supporting Strategic Capital Projects	6	1,618	5,000	0	0	5,000
<b>Total Longer Term Proposals</b>		<b>1,618</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>
<b>Total</b>		<b>40,828</b>	<b>25,783</b>	<b>12,297</b>	<b>3,500</b>	<b>41,580</b>

## Other (e.g. Finance, ICT, Legal, Facilities, etc)

## CAPITAL

### CAPITAL PROGRAMME 2016/17 - 2018/19

	Prior Years £000	Budget 2016/17 £000	Budget 2017/18 £000	Budget 2018/19 £000	Total Budget 2016/19 £000
<b>Funding Requirement</b>					
<b>Indicative Funding Analysis:</b>					
Government Grants	4,443	510	0	0	<b>510</b>
External Contributions	229	0	0	0	<b>0</b>
Revenue Contributions	236	0	0	0	<b>0</b>
Capital Receipts	25,296	14,251	5,997	3,500	<b>23,748</b>
Prudential Borrowing	10,624	11,022	6,300	0	<b>17,322</b>
<b>Total</b>	<b>40,828</b>	<b>25,783</b>	<b>12,297</b>	<b>3,500</b>	<b>41,580</b>

## **Annex 13** Reserves Strategy



# **Reserves Strategy 2016/19**

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**February 2016**



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# Executive Summary

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

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

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

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

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

Cheshire East Council's Reserve Strategy was last approved at Council on 26<sup>th</sup> February 2015.

The quarterly review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2016/19 is being reported to Cabinet and Council in February 2016.

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

Additional detailed analysis of trends within the Council's finances is provided in the Council's [Value for Money](#) publication demonstrating the sound financial position of the Council.

*PJ Bates*

**Peter Bates** CPFA CIPD MBA

Chief Operating Officer  
(Section 151 Officer)



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

# 1. Introduction

## Types of Reserves

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

### General Reserves (see Section 2)

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

### Increasing General Reserves

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

### Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.

- Allocation of an operating deficit at the close of the financial year.

### Earmarked Reserves (see Section 3)

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

## Assessing the Adequacy of Reserves

2. In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.
3. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control

environment and systems of internal control, as required by professional standards.

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

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

**Budget Assumptions**

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings / productivity gains
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
- The availability of other funds to deal with major contingencies and the adequacy of provisions

**Financial Standing and management**

- The overall financial standing of the Authority (including: level of borrowing, debt outstanding and Council Tax collection rates)
- The Authority's track record in budget and financial management including the robustness of the medium term plans
- The Authority's capacity to manage in-year budget pressures
- The strength of the financial information and reporting arrangements
- The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level
- The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

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

## 2. General Fund Reserves (Revenue)

### Purposes

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

### Opening Balances

13. The 2015/16 Budget anticipated that the Council would hold general reserves of £14.2m. However, an improved final outturn position resulted in a revised balance of £14.7m.
14. In February 2015 Council approved the use of general reserves during 2015/16. Council approved the use of £2.2m of general reserves to be transferred to earmarked reserves to meet

additional planning costs, insurance claims, support investment in sustainability and early intervention initiatives.

15. At 1st April 2016, it is anticipated that the Council will hold general reserves of £12.8m, as calculated in **Table 2**.

Table 2	Estimated Balance 1 <sup>st</sup> April 2016 £m
Amount of General Fund Balance available for new expenditure (Source: 2014/15 Statement of Accounts)	14.7
Approved in-year transfer to earmarked reserves	-2.2
The impact of performance against the 2015/16 Revenue Budget (Source: 2015/16 Three Quarter Year Review of Performance)	0.3
	<b>12.8</b>

### Estimated Movement in Reserves (2015/16 onwards)

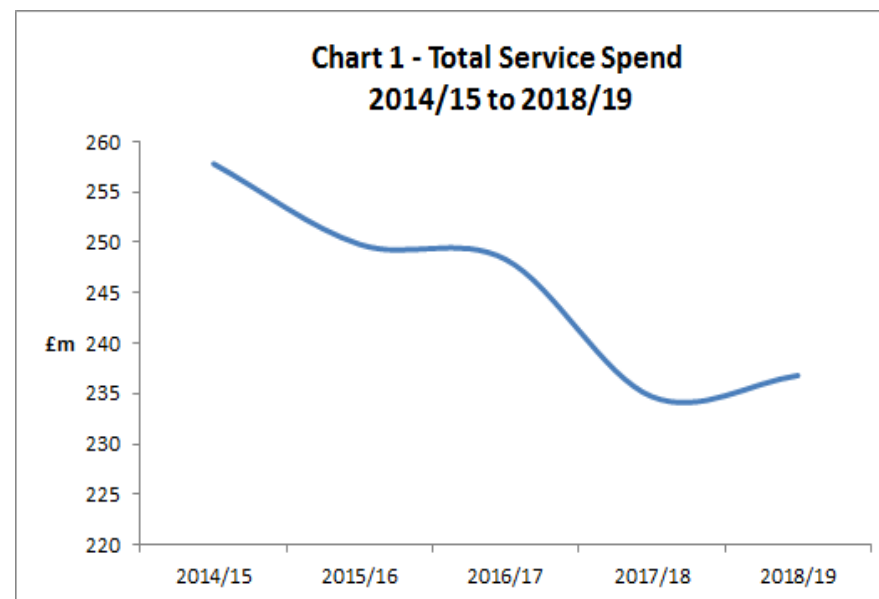
16. **Table 3** (overleaf) summarises the current estimated movements in general reserves from 2015 to 2019. It is proposed to transfer £1m to the Planning earmarked reserve in 2016/17 to provide for costs associated with the Council's Planning functions.

17. 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.
18. In addition the level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

Table 3 – The level of reserves will be maintained in the medium term	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Estimated Balance @ 1 <sup>st</sup> April	14.7	12.8	11.8	11.8
Estimated Impact of Spending	0.3	0.0	0.0	0.0
Planned Contribution to Earmarked Reserves	-2.2	-1.0	0.0	0.0
<b>Forecast General Reserves @ 31<sup>st</sup> March</b>	<b>12.8</b>	<b>11.8</b>	<b>11.8</b>	<b>11.8</b>
Risk Assessed Minimum Level – February 2016	12.5	11.8	11.8	11.8

Source: Cheshire East Finance

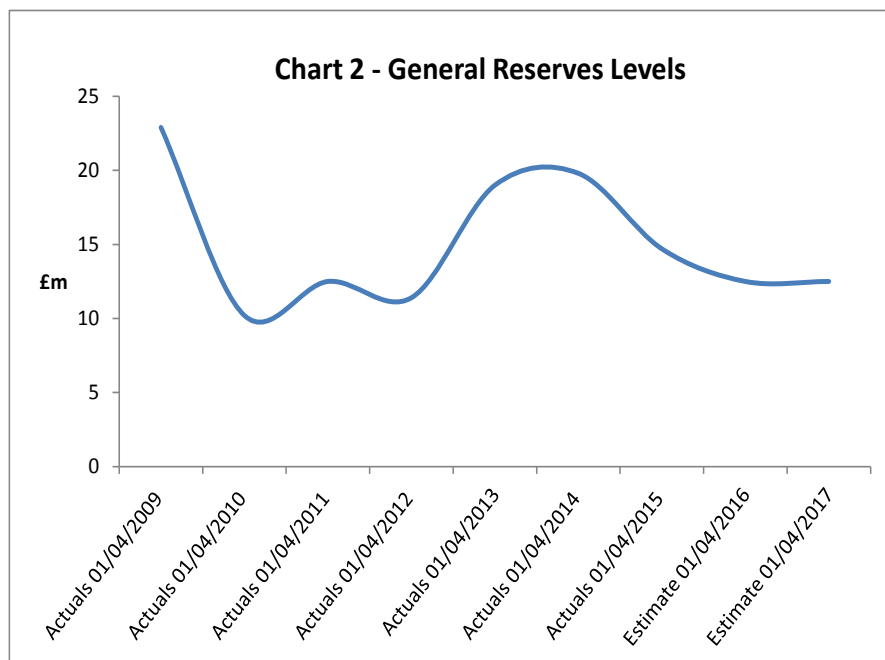
19. **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.



Source: Cheshire East Finance

20. Reducing net expenditure over time reflects how the Council has reacted to reductions in Government funding. At the same time the Council has minimised the impact on local residents by not raising Council Tax for five years up to 2015/16. This approach has required investment in change management to sustain the financial resilience of the Council. For example, reducing staffing numbers frequently requires expenditure on severance payments, and automation of services requires investment in information technology.
21. Strategically the Council has therefore utilised short-term funding to support investment and change and not to build up reserves balances.

22. **Chart 2** reflects how Cheshire East Reserves are used to support large scale investment, and are being stabilised over the medium term.



Source: Cheshire East Finance

23. The level at which reserves are set for 2016/17, 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.

### General Fund Reserves – Risk Assessment

24. The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies (particularly in relation to business rates), and pressure on public services to reduce overall

expenditure are relevant, and these present the potential for significant emerging risk.

25. The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.
26. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby 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 4** 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. New medium term risks are emerging as the Council is undertaking significant change to embed its commissioning approach and there is still significant uncertainty about the long term effect of changes to funding from business rates. However, the level of risk in the Medium Term Financial Strategy has reduced following improvements in reporting and achievement of budget targets. Separate provision will also be made in 2016/17 for specific risks (for example, local planning pressures ), which overall has the effect of reducing the level of general risk for the period 2016/19.

29. £11.8m remains a relatively prudent overall target for reserves at 4.8% of the net budget. This reflects the following potential negative financial issues facing the Council in the medium term:
- Further changes to the local government financial settlement may create funding deficits, and the medium term strategy of the Council remains unbalanced in later years at present.
  - Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
  - There is a significant pensions deficit which may need to be managed outside of the current medium term estimates, despite significant additional budget being provided for in the Medium Term Financial Strategy, to reflect increasing contribution rates from 1st April 2014 following the triennial valuation. This has continued into 2016/17.
30. It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).
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 beyond insurance cover.
  - 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 4: 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
<b>Health &amp; Safety</b>	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	<b>£100,000</b>
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	
<b>Fire / Structural damage</b>	Major loss of service	Premises not operational / Robust disaster recovery plan	<b>£400,000</b>
	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	

Table 4: 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
<b>Budget Pressures</b>	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	<b>£5,800,000</b>
	Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs.	Impact of 2015/16 projected outturn / robust remedial plans and monitoring of progress	
	Higher than anticipated inflation arising in year	In-Year emerging issues / Robust plans and monitoring of progress	
	Potential decrease in Council Tax and Business Rates collection rate	Increased inflation on contracts and services / contract management and robust remedial plans Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures	
<b>Legal &amp; IT costs</b>	Legal challenges to Council service delivery / charges for services	Court costs and claims for financial settlement / clear processes and good workforce management	<b>£800,000</b>
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	
<b>Industrial relations / External organisations</b>	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning	
<b>Strategic Reserve</b>		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes	<b>£4,700,000</b>
<b>OVERALL RISKS</b>			<b>£11,800,000</b>
<b>% of Net Revenue Budget</b>			<b>4.8%</b>

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 £11.8m.
33. It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2016/17 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 Section 151 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 Section 151 Officer uses 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 which extend beyond one year.
37. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.
38. **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.
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).

Table 5: 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

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 Section 151 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 Section 151 Officer,
  - Supported by a business case,
  - Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
  - Subject to a minimum value, set initially at £60,000, unless the business case supports a lower level,
  - Be reviewed at least annually.
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 1st April 2016, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £38.3m. It is estimated that balances will reduce by £13.5m by the end of 2016/17. **Table 6** (overleaf) shows the position on each earmarked reserve.

**Table 6: Earmarked Reserves that are statutory or essential have been retained for 2016/17**

Service Description	Estimated Available Balance at 1 April 2016	Forecast Movement in 2016/17	Estimated Balance at 31 March 2017	Reason / Use
	£000	£000	£000	
<b>Children and Families</b>				
Children's Social Care	377	-377	0	To support implementation of the Children's social care bill.
Early Intervention Initiatives	400	-400	0	To develop and implement a plan to improve the emotional health and wellbeing of young people.
<b>Adult Social Care and Independent Living</b>				
Extra Care Housing (PFI)	1,879	200	2,079	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
NHS Section 256	2,862	-2,862	0	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
<b>Public Health and Wellbeing</b>	700	-300	400	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.

**Table 6: Earmarked Reserves that are statutory or essential have been retained for 2016/17**

Service Description	Estimated Available Balance at 1 April 2016	Forecast Movement in 2016/17	Estimated Balance at 31 March 2017	Reason / Use
	£000	£000	£000	
<b>Environmental</b>				
Severe Weather	360	0	<b>360</b>	To provide for future adverse winter weather expenditure.
<b>Communities</b>				
Communities Investment	825	-825	<b>0</b>	Amalgamation of Promoting local delivery, Grant support, New initiatives and funding to support community investment.
Emergency Assistance	445	-445	<b>0</b>	Carry forward of underspend on previous years' schemes to provide for future hardship payments.
<b>Economic Growth and Prosperity</b>				
Building Control	168	0	<b>168</b>	Ring-fenced surplus (could be used to off-set service deficit, if applicable)
Tatton Park	222	0	<b>222</b>	Ring-fenced surplus on Tatton Park trading account.
Economic Development	141	-141	<b>0</b>	Support for town centres and economic development initiatives.
Planning Costs and Investment Service structure	1,000	-1,000	<b>0</b>	To meet potential costs within the Planning Service and Investment Service Structure.

**Table 6: Earmarked Reserves that are statutory or essential have been retained for 2016/17**

Service Description	Estimated Available Balance at 1 April 2016	Forecast Movement in 2016/17	Estimated Balance at 31 March 2017	Reason / Use
	£000	£000	£000	
<b>Chief Operating Officer</b>				
Elections	0	150	<b>150</b>	To provide funds for Election costs every 4 years.
Insurance and Risk	3,000	-1,000	<b>2,000</b>	To settle insurance claims and manage excess costs.
Investment (Sustainability)	1,150	-745	<b>405</b>	To support investment that can increase longer term financial independence and stability of the Council.
Business Rates Retention Scheme	8,248	-348	<b>7,900</b>	To manage cash flow implications as part of the Business Rates Retention Scheme.
Financing	9,385	-28	<b>9,357</b>	To provide for financing of capital schemes, feasibility studies, and other projects and initiatives.
<b>Service Manager carry forwards</b>	1,372	0	<b>1,372</b>	Allocations for Costs of Investment or grant funded expenditure.
<b>Revenue Grants</b>				
Dedicated Schools Grant	4,184	-4,184	<b>0</b>	Unspent specific use grant carried forward into 2016/17
Other	1,566	-1,231	<b>335</b>	Unspent specific use grant carried forward into 2016/17
<b>Total</b>	<b>38,284</b>	<b>-13,536</b>	<b>24,748</b>	

Source: Cheshire East Council



## 4. Capital Reserves

- 46. Capital receipts received in year are fully applied to finance the capital programme and therefore no capital receipts reserves are held by the Council.
- 47. Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

## 5. Reserves Strategy Conclusion

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

# Background Papers

[Cheshire East Council – Final Accounts 2014/15](#)

[Cheshire East Council – Budget Report 2015/18](#)

[Cheshire East Council – First Quarter Review of Performance 2015/16](#)

[Cheshire East Council – Mid-Year Review of Performance 2015/16](#)

General Fund Reserves – Risk Assessment Working Papers 2015

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

# Annex A to Reserves Strategy

## Protocols and Controls

### The Existing Legislative / Regulatory Framework

1. 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.
2. There are three significant safeguards in place that militate against local authorities over-committing themselves financially:
  1. The balanced budget requirement.
  2. The Chief Finance Officer's S114 powers.
  3. The External Auditor's responsibility to review and report on financial standing.
3. 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.
4. 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 Financial Officer

5. 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.
6. 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

7. It is important that Members take responsibility for ensuring the adequacy of reserves and provisions when they set the budget. CIPFA recommend that the respective roles of officers and

Councillors in relation to reserves should be codified locally and given due recognition in the Constitutions. This codification should:

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

## A New Reporting Framework

8. 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.
9. 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:

10. 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.

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

# Annex 14 Abbreviations

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

Term	Meaning
ASDV	Alternative Service Delivery Vehicles – part of the Council’s commissioning approach to funding services.
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1st April 2013.
DCLG / CLG	Department for Communities and Local Government – the Government department responsible for supporting local government.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.
ESG	Education Support Grant – a grant provided to support services the Council provides to schools.
FQR	First Quarter Review of Performance.
HR	Human Resources – one of the Council’s corporate service areas under the Chief Operating Officer.
ICT	Information and Communication Technology – the service responsible for computers, networks, software, phones, etc.
MYR	Mid-Year Review of Performance.
NEETs	Not in Education, Employment or Training
NNDR	National Non Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by central Government.
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works.
RSG	Revenue Support Grant – a grant that forms part of the Business Rate Retention Scheme.
SLE	Separate Legal Entity – a delivery model for delivering services in a different way.
TQR	Third Quarter Review of Performance.

## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Chief Operating Officer
<b>Subject/Title:</b>	Treasury Management Strategy and MRP Statement 2016/17
<b>Portfolio Holder:</b>	Councillor Peter Groves, Finance and Assets

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#### 1. Report Summary

- 1.1. Cheshire East Council is a large unitary local authority, providing services to over 370,000 residents and almost 18,000 businesses. The budget for delivering services can be as much as £1bn in a single year. The Council puts residents first and takes a responsible approach to managing and controlling the finances that meets the ambitions around service delivery and infrastructure development whilst also managing risks associated with investing and potential borrowing on a large scale.
- 1.2. The Treasury Management strategy is an important element in the overall financial health and resilience of Cheshire East Council. The strategy focuses on the management of the Council's investment and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.3. Strong financial management has strengthened the balance sheet, enabling the Council to continue its policy of utilising investment balances instead of taking out new external borrowing in order to finance capital expenditure. This has meant that the loans portfolio has reduced from the inherited position of the former County Council as loans have been repaid.
- 1.4. The Council remains committed to delivering appropriate levels of capital investment to support service improvement and local economic growth, which increases the importance of sound Treasury Management Strategy in the medium term. The current strategy is to ensure that investment in capital schemes is sustainable by controlling the consequential impact on the revenue account and council tax levels, ensuring good value for money to local businesses and residents.
- 1.5. In 2016/17 the Council will continue to minimise the net cost of borrowing by ensuring that the capital programme can be funded without the need for additional external borrowing. This is supported by maximisation of alternative funding sources such as grants, developer contributions and capital receipts, as well as careful management of capital cash flows to

ensure that any short term borrowing requirements can be met from internal resources.

1.6. The key elements of the strategy for 2016/17 are for the Council to:

- Retain capital financing costs within an affordable limit of c.£14m
- Not enter into any overall additional external borrowing in 2016/17
- Take an appropriate approach to risk if short term loans are required, by only borrowing from lenders identified in the strategy
- Maintain security of investments by only using counterparties detailed in the strategy
- Support a flexible approach to treasury management that can react to opportunities and market conditions to maximise effectiveness, whilst protecting the public funds managed within the strategy

1.7 The Treasury Management Strategy set out in Appendix A was also reported to the Audit & Governance Committee on 10<sup>th</sup> December 2015 for scrutiny purposes.

## **2. Recommendation**

2.1. Cabinet is requested to recommend to Council the approval of the:-

- Treasury Management Strategy and the MRP Statement for 2016/17 (Appendix A)

The Strategy includes the Department for Communities and Local Government (DCLG) reporting requirements in accordance with the Local Government Investments Guidance under Section 15(1) (a) of the Local Government Act 2003.

## **3. Other Options Considered**

3.1. None

## **4. Reasons for Recommendation**

4.1. The report presents the 2016/17 Treasury Management Strategy Statement (TMSS), incorporating the Minimum Revenue Provision (MRP) Policy Statement, Investment Strategy and Prudential and Treasury Indicators 2016/19, required under Part 1 of the Local Government Act 2003.

4.2. The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2016/17. The Strategy for 2016/17 reflects the views on interest rates of leading market forecasts provided by Arlingclose, the Council's advisor on treasury matters. It also includes the Prudential Indicators relating to Treasury Management.



- 4.3. The CIPFA Code of Practice on Treasury Management requires all local authorities to agree a Treasury Management Strategy Statement including an Investment Strategy annually in advance of the financial year. The strategy should incorporate the setting of the Council's prudential indicators for the three forthcoming financial years.

## **5. Background/Chronology**

- 5.1. A number of important decisions taken since 2009, including debt restructuring; repayment of prior year's debt using available reserves; rigorous daily investment decisions and the monitoring of available cash flows has enabled the Council's cash resources to be used to optimum benefit.
- 5.2. The treasury management team work closely with the Council's advisors Arlingclose to gain the maximum benefit from their expertise and guidance, including benchmarking performance against other local authorities on a quarterly basis. The Treasury Management Strategy takes into account future borrowing requirements, based on the Council's three year capital spending plans, projected cash flow requirements and money market opportunities. The aim is to maintain control over borrowing activities, with particular regard for longer term affordability; but also to allow sufficient flexibility to respond to changes in the capital and money markets as they arise.
- 5.3. The capital programme for 2016/19 is intentionally aspirational, reflecting the Council's ambition to pursue additional external funding, private sector investment and capital receipts. Future capital receipts arising from the rationalisation of the asset base will be utilised to fund new proposals, including infrastructure to generate local economic growth; investment in new service delivery models and improvements in the Council's asset base.
- 5.4. The priority is to ensure that expenditure plans are affordable over the medium term. The programme is designed to allow flexibility so that cash flows i.e., the timing of capital receipts and payments, can be monitored and managed to minimise the risks to the Council of forward funding capital expenditure in advance of realising grant income, developer contributions and proceeds of planned asset sales and disposals. Where temporary borrowing is required this will be funded from internal resources and repaid as soon as receipts allow.
- 5.5. The Council currently has external borrowing of £109m. The amount of interest paid on the Council's portfolio of long term loans is mainly at fixed rates of interest (circa 3.8%). Currently long term interest rates are around 3.3%.
- 5.6. Within the Treasury Management Strategy, the Council will continue to minimise additional borrowing by making use of internal balances. This not only minimises costs, but also reduces the credit risk associated with investments, as the amount being invested is reduced. Given the current low interest rate environment is expected to continue throughout 2016/17

and beyond, the interest rate risk associated with delayed borrowing is assessed to be low.

- 5.7. The rate of interest to be earned on the Council's cash balances that are temporarily invested pending their being used is budgeted to be £0.4m.
- 5.8. The capital financing budget is at a very prudent level of £14m, 5.8% of the 2016/17 net revenue budget.

#### **Capital Financing Budget 2016/17**

<b>Capital Financing Budget</b>	<b>2016/17 £m</b>
Repayment of Outstanding Debt	10.8
Contribution re: Schools Transforming Learning Communities Schemes	-0.9
Direct Revenue Funding	0.4
Interest on Long Term Loans	4.1
Less: Interest Receivable on Cash Balances	-0.4
<b>Net Capital Financing Budget</b>	<b>14.0</b>

Source: Cheshire East Finance

- 5.9. The principal changes to the 2016/17 Treasury Strategy have been:
  - Given the increasing risk and continued low returns from short-term unsecured bank investments, the Councils will continue to diversify into more secure and/or higher yielding asset classes during 2016/17; these include covered bonds and repurchase agreements. This diversification represents a continuation of the strategy as previously the majority of the Council's surplus cash was invested in short-term unsecured bank deposits, certificates of deposit and money market funds.
  - There are no plans to increase the investment in the CCLA property fund in this financial year.
  - The Local Capital Finance Company has been established by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lend the proceeds to local authorities. The Council currently has no plans to undertake any external borrowing in 2016/17 and any decision to borrow from the Agency in the future will be the subject of a separate report to Cabinet and Council.

## **6. Wards Affected and Local Ward Members**

- 6.1. All

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- The impact of the Treasury Management Strategy 2016/17 feeds into the assumptions underpinning the 2016/19 medium term financial strategy.

### **7.2. Legal Implications**

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

### **7.3. Financial Implications**

- Effective Treasury Management provides support towards the achievement of service priorities, it ensures that the Council's capital investment programme delivers value for money by demonstrating that capital expenditure plans are affordable, external borrowing is prudent and sustainable and treasury decisions are taken in accordance with good practice.

### **7.4. Equality Implications**

- Not applicable

### **7.5. Rural Community Implications**

- Not applicable

### **7.6. Human Resources Implications**

- Not applicable

### **7.7. Public Health Implications**

- Not applicable

**7.8. Other Implications (Please Specify)**

- Not applicable

**8. Risk Management**

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

**9. Access to Information/Bibliography**

- *CIPFA Capital Finance – The Prudential Code (2013 Edition)*
- *CIPFA Treasury Management in the Public Services – Code of Practice*

*Guidance and information provided by Arlingclose can be accessed via the Treasury Management team, Corporate Finance.*

**10. Contact Information**

Contact details for this report are as follows:-

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**Appendices:**

*Appendix A – Treasury Management Strategy Statement & Investment Strategy 2016/17 – 2018/19*

## **Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19**



**Contents**

- 1. Background**
- 2. External Context**
- 3. Local Context**
- 4. Borrowing Strategy**
- 5. Investment Strategy**
- 6. Treasury Management Indicators**
- 7. Other Items**
- 8. Financial Implications**

**Annexes**

- A. Economic & Interest Rate Forecast (Section 2.6)**
- B. Existing Investment & Debt Portfolio Position (Section 3.1)**
- C. Prudential indicators**
- D. MRP Statement 2016/17**

## 1. Background

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

## 2. External Context

- 2.1 **Economic background:** Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.
- 2.2 Following the General Election, the key issue of the UK's relationship with the EU is at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.
- 2.3 China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve did not raise policy rates at its meetings in October and November, but the statements accompanying the policy decisions point have made a rate hike in December 2015 a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.
- 2.4 **Credit outlook:** The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.
- 2.5 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January

2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

- 2.6 **Interest rate forecast:** The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.
- 2.7 A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.
- 2.8 A more detailed economic and interest rate forecast provided by the Authority's treasury management advisor is attached at **Annex A**.
- 2.9 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 1.00%.

### 3. Local Context

- 3.1 The Authority currently has borrowings of £109m and investments of £69m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

**Table 1: Balance Sheet Summary and Forecast**

	31.3.15 Actual £m	31.3.16 Estimate £m	31.3.17 Estimate £m	31.3.18 Estimate £m	31.3.19 Estimate £m
General Fund CFR	232	248	310	377	359
Less: Other long-term liabilities *	-31	-30	-28	-27	-25
<b>Borrowing CFR</b>	<b>201</b>	<b>218</b>	<b>282</b>	<b>350</b>	<b>334</b>
Less: External borrowing **	-115	-109	-102	-96	-72
<b>Internal (over) borrowing</b>	<b>86</b>	<b>109</b>	<b>180</b>	<b>254</b>	<b>262</b>
Less: Usable reserves	-87	-61	-58	-58	-56
Less: Working capital	-48	-47	-47	-47	-47
<b>Investments (or New borrowing)</b>	<b>49</b>	<b>(1)</b>	<b>(75)</b>	<b>(149)</b>	<b>(159)</b>

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

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

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to



maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding a minimum investment balance of around £20m for liquidity purposes.

- 3.3 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £116m over the forecast period.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2016/17.

#### 4. Borrowing Strategy

- 4.1 The Authority currently holds loans of £109m, a decrease of £6m on the previous year, as part of its strategy for funding previous years' capital programmes.
- 4.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 4.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.5 Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.6 In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.
- 4.7 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board and any successor body
  - UK local authorities
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - UK public and private sector pension funds (except Cheshire Pension Fund)
  - capital market bond investors
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
  - European Investment Bank

- 4.8 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- operating and finance leases
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback
- 4.9 The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.
- 4.10 **LGA Bond Agency:** Local Capital Finance Company was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.
- 4.11 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2016/17, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.
- 4.12 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.
- 4.13 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

## 5. Investment Strategy

- 5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £40m and £92m. Slightly reduced levels are expected to be maintained in the forthcoming year.
- 5.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.3 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2016/17. This is especially the case for the estimated £20m that is available for longer-term investment. The majority of the Authorities

surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will therefore represent a continuation of the new strategy adopted in 2015/16.

- 5.4 The Authority may invest its surplus funds with any of the counterparties in table 2 below, subject to the cash and time limits shown.

**Table 2: Approved Investment Counterparties and Limits**

Credit Rating	Banks* Unsecured	Banks* Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£6m 5 years	£12m 20 years	£12m 50 years	£6m 20 years	£6m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 25 years	£6m 10 years	£6m 10 years
AA	£6m 4 years	£12m 5 years	£12m 15 years	£6m 5 years	£6m 10 years
AA-	£6m 3 years	£12m 4 years	£12m 10 years	£6m 4 years	£6m 10 years
A+	£6m 2 years	£12m 3 years	£6m 5 years	£6m 3 years	£6m 5 years
A	£6m 13 months	£12m 2 years	£6m 5 years	£6m 2 years	£6m 5 years
A-	£6m 6 months	£12m 13 months	£6m 5 years	£6m 13 months	£6m 5 years
BBB+	£3m 100 days	£6m 6 months	£3m 2 years	£3m 6 months	£3m 2 years
BBB	£3m next day only	£6m 100 days	n/a	n/a	n/a
None	£1m 6 months	n/a	£10m 25 years	£50,000 5 years	£6m 5 years
Pooled funds	£12m per fund				

\*Banks includes Building Societies

The above limits apply to individual counterparties and represent the maximum amount and maximum duration of any investment per counterparty.

- 5.5 **Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.
- 5.6 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank, Barclays Bank.
- 5.7 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- 5.8 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 5.9 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.
- 5.10 **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.
- 5.11 **Pooled Funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 5.12 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 5.13 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.14 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 5.15 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

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

**Table 3: Non-Specified Investment Limits**

	Cash limit
Total long-term investments	£40m
Total investments without credit ratings or rated below A-	£25m
Total investments (except pooled funds) domiciled in foreign countries rated below AA+	£15m
Total non-specified investments	£80m

- 5.20 **Investment Limits:** The Authority's revenue reserves available to cover investment losses are forecast to be £61m on 31<sup>st</sup> March 2016. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £12m. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers' nominee accounts (*e.g. King & Shaxson*), foreign countries and industry sectors as below:

**Table 4: Investment Limits**

Type of Counterparty	Cash limit
Any single organisation, except the UK Central Government	£12m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£12m per group
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£35m per broker
Foreign countries	£12m per country
Registered Providers	£25m in total
Unsecured investments with Building Societies	£12m in total
Loans to unrated corporates	£12m in total
Money Market Funds	£12m in each (£50m in total)

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

## 6. Treasury Management Indicators

- 6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 6.2 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

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

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

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

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

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

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£40m	£25m	£15m

## 7. Other Items

- 7.1 There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.
- 7.2 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 7.3 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5 **Investment Advisers:** The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by through regular meetings and periodic tendering for services.
- 7.6 **Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by our treasury management advisers, Arlingclose Limited and other relevant providers.
- 7.7 **Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

- 7.8 The total amount borrowed will not exceed the authorised borrowing limit of £370 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

### **8. Financial Implications**

- 8.1 Anticipated investment income in 2016/17 is £0.4 million, based on an average investment portfolio of £40 million at an interest rate of 1.00%. The budget for debt interest paid in 2016/17 is £4.1 million, based on an average debt portfolio of £106 million at an average interest rate of 3.9%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.



## Annex A - Arlingclose Economic & Interest Rate Forecast

### Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the MPC.
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems significantly more likely in December given recent data and rhetoric by committee members.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

### Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.
- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.
- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
<b>Official Bank Rate</b>													
<b>Upside risk</b>		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>1.25</b>	<b>1.25</b>	<b>1.50</b>	<b>1.50</b>	<b>1.75</b>	<b>1.75</b>
<b>Downside risk</b>				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
<b>3-month LIBID rate</b>													
<b>Upside risk</b>	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
<b>Arlingclose Central Case</b>	<b>0.55</b>	<b>0.60</b>	<b>0.70</b>	<b>0.80</b>	<b>0.95</b>	<b>1.05</b>	<b>1.15</b>	<b>1.30</b>	<b>1.40</b>	<b>1.55</b>	<b>1.65</b>	<b>1.80</b>	<b>1.85</b>
<b>Downside risk</b>		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
<b>1-yr LIBID rate</b>													
<b>Upside risk</b>	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
<b>Arlingclose Central Case</b>	<b>1.10</b>	<b>1.20</b>	<b>1.35</b>	<b>1.45</b>	<b>1.55</b>	<b>1.70</b>	<b>1.80</b>	<b>1.95</b>	<b>2.00</b>	<b>2.10</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>
<b>Downside risk</b>	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
<b>5-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>1.50</b>	<b>1.55</b>	<b>1.60</b>	<b>1.70</b>	<b>1.80</b>	<b>1.90</b>	<b>2.00</b>	<b>2.10</b>	<b>2.20</b>	<b>2.25</b>	<b>2.30</b>	<b>2.35</b>	<b>2.35</b>
<b>Downside risk</b>	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>10-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.00</b>	<b>2.05</b>	<b>2.10</b>	<b>2.20</b>	<b>2.30</b>	<b>2.40</b>	<b>2.50</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.80</b>
<b>Downside risk</b>	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>20-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.45</b>	<b>2.50</b>	<b>2.55</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>2.95</b>
<b>Downside risk</b>	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
<b>50-yr gilt yield</b>													
<b>Upside risk</b>	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.45</b>	<b>2.50</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>3.00</b>	<b>3.00</b>
<b>Downside risk</b>	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

## Annex B

## Existing Investment &amp; Debt Portfolio Position

	31/12/15 Actual Portfolio £m	31/12/15 Average Rate %
<b>External Borrowing:</b>		
PWLB - Fixed Rate	92	3.69%
PWLB - Variable Rate	0	-
Local Authorities	0	-
LOBO Loans	17	4.63%
<b>Total External Borrowing</b>	<b>109</b>	<b>3.83%</b>
<b>Other Long Term Liabilities:</b>		
PFI	25	-
Finance Leases	5	-
<b>Total Gross External Debt</b>	<b>139</b>	<b>-</b>
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	10	0.38%
Notice Accounts	3	0.75%
Fixed Term Deposits	20	0.63%
Certificates of Deposit	5	0.70%
Covered Bonds	9	0.80%
Corporate Bonds	8	0.95%
Long-term investments	2	1.00%
<i>Managed externally</i>		
Fund Managers	4	0.61%
Property Funds	8	4.94%
<b>Total Investments</b>	<b>69</b>	<b>1.15%</b>
<b>Net Debt</b>	<b>70</b>	<b>-</b>

## Annex C

## Prudential Indicators revisions to 2015/16 and 2016/17 - 2018/19

**1. Background:**

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

The key feature of the prudential system is that councils should determine the level of their capital investment - and how much they borrow to finance that investment - based on their own assessment of what they can afford, not just for the current year but also for future years.

Individual authorities are responsible for deciding the level of their affordable borrowing. Prudential limits apply to all borrowing, qualifying credit arrangements and other long-term liabilities - whether supported by government or entirely self-financed. The system is designed to encourage authorities that need and can afford to undertake capital investment to do so.

In considering the affordability of its capital plans, the authority is required to consider all of the resources currently available to it/estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years. The authority is also required to consider known significant variations beyond this timeframe.

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

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

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

The Chief Operating Officer reports that the Authority had no difficulty meeting this requirement in 2015/16, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

**3. Estimates of Capital Expenditure:**

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

Capital Expenditure	2015/2016	2016/2017	2017/2018	2018/2019	Future years
	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
<b>Total</b>	<b>109.6</b>	<b>183.7</b>	<b>148.0</b>	<b>115.7</b>	<b>34.5</b>

Source: Cheshire East Finance

## 3.2 Capital expenditure will be financed or funded as follows:

<b>Capital Financing</b>	<b>2015/2016 Estimate £m</b>	<b>2016/2017 Estimate £m</b>	<b>2017/2018 Estimate £m</b>	<b>2018/2019 Estimate £m</b>	<b>Future years Estimate £m</b>
Capital receipts	17.0	41.0	21.0	27.4	12.3
Government Grants	30.3	51.9	63.2	73.7	8.1
External Contributions	14.5	6.7	13.0	14.6	14.1
Revenue Contributions	3.8	0.7	0.0	0.0	0.0
<b>Total Financing</b>	<b>65.6</b>	<b>100.3</b>	<b>97.2</b>	<b>115.7</b>	<b>34.5</b>
Prudential Borrowing	44.0	83.4	50.8	0.0	0
<b>Total Funding</b>	<b>44.0</b>	<b>83.4</b>	<b>50.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Financing and Funding</b>	<b>109.6</b>	<b>183.7</b>	<b>148.0</b>	<b>115.7</b>	<b>34.5</b>

Source: Cheshire East Finance

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

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

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

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2015/2016 Estimate %</b>	<b>2016/2017 Estimate %</b>	<b>2017/2018 Estimate %</b>	<b>2018/2019 Estimate %</b>
<b>Total</b>	<b>5.58</b>	<b>5.55</b>	<b>5.44</b>	<b>5.48</b>

Source: Cheshire East Finance

## 5. Capital Financing Requirement:

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

<b>Capital Financing Requirement</b>	<b>2015/2016 Estimate £m</b>	<b>2016/2017 Estimate £m</b>	<b>2017/2018 Estimate £m</b>	<b>2018/2019 Estimate £m</b>
<b>Total</b>	<b>248</b>	<b>310</b>	<b>377</b>	<b>359</b>

## 6. Actual External Debt:

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

<b>Actual External Debt as at 31/03/2015</b>		<b>£m</b>
Borrowing		115
Other Long-term Liabilities		31
<b>Total</b>		<b>146</b>

*Source: Cheshire East Finance*

## 7. Incremental Impact of Capital Investment Decisions:

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

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2016/2017 Estimate</b>	<b>2017/2018 Estimate</b>	<b>2018/2019 Estimate</b>
	£	£	£
<b>Band D Council Tax</b>	<b>23.51</b>	<b>26.72</b>	<b>0</b>

*Source: Cheshire East Finance*

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

- 8.1 The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.
- 8.2 The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 8.3 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
- 8.4 The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.5 The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as

the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

	2015/2016 Estimate £m	2016/2017 Estimate £m	2017/2018 Estimate £m	2018/2019 Estimate £m
Authorised Limit for Borrowing	260	320	390	370
Authorised Limit for Other Long-Term Liabilities	30	28	27	25
<b>Authorised Limit for External Debt</b>	<b>290</b>	<b>348</b>	<b>417</b>	<b>395</b>
Operational Boundary for Borrowing	250	310	380	360
Operational Boundary for Other Long- Term Liabilities	30	28	27	25
<b>Operational Boundary for External Debt</b>	<b>280</b>	<b>338</b>	<b>407</b>	<b>385</b>

*Source: Cheshire East Finance*

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

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

### Adoption of the CIPFA Code of Practice in Treasury Management

The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 23rd February 2012

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

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

10.1 These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

10.2 The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget.

The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

	Existing level (or Benchmark level) at 10/12/15 %	2015/2016 Approved	2015/2016 Revised	2016/2017 Estimate	2017/2018 Estimate	2018/2019 Estimate
		%	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0%	100%	100%	100%	100%	100%

Source: Cheshire East Finance

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

## 11. Maturity Structure of Fixed Rate borrowing:

- 11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.
- 11.3 LOBOs are classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs are can be called within 12 months the upper limit for borrowing maturing within 12 months is relatively high to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2016/17.

	Level as at 31 <sup>st</sup> March 2016(based on Current Borrowing)	Lower Limit for 2016/2017	Upper Limit for 2016/2017
Maturity structure of fixed rate borrowing	%	%	%
under 12 months	24%	0%	35%
12 months and within 24 months	6%	0%	25%
24 months and within 5 years	14%	0%	35%
5 years and within 10 years	1%	0%	50%
10 years and within 20 years	24%	0%	100%
20 years and within 30 years	7%	0%	100%
30 years and within 40 years	17%	0%	100%
40 years and within 50 years	7%	0%	100%
50 years and above	0%	0%	100%



**12. Credit Risk:**

- 12.1 The Authority considers security, liquidity and yield, in that order, when making investment decisions.
- 12.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.
- 12.3 The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
  - Sovereign support mechanisms;
  - Credit default swaps (where quoted);
  - Share prices (where available);
  - Economic fundamentals, such as a country's net debt as a percentage of its GDP;
  - Corporate developments, news, articles, markets sentiment and momentum;
  - Subjective overlay.
- 12.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

## **Annex D - MRP Statement 2016/17**

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

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

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

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

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

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

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

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

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

The MRP Statement will be submitted to Council before the start of the 2016/17 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Chief Operating Officer
<b>Subject/Title:</b>	Draft Risk Management Policy Statement / Strategy and Outline Framework
<b>Portfolio Holder:</b>	Councillor David Brown

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#### 1. Report Summary

1.1. Cabinet has responsibility for approving the Council's Risk Management Policy Statement and Strategy, following reference to and recommendation from the Audit and Governance Committee. In order to support Cabinet in fulfilling its role this report provides Members with;

- A new draft risk management policy statement and strategy set out in **Appendix A**; and
- An outline of the risk management framework that underpins the policy statement / strategy in **Appendix B**.

#### 2. Recommendation

2.1. That Cabinet

- (i) approve the new Risk Management Policy Statement and Strategy, as set out in Appendix A; and
- (ii) note the Outline Framework in Appendix B.

#### 3. Other Options Considered

3.1. The requirement for the Council to have a Risk Management Policy is long established with the the last version being approved by Cabinet at its meeting on 22 July 2014. At that meeting Cabinet agreed that the policy be reviewed annually. This report advises Cabinet of the outcome of the latest review.

#### 4. Reasons for Recommendation

4.1. Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective. Risk management isn't just about dealing with problems effectively; it is also an aid to improvement.

- 4.2. The importance of risk management in supporting good governance is clearly set out in principle (4) of the Good Governance in Local Government Framework, 'Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.' The framework emphasises the importance of risk management for the successful delivery of services, challenging organisations to put themselves in a position where they can demonstrate that they have a formal framework in place for managing risk.
- 4.3. The Accounts and Audit Regulations 2015 require the Council to have a sound system of internal control which includes effective arrangements for the management of risk.
- 4.4. The Risk Management Policy Statement formally acknowledges the Council's commitment to the effective management of risks and opportunities. The aim of the Policy is not to have risk eliminated completely from Council activities, but rather to ensure that every effort is made to maximise potential opportunities and minimise the adverse effects of risk. Supporting the Policy Statement is the Strategy, which gives the scope, direction and priorities for risk management activity across the Council.
- 4.5. Underpinning the Strategy and Policy are risk management procedures that are articulated in the Framework document, an outline of which is included at Appendix B, for information. The procedures are currently being reviewed in detail by officers and the Highways Portfolio Holder, who in accordance with the Constitution, are responsible for developing the risk management framework in order to ensure that they meet the needs of the Council.
- 4.6. Taken together the documents provide practical guidance to assist officers and members in the identification, evaluation and control of risk that may impact upon the achievement of corporate and service level objectives and priorities.
- 4.7. Cabinet has responsibility for approving the Council's Risk Management Policy Statement and Strategy, following endorsement from Management Group Board and recommendation from the Audit and Governance Committee. The support and approval of senior managers and Members will encourage those who work for the Council to take the Policy, Strategy and procedures seriously.

## **5. Background/Chronology**

- 5.1. The Council's Risk Management Policy was last approved by Cabinet at its meeting on 22 July 2014. At that meeting Cabinet agreed that the policy be reviewed annually.
- 5.2. In accordance with a small number of actions to improve the Council's risk management arrangements that were reported to the Audit and Governance Committee<sup>1</sup> in January 2015, the review has been

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<sup>1</sup> The Audit and Governance Committee has responsibility for monitoring the effectiveness of

comprehensive. This has resulted in a new Risk Management Policy Statement and Strategy (Appendix A) which Cabinet is asked to approve.

- 5.3. The Policy and Strategy have been endorsed by Management Group Board and the Audit and Governance Committee recommended its adoption to Cabinet at its meeting on 10 December 2015.
- 5.4. The Corporate Assurance Group<sup>2</sup> and Risk Management Sub Group<sup>3</sup>, which include Officer and Portfolio representation, have been involved in developing the Policy, Strategy and the procedures articulated in the framework document. The Groups will also, following approval, be involved in implementing them which will help to promote stronger awareness, understanding and ownership of the outcomes. This will include:
  - Promotion and explanation to staff, through training sessions, and during induction sessions. The requirements of the Policy, Strategy and procedures will also be reiterated and discussed regularly at staff meetings to ensure they remain relevant.
  - Ensuring copies are easily accessible, encouraging inclusion in staff manuals and on the Council's intranet system.

## **6. Wards Affected and Local Ward Members**

- 6.1. All wards, not applicable to Local Ward Members.

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- 7.1.1. Reports to support strategic policy decisions should include a risk assessment and the identification of mitigating actions.

### **7.2. Legal Implications**

- 7.2.1. The Accounts and Audit Regulations 2015 require the Council to have a sound system of internal control which includes effective arrangements for the management of risk.

### **7.3. Financial Implications**

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the Council's risk management arrangements. This includes overseeing the Council's Risk Management Policy and Strategy, and their implementation in practice

<sup>2</sup> The Corporate Assurance Group provides a high level focus on risk management, control and governance in order to provide assurance that arrangements are in place and operating properly

<sup>3</sup> The Risk Management Sub Group monitors and supports the implementation of all elements of the risk management framework (from risk identification, risk assessment and response, to communication of risk-related information) covering all categories of risks (from the strategic to the operational level as necessary).

- 7.3.1. Effective risk management helps to maximise opportunities, achieve service objectives and minimise loss events including those with financial consequences.

#### **7.4. Equality Implications**

- 7.4.1. The Council's equality impact assessment process has been used throughout the development of the Risk Management Policy Statement and Strategy documents. The process has concluded that there is no need to proceed to a full equality impact assessment.

#### **7.5. Rural Community Implications**

- 7.5.1. None.

#### **7.6. Human Resources Implications**

- 7.6.1. In order to ensure that the policy / strategy are implemented effectively, training will need to be delivered to Members, senior managers and staff to ensure that they are familiar with risk management principles and aware of their responsibilities in relation to risk.
- 7.6.2. Promotion / explanation at staff meetings through training sessions, and during induction sessions for new staff. The requirements of the policy strategy and procedures will also need to be reiterated and discussed regularly at staff meetings to ensure they remain relevant.

#### **7.7. Public Health Implications**

- 7.7.1. None.

#### **7.8. Other Implications (Please Specify)**

- 7.8.1. None.

### **8. Risk Management**

- 8.1. The Council recognises that there are risks and opportunities involved in everything it does and that it has a duty to manage them in a balanced, structured and cost effective way. In doing this, the Council is better placed to achieve it's objectives and enhance the value of the services it provides.
- 8.2. Taken together the Risk Management Policy Statement, Strategy and procedures provide a framework by which managers and Members can view, manage and respond to risk (both threats and opportunities) in a robust and systematic way. An effective framework for managing risks helps ensure that every effort is made to manage risk appropriately to

maximise potential opportunities and minimise the adverse effects of risk.

## 9. Access to Information/Bibliography

- 9.1. The previous Risk Management Policy from 22 July 2014 was used as the basis of review for updating the current Risk Management Policy Statement, Strategy and Framework Outline. This document is available on the Council's intranet;

<http://centranet.ourcheshire.cccusers.com/council/policies/Site%20Documents/Risk%20Management%20Policy.pdf>

- 9.2. Update reports have been provided to the Audit and Governance Committees of January 2015 and March 2015. Additionally a link is provided to the December 2015 Committee which recommends the policy statement / strategy for approval by Cabinet.

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?Clid=486&MId=5239&Ver=4>

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?Clid=486&MId=5240&Ver=4>

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?Clid=486&MId=5743&Ver=4>

## 10. Contact Information

Contact details for this report are as follows:

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# ***RISK MANAGEMENT***

## ***POLICY STATEMENT & STRATEGY***

### ***2015-2017***



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## RISK MANAGEMENT POLICY STATEMENT

Cheshire East Council's three year plan sets out the Council's outcomes for residents first. In this regard the Council recognises it has a duty of care to its stakeholders, residents, employees, Members and partners. This encompasses having high standards of governance, acknowledging that the management of opportunities and risks is a key principle of effective corporate governance and a key contributor to a sound control environment and the Annual Governance Statement.



The Council seeks to adopt recognised best practice in the identification, evaluation and cost effective / proportional control of risks and opportunities to ensure that they are managed at acceptable levels. Risk management within Cheshire East Council is about managing our threats and opportunities and striving to create an environment of 'no surprises'. By managing our threats we will be in a stronger position to deliver the business objectives and outcomes to our residents. By managing our opportunities we will be in a better position to demonstrate improved services and better value for money.

We recognise that risks are inherent within our service delivery, and some are unavoidable. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally, or to our service delivery. Successful risk management is about ensuring there is the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation with a range of stakeholders with differing needs and expectations this can be a challenge. We must ensure decisions taken as a Council include consideration of potential impacts for all of our stakeholders, and whether the benefits of taking our actions outweigh the risks.

Overall the Council's attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified, are understood and pro-actively managed, rather than avoided. We need to have the structures and processes in place to ensure that the risks and opportunities of Council activities, partnerships and other joint working arrangements are identified, assessed and managed in a consistent way. We will not shy away from risk; instead seek to pro-actively manage it. This will allow us to meet the needs of our residents today, and the future challenges ahead.

The Cabinet and Management Group Board are fully committed to effective risk management and see it as part of our responsibility to deliver an effective public service to the residents of Cheshire East.

The big challenge we face is to ensure that all levels of staff are aware of risks and are managing them, so I look forward to everyone making governance and risk a great success!

Councillor David Brown, Deputy Leader and Portfolio Holder for Highways (Including Risk Management responsibility)

## RISK MANAGEMENT STRATEGY

### 1 Introduction

- 1.1 The Council has adopted a Risk Management Policy Statement, Strategy and Framework to ensure a focused and structured approach to the management of risk arising from Council activities. This will ensure that risk management is an integral part of good governance, recognising the importance of effective identification, evaluation and management of key corporate and operational risks.
- 1.2 This is endorsed by the increased focus on the importance of corporate governance to public sector bodies. The Council has also has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015.

***‘A relevant authority must ensure that it has a sound system of internal control which – includes effective arrangements for the management of risk’.***

- 1.3 The Policy Statement, Strategy and Framework have the full support of the Council and the Management Group Board. All elected Members and employees have a responsibility for and contribution to make in terms of risk management.

### 2 What do we mean by ‘Risk’?

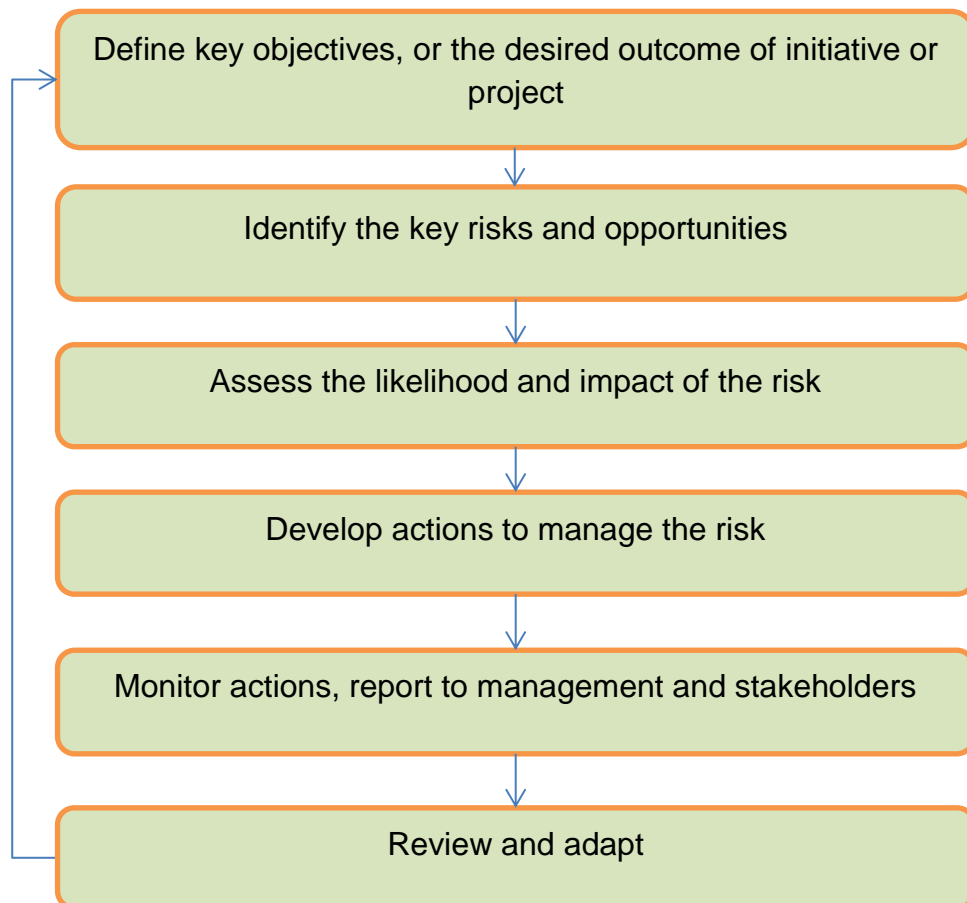
The definition of risk used within Cheshire East is:

- 2.1 **Risk** can be a threat or an opportunity. A threat is a possible future event or action which will adversely affect the Council’s ability to achieve its stated objectives and to successfully deliver approved strategies. An Opportunity is an event or action that will enhance the Council’s ability to achieve its objectives and deliver approved strategies.
- 2.2 It is typically assessed using two dimensions, one of which is the impact of the threat or the opportunity, representing the consequences to the Council’s intended outcomes. The second dimension is the frequency or likelihood of the risk occurring, representing the probability of the threat or opportunity happening.
- 2.3 **Risk Management** is the process by which risks are identified, evaluated and managed, such that objectives are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised. Good risk management increases the probability of success, and reduces the probability of failure and uncertainty of achieving Cheshire East’s overall objectives.
- 2.4 CIPFA Solace, Delivering good governance in Local Government states that;  
  
***good governance requires that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their job. At the highest level, risk management must be***

*closely aligned to the organisation's strategic objectives, ensuring that there is a clear focus, at the top of the organisation, on those significant risks that would prevent the organisation achieving its key business objectives. An authority should, therefore, be able to demonstrate that risk management has been embedded in its corporate business processes, including:*

- *strategic planning*
- *financial planning*
- *service delivery*
- *policy making and review*
- *project management*
- *performance management*

2.5 The following diagram illustrates the Risk Management methodology which is a continuous cycle;



### 3 What are the real benefits of Risk Management?

#### Benefits of Risk Management

- 3.1 Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services by;
- Increasing the chances of success and reducing the chances of failure;
  - Assisting the delivery of creative and innovative projects;
  - Reducing unexpected and costly surprises;
  - Ensuring a more efficient use of resources;
- 3.2 The Council should not be afraid of identifying a risk or feel identifying a risk is a failure. Identification of a risk provides an opportunity for improvement and success!

### 4 What do we want to achieve with Risk Management?

- 4.1 Cabinet have previously assessed the risk maturity of the Council as between risk aware and risk defined with a target minimum standard of risk managed, which is defined as:

***‘An enterprise approach to risk management developed and communicated, risk embedded in key processes. Active engagement and risk based decision making’.***

Where we are now: 				
Risk Naïve	Risk Aware	Risk Defined	Risk Managed	Risk Enabled
No formal approach to processes developed for risk management, avoidance and lack of engagement	Scattered silo based approach to risk management using stand alone processes, reactive approach.	Risk appetite defined. Strategy and policies in place and communicated. Some understanding and application but passive acceptance and compliance with reliance on risk registers.	Enterprise approach to risk management developed and communicated, risk embedded in key processes. Active engagement in risk based decision making.	Risk management and internal controls fully embedded into the operations. Regular review and improvement of risk processes, fully committed to risk management and confident risk taking.
Where we want to be: 				

- 4.2 The priorities for 2015/17 detailed in section 5 set out how we intend to achieve this overall objective.

## **5 Risk management priorities over the next 18 months;**

- 5.1 In order to move towards the Council's target risk maturity; the following actions are priorities for the next 18 months;
- 5.2 Development of a risk management framework underpinning the Policy Statement and Strategy that clarifies;
- how the Council's senior managers and elected Members intend to manage risk – being explicit about what needs to be accomplished, how, by when, and who is responsible for what, recognising that embedding risk management and strong controls in the daily and regular business of the Council is an iterative process.
  - the scope of the risk management activity in the Council – being explicit about how all of the risks faced by the organisation are being considered, starting at the strategic level and cascading down into the Council's structure as considered appropriate
  - how to develop a consistent approach to the identification, monitoring and review of service risks informing the business planning process.
  - the detailed methodology for risk management including risk identification, evaluation, treatment and monitoring.
  - The cyclical reporting arrangements for key corporate risks.
- 5.3 To set up a working risk subgroup of the Corporate Assurance Group with nominated 'risk champions' from services responsible for co-ordinating the responses to risk; and to contribute to the development of the framework to ensure that it is working effectively throughout the Council.
- 5.4 To critically examine and challenge commissioning plans so that risk is being considered appropriately at the business planning stage to ensure risk activity is focused on the delivery of the key organisational objectives.
- 5.5 To review the Corporate strategic risks facing Cheshire East Council, examining, challenging and supporting the risk assessment process to ensure consistency and gain assurance that strategic risks are being actively managed and monitored; including comprehensively revisiting and updating the Corporate Risk Register.
- 5.6 Establish the Council's risk capabilities, the outcome of which will inform a training programme to ensure that everyone involved understands the principles of risk management and their particular responsibilities in this regard, providing them with the necessary skills and knowledge to fulfil their responsibilities.

- 5.7 To develop and agree a more detailed risk maturity improvement plan to move the Council towards the accepted standard of Risk Managed, as agreed by Cabinet.

## **6 Reporting and monitoring arrangements**

- 6.1 Service risk 'champions' will review risks as necessary through their Senior Management Teams (SMT's). The minimum reporting arrangements for assurance purposes through the Corporate Assurance Group, Management Group Board, Audit and Governance Committee, and Cabinet will be;
- An annual report on risk management activity;
  - An interim update report on risk management activity;
  - An annual review and report on the overall effectiveness of risk management and internal control by the Head of Internal Audit.
- 6.2 Please also refer to the Risk Management Framework which outlines the risk management roles and responsibilities and the governance structure of risk management.

## **7 Update of the Strategy and Policy Statement**

- 7.1 The next update of the strategy and policy statement will be March 2017, thereafter annually in March.



# ***RISK MANAGEMENT***

## ***DRAFT FRAMEWORK OUTLINE***



## **Table of contents**

### **Section 1: Introduction**

- 1.1 The Council's Risk Management (RM) Policy statement, Strategy and Framework
- 1.2 Purpose and rationale for Risk Management and the framework
- 1.3 Embedding Risk Management
- 1.4 Implementation of the Council's RM Policy Statement and Strategy
- 1.6 Engaging in the process
- 1.5 Review Dates

### **Section 2: Risk Management Basics**

- 2.1 What do we mean by Risk?
- 2.2 The Risk Management Methodology
- 2.3 RM in context
- 2.4 RM Definitions
- 2.5 When should we use risk management techniques?
- 2.6 How should the framework be used?
- 2.7 Who should be involved?
- 2.8 Getting the balance right

### **The Risk Management Methodology:**

### **Section 3: The Risk Management Process Step 1 - Identify Risk**

- 3.1 Be clear about your objectives
- 3.2 Consider the full scope of risks
- 3.3 Identify your risks
- 3.4 Record your risks
- 3.5 Opportunities rather than threats

### **Section 4: The Risk Management Process Step 2 - Evaluate Risk**

- 4.1 Estimating likelihood and impact
- 4.2 Taking account of current controls
- 4.3 Scoring and recording risks
- 4.4 Risk tolerance
- 4.5 Preparing a Management Action Plan

### **Section 5: The Risk Management Process Step 3 - Treating Risk**

- 5.1 Addressing your primary risks
- 5.2 The need for co-ordination
- 5.3 Record the key details
- 5.4 Scoring Your Risk after controls
- 5.5 Risk Classification
- 5.6 Positive risk opportunities
- 5.7 Business Continuity Management

### **Section 6: The Risk Management Process Step 4 - Monitoring and Reviewing Risk**

- 6.1 Risk tracking
- 6.2 Keeping RM on the agenda
- 6.3 Risk management and business planning
- 6.4 Reporting to management and stakeholders

### **Section 7: Roles and Responsibilities**

**Section 8: Reporting and Escalation**

8.1 Reporting frequency

**APPENDICIES**

APPENDIX 1 – Categories of risk

APPENDIX 2 – Risk Assessment form (Commissioning Plan Template)

APPENDIX 3 – Risk Scoring Chart

APPENDIX 4 – Corporate Risk Stewardship Form

APPENDIX 5 – Corporate Risk Register template (Blank)

APPENDIX 6 – Escalation procedure

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Peter Bates
<b>Subject/Title:</b>	Notice of Motion – Living Wage
<b>Portfolio Holder:</b>	Cllr JP Findlow

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#### 1.0 Report Summary

- 1.1 The purpose of this report is to consider and respond to the following motion which had been moved by Councillor Brian Roberts and seconded by Councillor Nick Mannion at the Council meeting on 17th December 2015 and referred to Cabinet for consideration:

*“Cheshire East Council notes that Preston City Council in partnership with "Unlock Democracy" is considering submitting the following proposal to government under the Sustainable Communities Act:*

*"To delegate power to local authorities to compel all private and public sector employers within their area to pay the Living Wage. The rate of the Living Wage to be determined in accordance with the rates set by the Living Wage Foundation for London and outside London."*

*The Council notes that this power could massively reduce in work poverty and benefit the local economy through a multiplier effect in each local authority area it is introduced. As part of the negotiating process with the relevant Secretary of State we would expect all or some of the benefits to government through higher taxation and reduced spending on benefits to be used to enforce the new power and help local businesses who may struggle to move to the new rate.*

*The Council resolves to express its interests in joining Preston City Council in any collective submission to government under the Sustainable Communities Act and to work together with Unlock Democracy to gain support for the proposal from other Councils in the region and across the country."*

#### 2.0 Recommendation

That for the reasons set out in this report, Cabinet reject the motion referred to in paragraph 1.1.

### **3.0 Reasons for Recommendation**

- 3.1 Cheshire East believes that it is not the role of a Local Authority to compel any other employer to pay a certain rate of pay. Clearly all employers are expected and required to pay the National Minimum Wage, and also the new National Living Wage which is being introduced at £7.20 from April 2016 and is due to rise to £9 an hour in 2020. This new National Living Wage in effect becomes a new minimum wage.
- 3.2 Beyond this legal requirement, it is for individual employers to decide the pay and the terms and conditions of their employees, taking a range of factors into account – the needs of the business, affordability, market rates for the particular sector and geographical region, turnover and so on.
- 3.3 Cheshire East Council has implemented the a local Living Wage of £7.85 with effect from 1<sup>st</sup> November 2015 and will review this rate as part of the budget setting process but is not prepared to commit to a rate which is set externally as any responsible employer must be able to consider their financial situation each year before setting pay rates.
- 3.4 Building sustainable communities is at the heart of the Council's Residents First strategy and three year plan and work continues to ensure our local communities are strong and supportive and that Cheshire East has a robust and resilient economy. A wide range of investment programmes and community initiatives working with public and private sector partners and voluntary groups have been implemented and are planned to create the right conditions across the borough to enable prosperity for all.
- 3.5 For these reasons Cheshire East Council rejects the motion that it should express interest in joining Preston City Council with Preston's submission.

### **4.0 Wards Affected**

- 4.1 This report does not have a major effect on Council Wards

### **5.0 Local Ward Members**

- 5.1 This report has no effect on Ward Members

### **6.0 Policy Implications**

- 6.1 As mentioned in detail elsewhere in the report the Council does have a Living Wage of £7.85 which will be reviewed on an ongoing annual basis. Any future increases to this rate will be consulted and communicated.

### **7.0 Implications for Rural Communities**

- 7.1 There are no implications for rural communities.

## **8.0 Financial Implications**

- 8.1 Cheshire East Council has budgeted for the current Living Wage of £7.85 in the overall Council staffing budget. Any future increases to the Living Wage would need to be modelled as part of the consultation process.

## **9.0 Legal Implications**

- 9.1 There are no legal implications at this stage as no change to the current Council policies and procedures are proposed at this stage.

## **10.0 Risk Management**

- 10.1 Any future changes to the Living Wage will be with consultation with the recognised Trade Unions.

## **11.0 Background and Options**

- 11.1 This report addresses the issues raised by the motion referred to in paragraph 1.1 as outlined below.
- 11.2 The Council recognises the importance of paying a living wage to staff and has already implemented an hourly living wage of £7.85 in November 2015 to employers and agency workers. This is above the Chancellors living wage from April 2016 of £7.20 which will become in effect the new National Wage for UK employers that employers are legally obligated to pay. Future increases to the Chancellors Living wage from April 2017 will be guided by the Low Pay Commission (who currently set the national minimum wage).
- 11.3 The Living Wage Foundation is an independent organisation that reviews and sets its own National £8.25 and London Living Wage £9.40. There are currently 2,053 employers across the UK that have signed up with the Living Wage Foundation as an accredited employer. The Living Wage Foundation sets its hourly Living wage rate by the Centre for Research in Social Policy at Loughborough University. There is an expectation that those employers who have signed up to the Living Wage Foundation will align their future rates based on their recommendations. Employers who have signed up to the Living Wage Foundation have done so on a voluntary basis.
- 11.4 Preston City Council has signed up to the Living Wage Foundation rate of £8.25 per hour and pays this to employed staff and Agency Workers and has 38 local businesses registered as "Preston Living Wage Employers".
- 11.5 Preston City Council and the Unlock Democracy are proposing that Local Authorities compel and enforce all employers in their Boroughs to pay the Living Wage Foundations rate of £8.25. They propose a collective submission from interested Councils via the Preston City Council / Unlock Democracy using the Sustainable Communities Act to inform Central Government to consider and if necessary resubmit proposals to the Secretary of State.

- 11.6 [Unlock Democracy](#) works to promote democratic reform across the political spectrum and is not aligned with any political party. The organisation's activities include producing a range of publications, lobbying politicians and political parties and working on projects to promote greater public involvement in politics, at both local and national levels.

### **12.0 Access to Information**

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

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Peter Bates
<b>Subject/Title:</b>	Notice of Motion – Pay Ratios
<b>Portfolio Holder:</b>	Cllr JP Findlow

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#### 1.0 Report Summary

- 1.1 The purpose of this report is to consider and respond to the following motion which had been moved by Councillor Sam Corcoran at the Council meeting on 17th December 2015 and referred to Cabinet for consideration:

*“That this Council should publish pay ratios as recommended by the High Pay Centre and should move towards a situation where the highest paid workers in Cheshire East Council earn no more than 10 times the lowest paid workers.”*

#### 2.0 Recommendation

That for the reasons set out in this report, Cabinet reject the motion referred to in paragraph 1.1.

#### 3.0 Reasons for Recommendations

- 3.1 Recognising the importance of appropriately managing pay bills and pay differentials within the public sector the Council already publishes pay ratios (or pay multiples as they are sometimes known) as a requirement of the Localism Act 2011 and the Local Government Transparency Code 2014. These pay ratios are in line with those recommended by the [High Pay Centre](#).
- 3.2 The Localism Act requires local authorities to publish an annual [Pay Policy Statement 2015/16](#), which includes the authority's policy on pay dispersion – the relationship between remuneration of chief officers and the remuneration of other staff.
- 3.3 As at 1<sup>st</sup> January 2016 the current pay levels within the Council define the multiple between the median full time equivalent earnings (£20,253) and the highest paid Chief Officer, the Chief Executive (£150,000), as 7.41, and the multiple between the lowest full-time equivalent earnings (£15,145) and the Chief Executive (£150,000) as 9.90. Additionally, the multiple between the lowest paid employee (£15,145) and average Chief Officer salaries (£81,219) is 5.36. This information is based on basic salaries only.

- 3.4 In addition local authorities must, under the Transparency Code, publish the pay multiple on their [website](#), defined as the ratio between the highest paid total taxable earnings (the Chief Executive) for the given financial year. The median earnings figure of the whole of the authority's workforce as at 31<sup>st</sup> March 2015 is **1:7.2**. Other pay multiples are also provided including the ratio between highest and lowest paid workers, which, as at 31<sup>st</sup> March 2015 was **1:11.9**. This ratio is expected to reduce to around 1:10.7 by 31<sup>st</sup> March 2016 due to the introduction of the Living Wage supplement for lowest paid staff on 1<sup>st</sup> November 2015.
- 3.5 To put these figures in context, a number of public and private sector organisations share their pay ratios via a [pay compare](#) website. When comparing the Council's pay ratios in paragraph 3.4 above with the information available on the site, the Council's pay ratios are mid range when compared with other unitary authorities suggesting that the pay differentials are fair and reasonable.
- 3.6 Local Government walks a fine line in that it must create value for citizens by attracting and retaining talented individuals - otherwise it will become a second class sector of the economy. But equally it has to be vigilant and rigorous about ensuring value for money.
- 3.7 As such the Council does not however explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples although a helpful indicator cannot fully capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required or the demands of the external job market.

#### **4.0 Wards Affected**

- 4.1 This report does not have a major effect on Council Wards

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

- 5.1 This report has no effect on Ward Members

#### **6.0 Policy Implications**

- 6.1 As previously outlined the Council is required to publish a Pay Policy Statement which sets out its position with regards to pay for its staff, particularly Chief Officers.

#### **7.0 Implications for Rural Communities**

- 7.1 There are no implications for rural communities.

#### **8.0 Financial Implications**

- 8.1 Not applicable.

## **9.0 Legal Implications**

- 9.1 There are no legal implications at this stage as no change to the current Council policies and procedures are proposed.

## **10.0 Risk Management**

- 10.1 Pay ratios (or pay multiples) are a way of measuring and tracking pay dispersion, enabling the Council to compare trends over time with other Councils and identify any potential areas of inequality or unfairness.

## **11.0 Background**

- 11.1 The High Pay Centre is an independent, non-party think tank established to monitor pay at the top of the income distribution. The Centre advocates identifying and monitoring the pay ratio between the top and the median in a business or organisation as this type of benchmark that can help businesses manage their position on pay and reduce inequality.
- 11.2 The Hutton Review of Fair Pay also recommended that the most appropriate pay multiple to track is that of top executive earnings to the median earnings of each organisation's workforce for the following reasons:
- Median earnings are more representative of the pay of the whole of an organisation's employees, so a median-based multiple would be a more appropriate mechanism for linking executive pay to that of the wider workforce.
  - A multiple based upon median earnings would be less sensitive to changes in the bottom of the workforce structure, and so would be less susceptible to manipulation, for example through the outsourcing of low-paid workers.
- 11.3 The Council recognises the importance of paying a living wage to all staff and has already implemented an hourly living wage of £7.85 in November 2015 to employers and agency workers. This is above the Chancellors living wage from April 2016 of £7.20 which will become in effect the new National Wage for UK employers that employers are legally obligated to pay.
- 11.4 Future increases to the Chancellors Living wage from April 2017 will be guided by the Low Pay Commission (who currently set the national minimum wage). There were 447 employees / 109 FTE (excluding casuals) paid at the CEC Living Wage, across grades 1, 2 and 3, on 1<sup>st</sup> January 2016.

## **12.0 Access to Information**

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

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Executive Director of Growth and Prosperity
<b>Subject/Title:</b>	Middlewich Eastern By-Pass Feasibility Stage
<b>Portfolio Holder:</b>	Cllr David Brown, Highways

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#### 1. Report Summary

- 1.1 The Council has set out a clear vision and strategy for jobs-led economic growth in the draft Local Plan. Middlewich is a Key Service Centre hosting one Strategic Site and two Strategic Locations. The Eastern By-Pass is a Strategic Highway Scheme intended to facilitate their delivery and the success of Middlewich as a whole
- 1.2 In order to ensure rapid progress towards delivering the By-Pass, the Council is to take on the role of scheme sponsor for planning and design. Therefore, approval is required to undertake all the work which is necessary to inform a decision on whether or not to use the original route's planning approval by 31<sup>st</sup> May 2016. That planning permission expires in June 2016, by which time facilitating works on the consented route have to start. Should that planning approval not be enacted, the Council will have to be in a position to immediately proceed with a fresh application for its preferred route.
- 1.3 Because time has elapsed since inception, circumstances affecting the Scheme have evolved. Hence the strategic intent and objectives of the scheme need to be confirmed and developed. Based on those objectives, options for the route are to be generated and assessed, particularly in relation to maximising the development opportunities and job associated with the Midpoint 18 site.

#### 2. Recommendations

- 2.1 Cabinet is recommended to:
  1. Authorise the Highways Portfolio Holder, in conjunction with the Executive Director of Economic Growth and Prosperity, to commission the collection of evidence; production of the evidence base; concept definition and Statement of Case for the Scheme and all the objectives that it is required to deliver
  - 2 Authorise the Highways Portfolio Holder, in conjunction with the Executive Director of Economic Growth and Prosperity, to commission the necessary investigation, analysis and design work including; mapping of constraints and opportunities; transport modelling; preliminary alignment designs; Transport Assessment; cost estimates; cost-benefit and viability assessments; and a

funding contributions / CIL strategy. These tasks will enable to Council to develop a robust Options-Assessment Report and Outline Business Case, both being necessary elements of any future planning application and delivery programme.

- 3 In order to comply with the CDM Regulations, authorise the Highways Portfolio Holder, in conjunction with the Executive Director of Economic Growth and Prosperity, to appoint a Principal Designer at this stage
- 4 Authorise the Highways Portfolio Holder, in conjunction with the Executive Director of Economic Growth and Prosperity, to commission the necessary environmental and ecology surveys that are seasonally dependent and whose omission would otherwise impose delays to delivering the Scheme
- 5 Delegate authority to produce and implement a Community-and-Stakeholder Engagement Plan to the Executive Director of Economic Growth and Prosperity
- 6 Approve the proposed governance structure
- 7 Agree that results be reported back to Cabinet for a decision on the preferred option and for further authorisation.

### **3. Reason for recommendations**

- 3.1 The northern part of the original route from the A54 has been constructed. A developer-led approach was adopted by the Council for the Scheme and a Regional Fund Grant was obtained. However, the Global Financial Crisis has resulted in no further progress being made. Therefore, responsibility for the By-Pass has reverted to Council sponsorship in order to achieve successful delivery. There is a planning permission for the original route which expires at the end of June. However, the original route limits the Scheme's utility because it was designed with only one principal purpose which was the promotion of industrial development on Midpoint 18. It has to be decided whether to proceed on the basis of the existing planning permission by 31<sup>st</sup> May in order for it not to lapse by omission. In principle, there are potentially more viable and useful alternative alignments that are worthy of detailed consideration at this time
- 3.2 Middlewich is identified in the Local Plan as a Key Service Centre for Cheshire East meaning that the vitality and growth of the Town contribute to the prosperity of the Borough as a whole. The By-Pass facilitates the delivery of Strategic Site CS 20, Glebe Farm; Strategic Location 9, Brooks Lane and Strategic Location 10, Midpoint 18 Extension. The opportunities for Middlewich emerging from the location of the HS2 Super-Hub at Crewe are likely to be considerable and very positive. It is important to press ahead with facilitating the success of Middlewich. Its Eastern By-Pass will make a major contribution to improving the Town's potential

- 3.3 The Town continues to suffer acutely from traffic congestion. A533, Lewin Street, is a sub-standard, narrow route within Middlewich and presents a number of risks to road safety as a result. The Eastern By-Pass will mitigate the traffic congestion by significantly diminishing conflicting traffic movements. Importantly it should limit the safety concerns on Lewin Street
- 3.4 Work has identified the limitations of the original route; the need for more options and opportunities for better solutions. The options will need to be compared and to be measured against the strategic requirement and objectives for the Scheme. Hence work is required to clarify those parameters
- 3.5 In order to obtain any further planning permission, and the necessary ecology licences to implement the Scheme, timely topographical and environmental surveys are required. These environmental surveys have to comply with set dates and last for laid-down durations. If the surveys are not started immediately, a whole year will be lost and the Scheme will be delayed as a result
- 3.6 The Construction, Design and Management Regulations require the appointment by the Client of a Principal Designer at this stage of the Scheme. The Principal Designer will facilitate the production of the optimum solution as well
- 3.7 As the Scheme makes progress, it is important to consult and involve local Members; the local MP; the Town Council; landowners; local businesses; other stakeholders; and the local community who are likely to be affected and benefit from the Scheme. A lot of the land involved is owned by two developers, so their involvement will be fundamental. The consultation will inform the production of the optimum CIL that the Scheme can deliver
- 3.8 In order to start with effective control of the Scheme, it is recommended that the necessary governance structures are put in place at the onset. Based on experience, the Council's normal approach be adopted with the creation of a bespoke Project Board. The proposed membership is shown at Appendix B. The Project Board will report to the Strategic Infrastructure Board that, in turn, reports monthly to the Portfolio Holder
- 3.9 The opportunity to deliver the expanded Midpoint 18 site; create a viable, deliverable solution and secure the traffic and safety benefits for the Town Centre should be seized. The proposed mechanism is by extending the remit of the Project Board to cover the master-planning of the entire Midpoint 18 site. This widened role will include facilitating the jobs and housing growth which are in the Local Plan.

#### **4. Wards Affected**

Middlewich and Brereton Rural

#### **5. Local Ward Members**

- 5.1 Cllr Simon McGrory

- 5.2 Cllr Michael Parsons
- 5.3 Cllr Bernice Walmsley
- 5.4 Cllr John Wray

## **6. Policy Implications**

- 6.1 The Scheme supports the Local Plan Policy CO2 and is included in the associated Infrastructure Delivery Plan
- 6.2 It relates directly to the Council's Three Year Plan; Outcomes 2 and 6
- 6.3 The Eastern By-Pass aligns strongly to both the Economic Development Strategy and the Vision and Strategy for Economic Growth. East Cheshire Engine of the North
- 6.4 It is included in the Local Transport Plan 2015 Policy B2 – Enabling Development.

## **7. Financial implications**

- 7.1 The Middlewich Eastern By-Pass will be delivered through a blend of scheme-funding including third-party developer contributions secured by the Council. The viability and affordability of any by-pass scheme will be examined through consultation and financial-advisory work proposed as part of this feasibility stage. In addition an up-to-date cost estimate for the proposed solution will be prepared as part of the feasibility assessment.
- 7.2 Corporate Finance has been consulted on the budget implications of this report. It is estimated that the cost of the recommendations will be of the order of £250,000, which will be incurred as part of the Councils current capital budget. However if the project does not proceed even past this initial feasibility stage the costs would become payable by revenue and may be required to be funded by revenue reserves.

## **8. Legal implications**

- 8.1 The recommendation to appoint a Principal Designer will satisfy the legal requirements of only the Construction Design and Management Regulations.
- 8.2 The environmental and ecology surveys proposed will initiate compliance with the Wildlife and Countryside Act. Funding for same will come from the budget.
- 8.3 The outputs of this feasibility stage will be prepared to ensure that the relevant requirements of the statutory planning process are met.
- 8.4 The stakeholder consultation plan will be prepared to meet the relevant requirements of both the Equalities and Human Rights Acts.
- 8.5 The route of the scheme, the alternative schemes, funding of the scheme will all have to be looked into and approved, as will land acquisition, costs of land



acquisition, and potential consideration of the need for any Compulsory Purchase Powers and ultimately due consideration of procurement and State Aid issues. None of which are addressed in this report. All of these points will need separate legal consideration at the material time, on the points they raise, and in light of the powers under the Constitution- and any delegated powers applicable. In addition funding to be provided by the Capital contribution from the Council will have to be identified and form part of a capital bid and be a Key decision.

## **9. Risk Management**

- 9.1 Immediate implementation of the recommended governance arrangements will lead rapidly to the production of the Scheme's risk register; mitigation measures; monitoring and effective control.

## **10. Background**

- 10.1 A plan of the locality is at Appendix A
- 10.2 The northern part of the Scheme was constructed as Pochin Way and is identified in Appendix A
- 10.3 The current planning permission deadline has already been extended and no further postponement is allowed
- 10.4 There is an opportunity to secure significant investment for Strategic Location 10, Midpoint 18 Extension but outside the Local Plan, conditional on the provision of highway access. Construction of the early phases of the Eastern By-Pass will satisfy this requirement
- 10.5 Access employment sites along Cledford Lane is required
- 10.6 The Northern Gateway programme has identified opportunities to locate rail facilities at Middlewich. Further opportunities are likely to emerge. It can be easily deduced that there will be a need for the associated, high-quality highway infrastructure. The Scheme will provide the solution
- 10.7 The restoration of passenger rail services to Middlewich will be supported by all of the Northern Gateway opportunities. The station will be a traffic generator and benefit from the Eastern By-Pass which could provide access to the new station, dependent on its location
- 10.8 The traffic congestion in Middlewich has been a serious concern for a long time. It is largely caused by the high volume of east-west traffic, largely generated by Winsford. In conjunction with Cheshire West and Chester Council a traffic model has already been procured that covers both Towns and will be used for the proposed work. Not only will the Eastern By-Pass be used to ameliorate the north-south traffic movements that badly conflict with the flow of east-west traffic, it will be used to facilitate the subsequent scheme that provides the east-west traffic solution

- 10.9 An initial economic case assessment has been done in the past for the Scheme. It showed that the Eastern By-Pass is a viable transport scheme, without any other considerations, with a Benefit-Cost Ratio greater than 2
- 10.10 A Preliminary Route Options Report has been produced that has been used in the preparation of this Report and is at Appendix C


## **11. Access to Information**

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

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Designation: Head of Strategic Infrastructure  
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## Final Works

27-11-06		ISSUED TO CLIENT FOR COMMENT		VEN	AL
REV	DATE	NOTE		BY	CHECKED
Client Pochin Developments Ltd			Drawing No B006-212		
Contract Midpoint 16			Revision		
Drawing Overall Masterplan			Date 27-11-06		
			Scale 1:250 @ A0		
			Client EDH		
			Drawn JAL		



DEVELOPMENT RIGHTS: 12 VAPPI PARADISE, MACHCHERU NO 208, TEL 27-24 010 FAX 27-24 010 6TH FLOOR, SANGHARASHASTRA, COCHIN  
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**MIDDLEWICH EASTERN BY-PASS**

**PROPOSED PROJECT BOARD MEMBERSHIP**

**Director for Major Highway Infrastructure – Chair**

**Highways Project Sponsor**

**Regeneration Directorate Representative**

**Engine of the North Representative**

**Special Planning Directorate Representative**

**Pochin Developments Limited Representative**

**Bovale Limited, Developers Representative**

**Middlewich Investments Limited Representative**

**Master-Planners DB Symmetry Representative**

**Cheshire West and Chester Council**

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## Middlewich Eastern Bypass

Cheshire East Council

### Preliminary Route Options Report

| Draft 2

22 October 2015



## Middlewich Eastern Bypass

Project no: B1832077  
 Document title: Preliminary Route Options Report  
 Document No.:  
 Revision: Draft 2  
 Date: 22 October 2015  
 Client name: Cheshire East Council  
 Client no: Client Reference  
 Project manager: Paul Holder  
 Author: Paul Holder  
 File name: X:\Projects\B1832077 - Middlewich Eastern Bypass\Reports\Middlewich Eastern Bypass Preliminary Route Options Report Draft 2.docx

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### Document history and status

Revision	Date	Description	By	Review	Approved
Draft 1	30/07/15	Initial draft report	Paul Holder	Brian Thompson	
Draft 2	22/10/15	Revised draft following Client comments	Paul Holder		



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## Appendix A. Figures

## Appendix B. Phase 1 High Level Delivery Programme

### **Important note about your report**

This report has been produced by Jacobs to identify initial potential alternative routes for the Middlewich Eastern Bypass based upon changed extents relating to the Midpoint 18 Development site in the Emerging Local Plan, and broader strategic initiatives identified for potential highway links and High Growth City objectives.

It has been produced as a desk based study with no physical or intrusive investigations on site, and using data sourced from the public domain.

Route options and detailed proposals will be the subject of further studies, investigations, validation, and design and within the context of this report are to be considered as preliminary only.

The report has been produced exclusively for Cheshire East Council and no liability is accepted for any use or reliance on the report by third parties.

## 1. Introduction

The currently consented Middlewich Eastern Bypass scheme provides a link between the A54 and the A533 and creates access for the continuing development of the Midpoint 18 site.

The scheme has been partially implemented to date with the construction of Pochin Way, but the remaining section forming the link which creates the bypass has not been implemented.

The current planning consent for the link expires in mid – 2016 and cannot be extended further.

A recent enquiry for the potential development of a large logistics type facility on an enlarged Midpoint 18 site, together with broader strategic highways initiatives associated with the High Growth City proposals provides the opportunity to reconsider the route options both for the bypass itself and for the local highway access arrangements for the potential development.

Delivery of a suitable highway access for the potential logistics facility by the end of 2017 is understood to be a key development requirement.

Jacobs have been commissioned by Cheshire East Council (CEC) under the Ringway Jacobs Framework to consider the route options, and to develop preliminary design for the development access together with a high level delivery programme and preliminary environmental scoping and surveys.

This report presents the initial options considered following identification of key constraints from information in the public domain.

Throughout the report the following definition of phases of the scheme is used:

- **Phase 1A** – The initial works to create highway access to the potential logistics development on the Midpoint 18 site, with linkage to Cledford Lane to enable an interim ‘relief’ route for restricted classes of vehicle.
- **Phase 1B** – The connection of the Phase 1 route to the remaining areas of the Midpoint 18 site and the A533 completing the Middlewich Eastern Bypass as previously conceived for all classes of vehicle.
- **Phase 1C** – The development of a strategic route running from north east to south west between the A533 and A530.
- **Phase 2** – The development of a direct connection between Phase 1A and the A54 (incorporating the Sproston Bypass) enabling a strategic link to be completed between M6 Junction 18 and the A530.

Sources of information used to identify constraints in the development of options were:

1. CEC online interactive mapping
2. Environment Agency online mapping
3. Natural England MAGIC interactive mapping
4. Initial briefing information relating to the High Growth City highway proposals from CEC
5. Records of existing high pressure gas and high voltage electrical services
6. The Health & Safety Executive

In addition to constraints identified from the sources studied, numerous ecological constraints are known to exist in the study area which will require detailed surveys and mitigation works, but which at this stage have not been considered as constraints to potential highway routes.

## **2. Route Objectives and Standards**

The route objectives are effectively defined by the phases anticipated for the implementation with the initial phases linked to further development of the Midpoint 18 Development Site and delivering an improvement to existing traffic congestion experienced in Middlewich by providing an alternative route avoiding the A54 / A533 junction close to the town centre, consistent with the current MEB consented scheme.

Local distributor road standards are currently anticipated for the initial phases (1A & 1B), consistent with previous MEB schemes.

Further objectives associated with economic growth and HS2 are enabled by the development of the new Phase 2 strategic route from M6 Junction 18 to the A530, and an appropriate route standard should be selected consistent with growth objectives. Subsequent development of highways to a higher standard than Phases 1A & 1B may require subsequent widening of the initial phases and provision for this should be made in the initial design.

### 3. Constraints

#### 3.1 Constraints Identified from Public Sources

The study area has a number of features that present significant physical, environmental, and cost/programme constraints to the development of highway routes.

The following key constraints for each of the Phases have been identified, and where possible have been avoided in the development of potential route corridors.

Constraints plotted on OS background are shown in Figure 1 in Appendix A.

Phase 1A		
Scheme Section	Constraint	Implications
Junction with Pochin Way	Existing bridge over River Croco	Spatial constraint affecting junction size & location
	Existing pumping station	Spatial constraint affecting junction size & location
	Buried services	Not known yet
Phase 1A Alignment	National Grid high pressure gas main	Spatial constraint on highway alignment – detailed survey required in later design works. HSE MAHP planning constraint though PADHI process
	Overhead HV electrical services (132kv & 33kv)	Spatial constraint on highway alignment – details to be confirmed (pylon positions etc)
	Main River	2 no crossings needed & possible FRA (River Croco & unnamed tributary shown on EA mapping)
Cledford Lane	Physical width within current highway boundary	Limits the scale of improvements achievable to provide interim traffic relief for restricted vehicle types
	Cyclist provision	Cledford Lane shown as cycle route on CEC interactive map – further pressure on available space to create satisfactory highway cross section
	Weak bridge over Sanderson's Brook	7.5T mgv limit – would require assessment and possible upgrade & flood risk assessment (FRA)
	Bridge under railway	Limited headroom (4.3m) and width between abutments (to be confirmed by survey)
	Bridge over canal	Severely restricted visibility on approach to junction with Booth Lane (A533)
	Booth Lane junction	Restricted geometry – may require improvement
	Standard of route	Route will need to be assessed and possibly upgraded to provide suitable geometric standards.  No formal drainage of route currently evident  Restrictions on available width could constrain what can be

		achieved
<b>Phase 1B</b>		
<b>Scheme Section</b>	<b>Constraint</b>	<b>Implications</b>
Cledford Lane to Booth Lane (A533)	Overhead HV electrical services (132kv & 33kv)	Spatial constraint on highway alignment – details to be confirmed (pylon positions etc)
	Railway	Bridge over required – location to be determined
	Canal	Canal corridor shown as a conservation area. Bridge over required if existing A533 bridge or location not suitable
	Main River	Crossing of Sanderson's Brook needed and possible FRA
	National Grid high pressure gas main	Partial spatial constraint on highway alignment – detailed survey required in later design stages Possible constraint on junction location
A533 Junction area	National Grid Gas regulator station	Constraint on possible junction location, but sufficiently far south to be unlikely to have an impact
	National Grid high pressure gas main	Possible constraint on junction location though likely to be sufficiently far south to not have a impact
	Electrical substations	Grid and Primary substations in potential area of interest
	Overhead HV electrical services (132kv & 33kv)	Spatial constraint on highway alignment – details to be confirmed (pylon positions etc)
	Main River	Spatial constraint based upon Small Brook flood zone, but sufficiently far south to be limited impact
	Canal	Crossing in close proximity to A533 junction. Note canal level increases through two listed locks in south east direction. Listed structures and mileposts associated with canal restricting potential crossing points.
	Traveller Site	Existing traveller site off Booth Lane
<b>Phase 1C</b>		
<b>Scheme Section</b>	<b>Constraint</b>	<b>Implications</b>
A533 – A530	Main River	Crossing of River Wheelock required (Cheshire East / Cheshire West & Chester Boundary)
	Overhead HV electrical services (132kv & 33kv)	Spatial constraint on highway alignment – details to be confirmed (pylon positions etc)
	Sandbach Flashes SSSI	Significant SSSI with Impact Risk Zones (IRZ) spreading over wide area – assessment needed for IRZ limit associated with highway

	Listed Buildings	Small number of listed buildings affecting potential routes
<b>Phase 2 – Future Link</b>		
<b>Scheme Section</b>	<b>Constraint</b>	<b>Implications</b>
M6 J18 – Phase 1A connection	Main River	Crossing needed for River Croco
	Overhead HV electrical services (132kv & 33kv)	Spatial constraint on highway alignment – details to be confirmed (pylon positions etc)
	Listed Buildings and Locally Listed Buildings	Listed and locally listed buildings affecting potential routes. Note, locally listed buildings do not have statutory protection but Council policy favours their retention.
	Planning Consents	Existing planning consents for Kinderton Lodge (clay extraction and landfill), and Cheshire Fresh development

Table 1 – Key Constraints

Table 2 below gives details of listed buildings and locally listed buildings affecting the selection of potential route corridors for Phase 3.

<b>Listed Buildings</b>			
<b>Locally Listed Buildings Between M6 J18 &amp; A533</b>			
<b>Building</b>	<b>Location</b>	<b>Easting</b>	<b>Northing</b>
Manor Farm	Holmes Chapel Road	373070	366980
Parkside House	Holmes Chapel Road	372865	366943
Garage House	Holmes Chapel Road	372890	366985
Daisy Bank Farmhouse & Barns	Holmes Chapel Road	372620	366985
Dairy House Farm	Holmes Chapel Road	373140	366845
Dock Bank Farm	Brereton Lane	373345	366475
Sproston Hall	Brereton Lane	373445	366470
Parkside Farmhouse	Off Brereton Lane	373145	365850
Broad Lane Farm & Barn	Broad Lane	373650	365900
Pool Farm Cottage	Cledford Lane	372665	365215
Knightshulme Farmhouse	Bradwell Lane	373440	364450
Curtishulme Farm	Off Bradwell Lane	373180	364320



Listed Buildings Between M6 J18 & A533			
Building	Location	Easting	Northing
Kinderton Lodge	Off Pochin Way	372405	366010
Barn at Kinderton Lodge	Off Pochin way	372345	366040
Briar Pool Farmhouse	Cledford Lane	372425	365150
Guidepost at junction with Bradford Road	Cledford Lane	372395	365145
Outbuildings to Cledford Hall	Cledford Lane	371640	365640
Murgatroyd Club	Off Booth Lane	373075	362830
Trent & Mersey Canal Listed Structures			
Building	Location	Easting	Northing
Trent & Mersey Canal Rumps Lock	Adjacent Booth Lane	371445	364470
Canal Milepost immediately north of Rumps Lock	Adjacent Booth Lane	371425	364505
Milepost 200m south east of Tetton Lane Junction	Near Tetton Bridge	372250	363815
Canal Bridge no 614	Adjacent Booth Lane	372555	363500
Milepost south of Bridge no 614	Adjacent Booth Lane	372570	363470
Lock no 69	Adjacent Booth Lane	372920	363050
Lock no 68 & attached Accommodation Bridge	Adjacent Booth Lane	373075	362830
Listed Buildings Between A533 & A530			
Building	Location	Easting	Northing
Pettywood Farmhouse		370265	363785
Mill Lodge		370500	362385
Old Hough Farm House		369965	362390

Table 2 – Listed &amp; Locally Listed Buildings

### 3.2 National Grid NTS Pipeline

The National Grid NTS pipeline and associated infrastructure has been the subject of consultation with the Health & Safety Executive and it has been identified as a Major Accident Hazard Potential (MAHP)

The pipeline is the 21 feeder Pickmere / Audley.

Consultation zones associated with the main are 78m (inner), 90m (middle), 270m (outer). Consultation zones define recommended proximities for different land uses dependent upon sensitivity of the use in the event of an accident. The proposed development is impacted slightly on the corners by the inner zone, and increasingly by the other two zones.

Restrictions within the consultation zones are implemented through Planning with HSE forming a Statutory Consultee. Depending upon the sensitivity of the development the HSE response may either be 'advise against' development (AA) or 'don't advise against' development (DAA).

The planners are not bound to accept the HSE response and if they do not, the HSE will not pursue the issue further.

Internet based research suggests that the logistics development would be low Level of Sensitivity (level 1) and DAA would be the likely response in all consultation zones. However, other aspects of the development may contribute to a higher level of sensitivity (storage of goods which could contribute to a higher general hazard in the event of an accident for example).

Advice against development (AA) in the inner zone would be expected for developments used by the general public, developments for use by vulnerable people, and very large & sensitive developments. In the middle zone AA would be expected only for the latter two, and in the outer zone only for very large and sensitive developments.

### **3.3 Other Constraints**

Further constraints associated with ground conditions (eg salt caverns), archaeology, protected species habitats, rights of way are expected to exist within the study area, but at this stage are not assumed to be of significant influence on route option development.

Environmental constraints are the subject of current scoping study to determine the extents of further surveys required for the Phase 1A works. Surveys and Environmental Assessment works are expected to identify requirements for mitigation proposals as part of proposed highway development.

A potential relocation of the Basford Hall railway sidings from Crewe to a location adjacent to the railway line in the study area may result from the development of HS2 and High Growth City initiatives. The indicative footprint of a relocated sidings has yet to be developed but at this stage it is considered that it may extend to 2km in length over a width of 1km adjacent to the existing railway line. This will clearly be a major consideration, requiring major highway structures.

## 4. Route Options

Preliminary route options have been developed for all phases and are shown on Figures 2 to 5 in Appendix A as follows:

Figure 2 – Phase 1A with connection and improvements to Cledford Lane

Figure 3 – Phase 1A + 1B

Figure 4 – Phase 1A + 1B + 1C

Figure 5 – Phase 2 Future link to Sproston Bypass

Routes have been considered in plan only at this stage, with vertical alignment considerations to be the subject of further option development.

### 4.1 Phase 1A

#### 4.1.1 Main Alignment

The Phase 1 alignment is significantly constrained by the NTS high pressure gas main. The location of the main shown on Figure 1 has been digitised from previous scheme drawings at this stage and verified against record drawings provided by National Grid.

On advice from National Grid, the Health & Safety Executive have been consulted to establish consultation zones associated with the main and these are described in Section 3 above and shown on the Figures. The consultation zones are not expected to influence the location of the highway.

An initial scheme for Phase 1A has been previously developed which potentially clashes with the main, and an amended alignment is now suggested in this study to remove the clash. Subject to vertical alignment development it appears that compliance with current link road standards is achievable.

The junction of Phase 1A & Pochin Way appears to be significantly constrained by the proximity of the existing bridge where Pochin way crosses the River Croco, and an existing pumping station adjacent to the Prologis development. A roundabout junction has been shown indicatively at this stage, but a different form of junction with a smaller footprint may be more easily achieved.

The Phase 1A alignment continues beyond the development and makes an interim connection to Cledford Lane as part of the initial delivery.

#### 4.1.2 Cledford Lane

Cledford Lane will require significant improvement works to create an appropriate route standard for increased two-way traffic flows, including carriageway widening, introduction of formal drainage, potential strengthening of the Sanderson's Brook crossing, and possible improvements to the junction with Booth Lane.

The form of the Phase 1A junction with Cledford Lane has not been determined at this stage but will need to take account of likely traffic in both the short term and in the longer term following implementation of Phase 1B.

Use of Cledford Lane will need to be restricted to light vehicles unless existing constraints associated with low headroom at the railway bridge (4.3m) and the restriction of 7.5T maximum gross weight on the Sanderson's Brook crossing are addressed as part of the upgrade.

Physical space limitations on sections of Cledford Lane also restrict the potential for the development of a standard of road suitable for HGVs unless third party land is acquired.

This may have implications for ANSA vehicles associated with the waste reprocessing depot which might reasonably be expected to be HGVs associated with waste transfer operations. Any such vehicle would be impacted by the weight restriction, and may potentially be impacted by the low headroom constraint dependent upon vehicle type. Movements for HGVs would need to be restricted to the section of Cledford Lane west of Faulkner Drive, with all movements onto the highway network via the Cledford Lane / Booth Lane junction.

#### **4.1.3 Cledford Lane Booth Lane Junction**

The junction of Cledford Lane and A533 Booth Lane is currently a low standard priority junction, with Cledford Lane forming a side road. The layout geometry is heavily constrained, by Cledford Bridge (Bridge 166) over the Trent & Mersey Canal which runs parallel to the A533 separated by a distance of approximately 10m. The kerb to kerb width of the carriageway on the bridge is around 5.6m and there is a 2m wide footway on one side only. On the opposite side there is a negligible set back from the kerb to the bridge parapet, and the potential to widen the carriageway is minimal.

The vertical profile of the carriageway over the bridge is in the form of an inverted V with no measurable vertical curve length at the reversal of the gradient. It is assumed that the profile has been adopted to generate sufficient headroom beneath the bridge, but it creates significant visibility issues for traffic in both directions. A replacement structure which allowed an increased carriageway width would be likely to have similar vertical profile issues.

On Booth Lane the typical carriageway width is 7.3m, with an entry taper to Cledford Lane from the north widening the carriageway locally to 10m. On the opposite side of Booth Lane there is a 2m footpath and frontage of terraced residential properties close to the back of footway. Solutions involving widening the carriageway or raising the elevation of Booth Lane in the vicinity of the junction appear to be constrained and complex.

## **4.2 Phase 1B**

The Phase 1B alignment shown on Figure 3 indicates a continuation of the Phase 1B alignment from Cledford Lane to a junction location on the A533 to the west of the existing traveller site.

The alignment typically follows the NTS gas main before turning to cross the railway at approximately 90 degrees and crossing the former RHM Foods site to tie into the A533. It presents a different route through the Midpoint 18 site to the currently consented scheme but is considered to provide a less complex tie in to the A533.

The Phase 1B section is potentially affected by the potential relocation of Basford Hall sidings for which a notional layout will be prepared.

## **4.3 Phase 1C**

Phase 1C as shown on Figure 4 continues the Phase 1B alignment from the A533 to provide a link to the A530. It avoids all identified constraints and ties into the A530 to the west of Occlestone Green.

Phase 1C crosses the Cheshire East / Cheshire West & Chester boundary at the River Wheelock.

Issues relating to Winsford transport plans will potentially influence strategic thinking related to Phase 1C and will be addressed in subsequent revisions of the report.

#### **4.4 Phase 2 – Future Link**

The Phase 2 future link is shown on Figure 5.

The Link is shown as a connection between Option 5.3 of the Sproston Bypass and as shown bisects the Kinderton Lodge site which has a current planning consent for clay extraction and subsequent landfill. This consent may be problematic depending upon relative timing of implementation of the link and enactment of the consent.

An alternative alignment to the north of the Kinderton Lodge site is also shown but this will present greater difficulty in achieving highway link design standards with a potential long sub-standard radius , and the connection with Phase 1A will be closer to the Pochin Way junction and the River Croco crossing. All of these aspects reduce the attractiveness of the alignment option.

## **5. Cost Estimate**

Basis and form of cost estimate to be agreed

## **6. Delivery Strategy**

Delivery strategy to be agreed.

Key issues to consider in relation to delivery of a scheme perceived as a bypass (eg phase 1A alone may not be) etc

Address potential for Developer input and investor funding

## 7. Planning Considerations

Initial consultations with CEC Planning Officers have sought to identify any key issues associated in particular with the Phase 1 works as a significant departure from the currently consented scheme.

With the current consent for the bypass due to expire in July 2016 it is not considered that development of alternative proposal would present any particular difficulty. The existing consent is not expected to undermine a new application which would simply be seen as superseding it.

However, some key issues have been identified as listed & discussed below:

1. The current scheme is a well-established route on all plans so deviation from the existing route will need to be well substantiated.
2. The proposed Phase 1A route and much of the potential development lies outside of the current Midpoint 18 site area. The additional site area has been allocated in the Emerging Local Plan, but this has not been adopted yet and the timescales associated with this aren't certain. Objections on policy grounds would however be unlikely.
3. Protected trees and ecological issues are expected to be significant
4. Any proposals for Cledford Lane will be very important. There are currently significant issues associated with waste vehicles at the Cledford Lane / Booth Lane Junction associated with the currently unapproved ANSA Environmental Services application. British Salt have objected to the application.

In general terms, planning for Phase 1A is not currently considered to be a constraint on 2017 delivery of the development, but the programme for planning will be a key issue and risk (see Section 8).



## 8. Phase 1A Delivery Programme

An initial high level programme has been developed for the Phase 1A works to investigate the possibility of delivery of the scheme by the end of 2017 and to identify the critical activities and milestones to achieve delivery.

An aggressive (optimistic) programme indicates that completion of Phase 1A highway works could be achieved by February 2018 assuming a 6 month construction period.

The critical items for delivery within the required timeframes are the ecology surveys and subsequent development of mitigation proposals and the Environmental Statement to support the planning application.

The aggressive programme assumes a number of concurrent activities and favourable outcomes for planning and the granting of licenses for environmental works.

A less aggressive programme has also been developed which reduces the number of concurrent activities, but still assumes favourable outcomes for planning an environmental licenses. This programme indicates a completion of highway construction in June 2018, which is significantly outwith the end of 2017 target.

The Phase 1A delivery programmes are shown in Appendix B and key risks associated with them are discussed in Section 8.2 below.

### 8.1 Key Milestones

The key milestones for delivery identified in the programmes relate to the planning application and an assumed planning decision date between mid-February and mid-march 2017. Planning delays which cause significant slippage to this target date are likely to jeopardise the environmental mitigation works programme with a direct follow on effect for highway construction.

An extensive pre-application process leading up to submission of the planning application is anticipated to control risks associated with planning.

### 8.2 Key Programme Risks

In addition to the ecology surveys, there are a number of items which could materially influence the delivery timescales which will require specific management to mitigate potential impacts:

- Planning – the determination of the planning application will be a critical path activity, and any issues which cause this to be prolonged could severely compromise the delivery
- Newt License – a newt license will only be issued following planning consent and there is a risk that the 50 day period which Natural England are allowed for this may be exceeded causing environmental mitigation works to be prolonged and commencement of highway construction works to be delayed
- Land Assembly – there is no scope in the programme for any delays to land assembly following planning consent. It is assumed that all land will be acquired by negotiation rather than compulsory purchase order. Indicative land ownership plans provided by Pochin show all land required for Phase 1A to be in the ownership of CEC, Pochin, or 'Pochin Option' land.
- Utilities – the programme assumes no works to major utilities. Should any such work be needed to the high pressure gas main or overhead electrical services these are likely to need to be committed to well

in advance of planning consent to avoid potential delays to environmental mitigation & highway construction works.

## **9. Further Works Required (Phase 1A)**

Implementation of the Phase 1A works will require an extensive programme of further works commencing as early as possible to enable the required delivery timeframe to be achieved.

- Initial works should focus on environmental scoping and phase 1 habitat surveys to ensure that an appropriate scope of ecological surveys are programmed and ready to take place in the next available survey windows.
- Geotechnical desk study and subsequent intrusive investigation will be required to inform highway design.
- Topographical survey and services tracing will be required early in the programme to enable detailed highway alignment design and the identification of any service diversions that may influence programme
- Consultations with key stakeholders, including statutory consultees should be commenced early to minimise risks of objections to planning

## Appendix A. Figures



## **Appendix B. Phase 1A High Level Delivery Programme**

## CHESHIRE EAST COUNCIL

### Cabinet

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**Date of Meeting:** 9<sup>th</sup> February 2016

**Report of:** Executive Director of Growth & Prosperity

**Subject/Title:** Progressing the Community Infrastructure Levy (CIL)

**Portfolio Holder:** Cllr Rachel Bailey, Children and Families

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#### 1.0 Report Summary

- 1.1 As the growth agenda gathers pace and the scale of new development expands across the Borough, so the need to fund critical infrastructure becomes paramount.
- 1.2 New development impacts not only on 'hard' infrastructure – the civil engineering of roads, drains and footpaths directly linked to construction – but much more widely on 'soft' infrastructure – the key community facilities of education, transport, waste management, health and social care that are essential to every successful settlement.
- 1.3 The permissive planning regime brought in by the NPPF combined with changes in legislation (have made the coordination of infrastructure funding and the operation funding infrastructure under the current system of s.106 agreements much more difficult.
- 1.4 The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development in their area. CIL came into force in April 2010 under the Community Infrastructure Regulations 2010 (CIL Regs). The production and approval of a CIL Charging Schedule setting out the CIL rates for an area is required before CIL can be implemented.
- 1.5 The CIL Regs seek to ensure that local use of the Levy and planning obligations under s106 of the Town and Country Planning Act 1990 (1990 Act) do not overlap. The role of s106 planning obligations has become limited to specific impacts of development that cannot be funded under CIL, for example on-site Open Space.
- 1.6 Accordingly it is apparent that the Council must act now to meet the challenge of future infrastructure provision. Progress with the Local Plan

now enables the Council to press ahead with the preparation and approval of a CIL Charging Schedule with greater confidence.

- 1.7 This report therefore requests that Cabinet agrees to the undertaking of all work necessary to prepare a CIL Charging Schedule for the local planning authority area administered by Cheshire East Council. Further reports will be necessary following the carrying out of preparatory work.

## **2.0 Recommendations**

- 2.1 To endorse the undertaking of all work necessary for the preparation and approval of a CIL Charging Schedule for the local planning authority area administered by Cheshire East Council.
- 2.2 To devise a detailed implementation plan and programme to set out the principal stages for the preparation of CIL. This will include the opportunity to re-appraise our approach in the light of the outcomes of the Government Review of CIL.

## **3.0 Reasons for Recommendations**

- 3.1 The Council is now sufficiently advanced in the preparation of its Local Plan Strategy (LPS) for it to introduce a CIL Charging Schedule to help deliver the infrastructure needed to support the development proposals identified in the LPS and its accompanying Infrastructure Delivery Plan.
- 3.2 Given the detailed stages involved in devising and finalising a CIL it will be necessary to draw up a detailed project plan, taking account of arrangements for governance, scrutiny and review. This should also allow for the conclusions of the Government Review of CIL (see 11.1 below) to be considered and acted upon.

## **4.0 Wards Affected**

- 4.1 All wards

## **5.0 Local Ward Members**

- 5.1 All Members

## **6.0 Policy Implications**

- 6.1 The Local Plan is a key component of the Council's policy framework and sets out a vision for how the Borough will grow sustainably to 2030. An important component of achieving vibrant sustainable communities is the need to ensure that any growth is supported by the provision of the economic, social and environmental infrastructure necessary to bring this about. The timely introduction of a CIL Charging Schedule will help enable this to happen.



## **7.0 Implications for Rural Communities**

- 7.1 The introduction of CIL will help provide funding for infrastructure in rural communities as identified in either the Site allocations DPD or Neighbourhood Plans or as a result of impact from developments. Town and Parish Councils will directly receive some of the CIL receipts resulting from development in their area.

## **8.0 Financial Implications**

- 8.1 The cost of the introducing CIL will be additional to current budgets. It is estimated that an additional £50,000 will be required to cover the initial phases, additional to officer time. This will principally cover the costs of preparing the charging schedule, providing additional supporting evidence and funding the Examination. A detailed cost proposal will be drawn up following the completion of the revised tender exercise (see 11.7 below). As this is a 'one off' cost to meet a particular opportunity it is suggested that this be met from Reserves. Further costs will ultimately be incurred in the administration and collection of CIL, but these can be recovered through the charge itself.
- 8.2 More significantly however is the potential long term financial benefit for the Council. CIL is applied more broadly than the current s.106 system and it is levied per square metre of development. Accordingly there is the opportunity to spread the burden of infrastructure costs more widely and equitably. Ultimately this should result in a greater scale of contributions being accrued than at present and should create a better and more certain funding regime for essential facilities. At the present time approximately 20% of homes completed in the Borough are built on small sites, below the threshold for section 106 obligations. If the charge is applied comprehensively, there is the potential for the cost of establishing CIL to be recovered within the first year of full operation.
- 8.3 Under the Regulations 15% of CIL contributions are required to be spent locally within the relevant town or parish, subject to certain limitations. Where a Neighbourhood Plan is in place this rises to 25%.

## **9.0 Legal Implications**

- 9.1 The implementation of CIL is governed by the Community Infrastructure Regulations 2010.

## **10.0 Risk Management**

- 10.1 The Council must balance the need to secure better infrastructure provision with the risk that abortive work will be undertaken ahead of the completion of the Local Plan process. As far as possible the two processes should be run in tandem to mitigate this risk.

## **11.0 Background and Options**

### The Need For Infrastructure Provision

- 11.1 All new development has implications for infrastructure. The direct implications – in terms of roads, transportation and utility provision are often very apparent. Less obvious, but just as keenly felt, are the implications for the wider social fabric of the neighbouring community – the additional pressure placed on health , education and caring facilities. Collectively the Council needs to mitigate the impacts of new development through the planning process, where and when they occur.
- 11.2 The Cheshire East Local plan Strategy proposes that 36,000 new homes be built in the borough over the period 2010 – 2030. Thus far only 3,500 or so of these dwellings have been completed – signalling that the major impacts of new growth are yet to be felt. Accordingly the need for new infrastructure, of all kinds, will ramp up over the coming decade.

### The Current Infrastructure Challenge.

- 11.3 The presumption in favour of sustainable development brought in by the NPPF has prompted a sharp rise in planning applications outside areas allocated for development. Large greenfield sites on the outskirts of towns and villages in the south and centre of Cheshire East have been released for housing ahead of any designation in the development plan. The scale of this unplanned development has undermined the effective coordination of infrastructure provision in these localities. Whilst individually each development may be seen to meet its own limited obligations, there is an erosion of strategic oversight in the construction of key infrastructure.
- 11.4 This situation is further exacerbated by the impact of the CIL Regulations (regulation 123) which limit the pooling of contributions from s.106 agreements. This regulation, effective since April 2015, means that no more than 5 obligations can be pooled for any given infrastructure project. This makes the provision of major schemes (e.g road improvements, secondary schools etc) much harder to fund. In addition further restrictions under Regulation 122 have proved problematic in securing contributions against generic objectives (notably health services) where the detailed end project is not always known and therefore cannot satisfy the Regulation.
- 11.5 Against this conflict, there is a growing case to implement CIL in Cheshire East as soon as we are able.

### The Process of Securing CIL

- 11.6 The purpose of CIL is to raise money to help pay for the Infrastructure needed to support new development. The Council, as the local planning authority, has the power to set a CIL charge based on the net additional

(internal) increase in floor space resulting from development. The charge is made on a per square metre basis. Rates can vary by geographical area, use, or scale (or a combination of these) and is due when development starts.

11.7 In order for the Council to set a CIL charge it must demonstrate that it understands:

- the type and scale of the new infrastructure that is required;
- The extent of the financial shortfall that will exist in meeting these infrastructure costs once normal sources of infrastructure funding are taken into account i.e. the size of the infrastructure gap which CIL will help to bridge
- The general implications for development viability in the area should CIL be introduced
- How CIL will operate alongside S106 obligations, which will continue to play a part in funding but on a more limited basis once CIL is introduced.

#### The Estimated Timing & Timescales for Establishing CIL

11.8 The principal consideration around deciding when is the optimum time to begin work on introducing a CIL charge must be based on how confident the Council is in its understanding of future infrastructure requirements in the Borough. This will be driven by progress on the preparation of the Local Plan, as this sets out the overall levels of growth, how it will be distributed and the infrastructure needed to support development.

11.9 The favourable Further Interim Views received from the Inspector on 11 December 2015 now provide a clear basis for further progress on the Local Plan. However early progression of CIL must balance the need to ensure that the Council captures appropriate contributions for infrastructure provision from developers before the strategic sites allocated in the Local Plan are granted planning permission, against the risk that until the Local Plan Strategy is adopted changes may occur which will have a knock on impact for CIL.

11.10 In addition, it should be noted that the Government has established an independent group to review CIL. The group will assess the extent to which CIL does or can provide an effective mechanism for funding infrastructure, as well as recommend changes that would improve its operation in support of the government's wider housing and growth objectives. It is due to report in April 2016. The Council will need to keep its approach to CIL under review in the light of any findings.

Implementing CIL

11.11 The steps required to set the CIL charge with approximate timings are shown in the table below:

<b>Steps to Setting the CIL Charge</b>	<b>Approximate Timeline (Months)</b>
Review and update the existing evidence on viability and the infrastructure needed to support the development proposals	4
Prepare preliminary draft charging schedule and get formal sign off	1
Undertake public consultation on preliminary draft charging schedule	1
Review comments and provide further or amended evidence, if necessary.	1
Prepare draft charging schedule and get formal sign off	2
Undertake public consultation on draft charging schedule	1
Consolidate evidence and responses and prepare for submission to Examiner	1
Examination	0.5
Adoption	3

11.12 Establishing CIL will involve a considerable amount of officer time and is likely to take between 12 and 18 months to become operational from our current position. Early consideration needs to be given to establishing the necessary internal systems and procedures needed to operate CIL to help minimise the time it takes for the Council to implement a CIL charge once the rates have been approved. This will include the need to procure CIL administrative software and agree operating responsibilities and protocols (e.g. for calculating all levies, surcharges and receipts; issuing liability and demand notices; and updating systems to take account of amended planning permissions – as this may alter the CIL charge on issued liabilities).

11.13 Establishing CIL will also require appropriate Member input and the governance mechanism for achieving this will need to be agreed. This will include determining:

- the Regulation 123 list (the requirement for a published list of infrastructure projects or types that we intend will be funded by CIL) t) as part of establishing a CIL charge;
- which section of the Council will have overall responsibility for operating CIL (the planning, finance and legal sections will all need to input); and
- The mechanism for deciding how CIL monies should be monitored and spent once the CIL charge is introduced

## **12.0 Access to Information**

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

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Designation: Head of Planning Strategy  
Tel No: 01270 685893  
Email: [adrian.fisher@cheshireeast.gov.uk](mailto:adrian.fisher@cheshireeast.gov.uk)

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## CHESHIRE EAST COUNCIL

### Cabinet

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**Date of Meeting:** 9<sup>th</sup> February 2016  
**Report of:** Chief Operating Officer  
**Subject/Title:** Peter Mason Leisure Centre  
**Portfolio Holder:** Cllr S Gardner, Open Spaces  
Cllr D Brown, Highways

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#### 1. Report Summary

- 1.1. Cheshire East Council remains fully committed to redeveloping the leisure facilities in Congleton as part of its strategic approach to improve the health and wellbeing of residents. This project is the second in a programme of leisure related improvements and follows the significant investment in new facilities in Crewe, reaffirming the Council's commitment to providing modern leisure facilities.
- 1.2. Peter Mason Leisure Centre sits in a unique location, incorporating Hankinsons Field and Congleton Park. This project provides an opportunity to redevelop the leisure provision and integrate the surrounding area into any future development, providing class leading modern indoor leisure with outdoor surroundings and facilities for generations to come.
- 1.3. Following Cabinet on the 29<sup>th</sup> September 2015, the project team was authorised to commission intrusive surveys of the pool and pool hall area to establish the structural integrity of this and ascertain whether a refurbishment of the pool was feasible and/or cost effective.
- 1.4. This report and accompanying appendix sets out the findings of the surveys carried out and focuses on the condition survey for the fabric of the pool and surrounding area; providing Members with the detail required to consider and agree the recommended option that will enhance and maximise the leisure offer for the residents of Congleton.

#### 2. Recommendations

It is recommended that:

- 2.1. Following the completion of the intrusive surveys to the pool (summarised in Appendix 1) the recommended option for the Peter Mason Leisure Centre is the construction of a new pool and pool hall in conjunction with a refurbishment of the dry side offer.

- 2.2. Officers are authorised to commence the procurement of a strategic leisure development partner (Development Partner) to explore finance options and deliver the new and refurbished facility.
- 2.3. In consultation with the Leader and Portfolio Holder (Open Spaces), delegated authority to be given to the Chief Operating Officer and the Director of Legal Services to decide on the appropriate procurement route to appoint a Development Partner and enter into and finalise the agreements required to deliver the new pool and refurbished leisure centre and such documentation that is required for the Everybody Sport and Recreation Trust (ESAR) to operate the leisure centre.
- 2.4. Cabinet note that once a preferred Development Partner is identified officers will return to Cabinet for the authority to appoint that Development Partner and proceed in delivering the facility.

### **3. Other Options Considered**

- 3.1. Condition surveys carried out in relation to the integrity of the pool have shown that a refurbishment of the pool could be feasible. However, within the recommendation summary an indication on lifespan for the pool is given as 10 – 15 years as a reasonable reflection of the condition of the tank. Professional Indemnity does not permit a more definitive outcome.
- 3.2. Furthermore, the findings from the survey recommend that in order to maintain the integrity of the pool fabric, any new finishes are completed with minimal disruption to the existing finishes.
- 3.3. A range of options have been considered including traditional design and build, procured through a mini competition under the North West Construction Hub High Value Framework or other Framework.
- 3.4. Grant Aid Support, though there would appear to be few significant grant aid sources available for a scheme of this size looking to provide a diverse range of facilities.

### **4. Reasons for Recommendation**

- 4.1. Significant investment is required to enhance the leisure centre; whilst a refurbished pool would appear to be within the current budget envelope, there is inherent risk to this approach which could incur greater expenditure and in turn delay to the project if the integrity of the pool slab were to be compromised during any refurbishment.
- 4.2. When comparing the potential levels of investment against the whole life span of the facility, a new pool construction would represent a more economical solution in the longer term to secure modern and efficient facilities for leisure customers for many years to come.



- 4.3. A new pool and pool hall construction permits better use of circulation space for a changing village, potential for a spa offer and incorporate accessible pool side viewing, whilst improving and increasing the parking provision on site. A refurbished pool would not afford these improvements to the same level.
- 4.4. The decision to seek authority to explore the procurement of a Development Partner is based upon the risk that a traditional design and build procurement may produce a sub optimal outcome for the residents of Congleton, Cheshire East Council and the Trust in terms of the impact of the facility mix on the ongoing subsidy required to operate the facility. It is recognised that this project presents a much more commercially focused leisure opportunity than in Crewe where the Lifestyle Centre required a more balanced approach to service provision which also included a range of statutory services such as Adult Social Care and Childrens Services.
- 4.5. A Development Partner will place greater emphasis on building a business plan and subsequent design that works for all parties using their specialist experience to provide facilities that are relevant for the 21<sup>st</sup> century but also significantly contribute to reduced operational costs and improved performance, driving down the operating subsidy towards full cost recovery over time.
- 4.6. Having a Development Partner in place will offer challenge to both the Council and Trust potentially opening up opportunities for new and innovative ways of delivering across the existing leisure portfolio and open spaces. It offers the possibility of being able to develop facilities that become destinations in themselves.
- 4.7. Having conducted pre procurement soft market engagement there is strong evidence to suggest that partnering with a leisure development partner will offer the best chance of building a fit for purpose facility within the available budget and of identifying alternative funding mechanisms to limit the capital outlay.
- 4.8. There is an increased possibility of minimising disruption to the existing site and thereby maintaining a leisure offering to the residents of Congleton by working with an experienced leisure development partner. This will minimise the impact of any compensation event.

## **5. Background/Chronology**

- 5.1. The Leisure Centre comprises of two distinct elements built at different times with a number of separate power plants running different parts of the building.
- 5.2. The plant is nearing 40 years old, so suffers from poor energy efficiency. The current layout does not comply with current design standards (Sport

England, Equality Act) which makes it an extremely inefficient building and presents construction challenges for some design options.

- 5.3. There is the potential to utilise elements of the surrounding open space during the construction phase but this would be subject to an agreement with the requisite statutory agencies including Sport England as appropriate. Discussions continue with users of Hankinson's Field adjacent to the leisure centre and include Congleton Rugby Club and Friends of the Park.

## **6. Wards Affected and Local Ward Members**

- 6.1. Primarily it affects the residents using the existing facilities in Congleton, though users could be resident in any area of the Borough.

- 6.2. The local wards in Congleton East, represented by:

Cllr Geoff Baggott

Cllr David Brown

Cllr Glen Williams

The local wards in Congleton West, represented by:

Cllr Paul Bates

Cllr Gordon Baxendale

Cllr George Hayes

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- 7.1.1. As an early part of the regeneration plan for Congleton, this project will provide a much needed and visible investment in Congleton. This will contribute directly to the regeneration of the town and improve participation in active leisure and sport activities.

- 7.1.2. The Leisure Centre is already established as a well used and important community facility, with a specific focus on the provision of wet and dry leisure facilities for the local and wider population. The existing land footprint has the potential for limited expansion to provide an improved leisure facility and the potential for some lifestyle focused space designed to a high standard. Facility improvements will invariably bring increased income and usage benefiting improved health outcomes for local residents.

- 7.1.3. The preferred option will impact on service provision while any construction and refurbishment takes place.
- 7.1.4. The project team will work closely with ESAR in an effort to minimise the impact for users in Congleton and explore potential temporary leisure offers within the town. This process would be dealt with as part of the detailed business case, including detailed discussions with ESAR regarding financial implications.
- 7.1.5. This project will need the consideration of a number of 'key dependencies'. These include and may not be limited to Congleton Rugby Club, the Scout Hut (next to the leisure centre) and users of the public open spaces in particular users of the skate park and the local 'friends' group.
- 7.1.6. This project will also have dependencies on the following strategies underway in the council:
- a) Regeneration plan for Congleton - The Council is developing a Masterplan for Congleton. The benefits from this project will be fed into the wider master-planning activity.
  - b) Indoor Facilities Strategy. A new strategy is currently being developed in support of the emerging Local Plan.
- 7.1.7. Congleton Neighbourhood Plan, to be developed with the Local Partnership and will also feed into the Community Hubs project.

## **7.2. Legal Implications**

- 7.2.1. The procurement of a Development Partner must comply with the Public Contracts Regulations 2015. The procurement process followed will depend on the extent to which the Council is able to define its requirements. Once a specification is produced Legal Services and the Procurement Unit will advise on the appropriate process.
- 7.2.2. The Consultation with local stakeholders will be conscientiously taken into account in finalising the scope of the scheme.
- 7.2.3. The Council entered into a contract with ESAR for delivery of leisure and sports development services on 1st May 2014 ("the Operating Contract"). The Operating Contract is in force until 30th April 2024. The Operating Contract envisages that as future Lifestyle centres are developed ESAR will provide the services from those centres. Should the Council decide to offer the opportunity to deliver services from any redeveloped or new leisure centre to a third party then this would involve terminating ESAR's current lease and dealing with the resulting compensation claim.

- 7.2.4. The Council may be liable to compensate ESAR for loss in earnings during the refurbishment and a variation to ESAR's current lease may be required if the leased area changes
- 7.2.5. A report on title has already been produced in relation to the various legal interests in the Congleton Leisure Centre site and the Council will be required to investigate the remaining interests and if required reach an agreement with those existing at the refurbishment date or terminate any arrangements to enable the refurbishment to proceed.

### **7.3. Financial Implications**

- 7.3.1. The project has been allocated a budget of £8.8m within the Capital Programme for 2015/16 to support the redevelopment of this facility. The scheme will reduce the expected maintenance liability though this would not result in a direct 'saving' towards the business case of a redeveloped asset.
- 7.3.2. Procuring and subsequently appointing a Development Partner will enable alternative funding models and the facility mix to be comprehensively explored before a final determination of options is made so as to deliver a facility that is both fit for purpose and affordable for Cheshire East Council within the capital funding available.
- 7.3.3. The design stage will look at maximising the efficiency of the asset to reduce the future running costs.
- 7.3.4. A key component of the decision to procure a Development Partner will be to incorporate all the Councils objectives into the planning and design stage so that the outcome is a facility that residents want to use, is adaptable for the changing leisure landscape and is financially sustainable in the long term. Any facility should not be a copy of what has gone before as this will continue to require significant subsidy.
- 7.3.5. The business case and financing model will only come about once a Development Partner is in place and has worked with the council and Trust to understand objectives. The aim will be to provide an offering that is affordable and contributes significantly towards the investment cost. The focus will be to secure the long term sustainability of a redeveloped facility through the most economically viable solution, providing significant return on the investment.
- 7.3.6. Project management resource will be required as part of the ongoing project which will be funded from within the capital allocation.

### **7.4. Equality Implications**

- 7.4.1. Any refurbishment or new build on the leisure centre site will ensure that the site becomes fully accessible to all residents. In addition a range

of programmes and facilities will be developed to attract a wide range of user groups.

**7.5. Rural Community Implications**

7.5.1. The new and improved leisure facility will serve as a destination offering a diverse range of accessible facilities not only for Congleton town residents but also the wider rural communities in and around this locality.

**7.6. Human Resources Implications**

7.6.1. None

**7.7. Public Health Implications**

7.7.1. The provision of improved leisure facilities will enable the Council to continue to make a significant contribution to Outcome 5 of the Corporate Plan “ People Live Well and For Longer”.

**7.8. Other Implications (Please Specify)**

7.8.1. None

**8. Risk Management**

8.1. There are significant risks with the delivery of this project which will be mitigated in detailed design and subsequent planning stage. These are highlighted below:

- a) Pre planning responses – An initial consultation has been had with Sport England. More detailed discussions will be required should the only option be for a replacement pool as the proposal will need to be compliant with current local and national policies in relation to public open space.
- b) The site sits within a Zone 2 flood plain, early engagement with the Environment Agency has confirmed that any refurbishment or new construction would require sufficient defence mechanisms to lessen the impact of any flooding should this occur. This may have some impact on scope and budget.
- c) There is a potential risk that the current budget envelope may not be sufficient to meet the aspirations of the project. Whilst the project team will robustly manage the project budget and mitigate this where possible, it may be necessary to seek a supplementary capital estimate. The project team will continue to work with finance colleagues to ensure

any such request, should it be necessary, is made through the appropriate means in a timely manner.

- 8.2. It cannot be assumed that the existing pool facility or dry side offer could remain open during any construction phase or refurbishment.

## **9. Access to Information/Bibliography**

- 9.1. The background papers relating to this report can be inspected by contacting the project team.

## **10. Contact Information**

Contact details for this report are as follows

<b>Name:</b>	<b>Peter Bates</b>
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## **Appendix 1**

### **RECOMMENDATION SUMMARY**

Furness Partnership made the following recommendation:

From what has been observed, we have no concerns regarding the pool tank itself. We believe the building fabric and filtration etc. will give up before the tank does, however from a Professional Indemnity perspective, we cannot give a definitive lifespan due to amount of unknowns/variables/inaccessible areas that we may not be aware of.

We would expect if nothing changes and our findings are a reasonable reflection of the condition of the tank, the tank would be okay for 10-15 years, but we cannot guarantee this.

Any signs of defects will show themselves in the form of cracking to the finishes or tiles popping off, hence the need to monitor, survey the water use etc. If any changes are noted then an Engineer should be contacted. As a minimum we would advise a similar set of surveys are carried out in ten years' time if there has been no sign of change in the finishes or water use.

### **CONCLUSION/RECOMMENDATIONS**

#### **5.1 Conclusion**

The pool tanks appear to comprise reinforced concrete construction with tiled finishes. The exact depth and reinforcing details of the tank slabs and walls themselves was not possible to determine without intrusive investigation which would likely compromise the water-retaining properties of the tanks. The cover meter surveys suggest that there is no reinforcement within the top face of the pool slabs and that the pool walls may only have vertical bar reinforcement with approximately 100mm cover although it should be noted cover meter surveys are limited.

The pool surround slab appears to comprise a 160mm ground-bearing concrete slab reinforced with 6mm dia. mesh in the bottom face. The slab is overlaid by a fine sand cement screed laid to falls and a 5mm tile direct to the screed.

A visual inspection of the pool tanks and surround showed no significant structural defects of either the pool tanks or the surround slab. Both tanks and surround slab showed signs of cosmetic wear typical for a building of this age.

A static water test indicated that water loss from the tanks themselves was minimal and that due to the small amounts of water loss recorded it would be virtually impossible to determine if this is from defects in the tank or just evaporation.

Whilst the pool tank construction is unlikely to comply with current water retaining concrete requirements in accordance with current standards the tanks and finishes are holding water adequately and as such are suitable for continued use.

## 5.2 Recommendations

Based on the report and conclusions drawn above it is recommended that whilst the pool tank construction is unlikely to comply with current water retaining concrete requirements in accordance with current standards the tanks and finishes are holding water adequately and as such are suitable for continued use.

At this stage in a pool tanks design life and having only limited information on the exact construction it isn't possible to definitively state a remaining lifespan. However as stated above the tanks are still functioning adequately and as such are suitable for continued use. It is recommended that following the refurbishment project clear records of any water loss/top ups are kept and reviewed annually as any significant defects that do develop in the tanks or finishes in the future are likely to manifest themselves as increased loss of water in the first instance.

It is likely the finishes to the pool tank add the water-retaining properties of the tank and as such it is recommended that any refurbishment works to the pool tanks themselves to improve aesthetics are done so with minimal disruption to existing finishes.



## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report of:</b>	Peter Bates, Chief Operating Officer
<b>Subject/Title:</b>	Environmental Services Operating Contract
<b>Portfolio Holder:</b>	Cllr. Sam Gardner, Open Spaces

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#### 1. Report Summary

- 1.1. The purpose of the report is to consider a request from the Council Company, Ansa Environmental Services Ltd for an extension on its existing contract for the delivery of Waste and Environmental Services. The request is made in order for them to enter into new procurement arrangements for waste processing and deliver future benefits to the Council.
- 1.2. In its first year of trading, Ansa has delivered the contract efficiencies required by the Council whilst at the same time exceeding its performance indicators and delivering a profit from its operations. In order to deliver future benefits, however, there is a need for Ansa to let new waste and recycling processing contracts that will require a 10-15 year service commitment.
- 1.3. Ansa Environmental Services Ltd has therefore proposed a 10 year extension to its existing contract due to expire on 1st April 2021 to give an unelapsed period of 15 years from 1st April 2016 (ending 1st April 2031) with a rolling one year extension each year thereafter, assuming they have achieved the appropriate performance standards.

#### 2. Recommendation

- 2.1. That the Cabinet approve delegated authority to the Portfolio Holder for Open Spaces in consultation with the Chief Operating Officer and Director of Legal Services to vary the Service Operating Contract of Ansa Environmental Services and associated agreements, subject to due diligence being undertaken by legal, procurement and finance.

#### 3. Other Options Considered

- 3.1. To achieve best value for the Council, Ansa need to relet our main waste and recycling processing contracts. There is currently insufficient time (5 years) remaining on Ansa's contract with the Council to enable them to effectively secure value for money. Any new contracts let would extend beyond the current end date of Ansa's contract with the Council.

- 3.2. The alternative would be for the Council to procure and manage these waste and recycling processing contracts itself. This would however involve a contract modification to Ansa's operating contract as this function and the procurement staff involved have been transferred to Ansa. It would also be against the high level objectives of the Council's waste strategy that seek to deliver services in a cost effective way through a wholly owned company.

#### **4. Reasons for Recommendation**

- 4.1. In its waste strategy 2030 the council set out to deliver services in a cost effective way through a wholly owned company. Since its inception in April 2014, Ansa has delivered what has been asked of it by the council. Targets are being met and efficiencies made so that a quality service is maintained on the council's behalf. It is now important to consider ensuring this positive development is not stunted before further benefits are reaped.
- 4.2. As part of the waste strategy to reduce disposal to landfill to zero and achieve 100% disposal to waste to energy generation the Council is constructing its central environmental hub. Ansa now need to procure a number of contracts to coincide with the opening of the hub to allow the treatment and disposal of waste ending landfilling and delivering savings associated with it. At present however Ansa's contract with the Council is due for renewal only 4 years after the hub is completed.
- 4.3. This time limitation on the scope of Ansa's development would be unduly restrictive since any contracts they subsequently entered into with third parties dealing with various aspects of waste management and treatment would be too short for most companies to agree with. To hamstring our successful ASDV in this way would not make economic, environmental or financial sense.
- 4.4. The waste industry is in a very fluid state currently and new ways of managing waste are developing all the time. Ansa need to have some certainty around its long term future so that it could procure contracts that were the most advantageous for the council. An efficient, healthy and stable Ansa will bring about many benefits for both the council and residents.

#### **5. Background/Chronology**

- 5.1. Following a detailed review of how the council's waste and environmental services were being run it was determined that an arms length company model was best placed to deliver the service. Ansa Environmental Services Ltd was created in 2014 with a 7 year contract with initial savings targets associated with service efficiencies, the construction of new infrastructure and the reletting of the major waste and recycling contracts.

- 5.2. Now nearing the end of its second year of operation, Ansa has achieved all that has been asked of it in an increasingly challenging financial environment.
- 5.3. A key development early in Ansa's existence was the sale of its southern depot (Pym's lane) and the purchase of a new purpose built central environmental hub. This new site is currently under construction and will not be fully operational until 2017.
- 5.4. Ansa are now considering the procurement of contractors who will manage the collected waste from 2017 onwards and have therefore requested a contract extension at this point to begin this procurement process.

## **6. Wards Affected and Local Ward Members**

- 6.1. Ansa operates across the Council area so all wards are affected

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- 7.1.1. The recommendation is in line with the Council Waste strategy 2030 objectives. The following high level objectives of the new waste strategy are relevant:
  - To deliver services in a cost effective way through a wholly owned company.
  - ensure that residual waste is managed to support waste prevention, reuse and recycling, minimising waste produced; and
  - to reduce disposal to landfill to 0 and achieve 100% disposal to waste to energy generation
  - To utilise waste that cannot be reused or recycled as a resource for energy generation helping to alleviate fuel poverty in the borough.

### **7.2. Legal Implications**

- 7.2.1. The contract does not contain any express provisions for the extension of the Agreement beyond the 1<sup>st</sup> of April 2021, however if the parties are in agreement the contract can be extended beyond 2021 by a Deed of Variation.
- 7.2.2. The Deed of Variation should also be used as a mechanism to make other contractual changes consequential to any agreement to extend the contract such as changes to KPIs to ensure the ongoing monitoring of quality and value over the extended period. The Deed of Variation can also be used as an opportunity to make other consequential changes to address any practical issues that have emerged while the contract has been in operation.

7.2.3. Consideration will also have to be given to extending and amending the terms of other agreements such as the support services agreement property leases and licences in line with any extension.

7.2.4. When considering the extensions and variations the Council will have due regard to its statutory requirements such s123 of the Local Government Act 1972, State Aid and the Public Contracts Regulations 2015

### **7.3. Financial Implications**

7.3.1. The contract extension will enable the realisation of savings associated with procuring medium term waste and recycling processing contracts.

7.3.2. Annual management fees are negotiated under the terms of the existing operating contract with Ansa in order to deliver best value to the Council through its service provision.

7.3.3. Appropriate due diligence will be carried out by finance prior to entering any renewed contract.

### **7.4. Equality Implications**

7.4.1. None

### **7.5. Rural Community Implications**

7.5.1. None the contract extension serves all wards of Cheshire East.

### **7.6. Human Resources Implications**

7.6.1. The contract extension will require legal, procurement and finance responses led through the commissioning team.

### **7.7. Public Health Implications**

7.7.1. None

### **7.8. Other Implications (Please Specify)**

7.8.1. None

## **8. Risk Management**

8.1. Ansa Environmental Services is a Council owned company delivering core services previously undertaken by the Council Waste and Environmental Services Department and hence is not subject to competition in the award

of the renewal of this contract. Appropriate due diligence will be undertaken by legal, procurement and finance.

## **9. Access to Information/Bibliography**

- 9.1. Cheshire East Council Municipal Waste Management Strategy 2030 -  
[http://www.cheshireeast.gov.uk/waste\\_and\\_recycling/waste\\_strategy\\_and\\_performance/waste\\_strategy/waste\\_strategy.aspx](http://www.cheshireeast.gov.uk/waste_and_recycling/waste_strategy_and_performance/waste_strategy/waste_strategy.aspx)

## **10. Contact Information**

Contact details for this report are as follows:-

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of Meeting:</b>	9 <sup>th</sup> February 2016
<b>Report:</b>	Director of Children's Services
<b>Subject/Title:</b>	Determination of Local Authority Coordinated Scheme and Admission Arrangements
<b>Portfolio Holder:</b>	Councillor Rachel Bailey, Children and Families

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#### 1.0 Report Summary

- 1.1 Cabinet are recommended to approve the coordinated scheme and admission arrangements (attached) for 2017 and subsequent years, subject to any review.
- 1.2 The coordinated scheme (**Annex 1**), which all local authorities are, under section 88M of the School Standards and Framework Act 1998 (SSFA), required to have in place, will apply to applications for places in all publicly funded mainstream primary and secondary schools (i.e. including academies) for the school year 2017-18.
- 1.3 The proposed admission arrangements (**Annex 2**) include the overall procedure, practices, criteria, published admission number (PAN) and supplementary information to be used in deciding on the allocation of school places. Current admission numbers and proposed changes for community and voluntary controlled schools for 2017 (which the Local Authority is responsible for as the admission authority for these schools) are set out in **Appendix 1**.

#### 2.0 Recommendations

- 2.1 Cabinet is recommended to approve
- The proposed **coordinated admission scheme**, which all local authorities are required by section 88M of the School Standards and Framework Act 1998 (SSFA) to have in place (**Annex 1**).
  - The proposed **admission arrangements** for Cheshire East community and controlled schools, which are the overall procedure, practices, criteria and supplementary information to be used in deciding on the allocation of school places (**Annex 2**).

#### 3.0 Reasons for Recommendations

- 3.1 The recommendation will enable the Local Authority to meet its statutory duty to determine by 28 February 2016 a coordinated admissions scheme

and admission arrangements to apply for 2017 and subsequent years, subject to any further review.

#### **4.0 Wards Affected**

- 4.1 Once determined, the coordinated scheme will apply to all Cheshire East publicly funded mainstream primary and secondary schools, including academies and the admission arrangements will apply to all Cheshire East community and voluntary controlled schools.

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

- 5.1 All ward members.

#### **6.0 Policy Implications**

- 6.1 The Coordinate Scheme and Admissions Arrangements are key policy documents for the Council and are a statutory requirement. The process for applying for school places is contained within the coordinated scheme and this applies to all Cheshire East publicly funded schools. How parents' preferences are then considered is set out within an admission authority's admission arrangements. The policy on admission arrangements will apply to applications for community and voluntary controlled schools only, for which the Local Authority is the admission authority.

#### **7.0 Implications for Rural Communities**

- 7.1 The Local Authority's coordinated scheme will apply to all publicly funded schools across the Borough and the admission arrangements will apply to applications received for Cheshire East community and voluntary controlled schools. Determination will therefore benefit all communities equally by ensuring that arrangements are in place for families who will be applying for admission in the 2017-18 academic year.

#### **8.0 Financial Implications**

- 8.1 Members should note that the costs of School Admissions are charged to the Dedicated Schools Grant within the element for central expenditure.

#### **9.0 Legal Implications**

- 9.1 The Authority has a duty to comply with the mandatory requirements imposed by all relevant legislation including the School Admissions Code (or by statutory provisions). The School Admissions Code has been issued under Section 84 of the School Standards and Framework Act 1998 ('SSFA 1998') Chapter 1 of Part 3 of the School Standards and Framework Act (SSFA) 1998 contains the key provisions regarding schools admissions, including the statutory basis for the Code. The Code reflects changes to the law made by the Education Act 2011 and Regulations.



- 9.2 The Regulation that applies for the purpose of this report is the School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2014.

## 10.0 Risk Management

- 10.1 The Local Authority must determine its coordinated scheme and admission arrangements by 28 February 2016 otherwise it will be in breach of its statutory duty to comply with the provisions of the School Admissions Code.
- 10.2 The Local Authority must inform the Secretary of State whether it has secured the adoption of a qualifying scheme by 28 February. The Secretary of State may impose a scheme where a scheme has not been adopted.
- 10.3 Objections to determined admission arrangements can be referred to the Office of the Schools Adjudicator by 15 May in the determination year. The Adjudicator must consider whether the arrangements comply with the Code and the law relating to admissions. Arrangements must therefore be compliant with the provisions set out in the School Admissions Code 2014. An Adjudicator's determination is binding and enforceable.
- 10.4 Community and voluntary controlled schools have the right to object to the Schools Adjudicator if the PAN set for them is lower than they would wish. There is a strong presumption in favour of an increase to the PAN to which the Schools Adjudicator must have regard when considering any such objection.
- 10.5 An Equality Impact Assessment is attached as **Annex 3**

## 11.0 Background and Options

- 11.1 The Local Authority's school admission arrangements and coordinated scheme are for implementation from September 2017.
- 11.2 If changes are proposed, consultation is required by 31 January (determination year) in accordance with the requirements set out in the School Admissions Code. Where the admission arrangements have not changed from the previous year there is no requirement to consult, subject to the requirement that admission authorities must consult on their admission arrangements at least once every 7 years, even if there have been no changes during that period. Arrangements must nevertheless be determined by **28 February** every year, even if they have not changed from previous years and a consultation has not been required.
- 11.3 The **Coordinated Scheme**, once determined, will apply to applications for places in all Cheshire East publicly funded schools including Academies. The scheme planned for 2017-18 is the same as the current scheme (2016-17), which was adopted by the Local Authority in March 2015, other than the insertion of wording at paragraph 1.6 to confirm that applicants must be resident in the UK and that the only exceptions to this are for service

personnel with a confirmed posting to their area and crown servants returning from overseas to live in that area.

11.4 The **Admissions Arrangements** once determined, will apply to community and voluntary controlled schools only. The following minor changes are inserted into the admission arrangements for clarification.

- i. Criterion 4: The words “not resident within a school’s designated catchment area but” have been removed, to ensure clarity. This does not affect the prioritising within this feeder school criterion and does not therefore require consultation **(page 2-3, Annex 2)**.
- ii. The removal of the definition of measuring distances for applicants resident outside the UK. This has been replaced with a paragraph that explains that applications cannot be accepted from families resident overseas. This is to ensure compliance with the School Admissions Code, paragraph 2.19 and does not therefore require consultation **(pages 3 and 8, Annex 2)**.

11.5 Governing bodies of community and voluntary controlled schools have the right to object to the Schools Adjudicator if the PAN set for them by the Local Authority is lower than they would wish. There is a strong presumption in favour of an increase to the PAN to which the Schools Adjudicator must have regard when considering any such objection.

## 12.0 Access to Information

- School Admissions Code 2014
- School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2014

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

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## LOCAL AUTHORITY COORDINATED ADMISSIONS SCHEME 2017-18

### 1 BACKGROUND

- 1.1 This scheme applies to the school year 2017-18 and subsequent years, subject to any review.
- 1.2 The scheme meets the requirements for a scheme for co-ordinating admission arrangements under the School Admission (Admission Arrangements and Co-ordination of Admissions Arrangements) (England) (Amendment) Regulations 2014, made under the School Standards and Framework Act 1998, for the area of Cheshire East Council (the Local Authority).
- 1.3 In the normal admissions round (i.e. October - end February), parents apply to the local authority in which they live for places at their preferred primary or secondary schools. For late applications outside the normal round of admissions (i.e. March - end August), parents apply to the local authority in the area of the school. Applications for school places received 'in year' (i.e. those received after the first day of the school year into the relevant age group or into any other year group) and for the normal admission round into the relevant age group (i.e. reception at 4+ and secondary transfer at 11+) shall be determined in accordance with the provisions set out in this scheme.
- 1.4 This coordinated scheme applies to all publicly funded schools in Cheshire East and to preferences expressed by Cheshire East parents, including applications for schools in other Local Authorities. This scheme does not apply to applications for special schools or independent schools.
- 1.5 Parents making applications as part of the normal admission round for publicly funded schools in other authorities with a different age of transfer (i.e. middle and upper schools) will also be included within these arrangements.
- 1.6 Applications from families resident overseas cannot be accepted. In most cases, children arriving from overseas have the right to attend state-funded schools in England. Applications will be accepted once the family is resident in the UK. The only exception to this is for families of service personnel with a confirmed posting to their area, or crown servants returning from overseas to live in that area. This is in accordance with the School Admissions Code, paragraph 2.19

### NORMAL ADMISSION ROUND

### 2 GENERAL INFORMATION

- 2.1 Section 86 of the SSFA/98 provides that local authorities must make arrangements for parents to express a preference as to the school they wish their child to be educated at. Parent is defined within s.576 of the Education Act 1996 as being those who are natural parents whether they are married or not; any person who has PR for a child; and any person who has care of the child.

- 2.2 All parents **resident** in the area administered by Cheshire East Council will be asked to make their application on the common application form provided by this Local Authority (as the 'home' authority). Parents making applications on a maintaining authority's application form will be advised to contact their 'home' authority. Parents seeking places at independent (i.e. fee paying) schools must apply direct to the school.
- 2.3 Applications for places sent direct by parents to individual schools cannot be accepted and must be sent by the school to the Local Authority for inclusion within these arrangements.
- 2.4 For community and voluntary controlled schools, in its role as the admission authority, Cheshire East Council will be responsible for determining who can be allocated a place in accordance its agreed published admission arrangements.
- 2.5 For Academies, Free Schools, Voluntary Aided, Foundation and Trust schools, decisions on applications will normally be made by the governing body. The exception to this will be where the governing body has made arrangements for another body to consider the application and to determine by reference to the school's admission criteria if a place can be allocated.
- 2.6 For applications for schools outside Cheshire East, the relevant local authority will be responsible for coordinating decisions on applications through liaison, where relevant, with admission authorities in its area.
- 2.7 The Local Authority will collate and publish all admission arrangements in its composite prospectus, which will be published on the Local Authority's website in line with the requirements set out in the School Admissions Code. For parents without internet access, a hard copy of the agreed admissions arrangements will be available on request.
- 2.8 All preferences made in accordance with the Local Authority's arrangements will be met except where this would prejudice the provision of efficient education or the efficient use of resources e.g. normally where the year group in question is full. The duty to comply with parental preference is, however, removed for a period of two years where the child has been permanently excluded from two or more schools from the date on which the latest exclusion took place.
- 2.9 If the pupil is a Cheshire East resident and Cheshire East Council is not able to offer any of the preferences stated on the application form a place will normally be allocated at the nearest Cheshire East school with a vacancy using the Local Authority's Ordnance Survey address point data system for measuring straight line distances from the address point of the home to the address point of the school in miles. This will include allocating vacancies at Academies, Free schools, Voluntary Aided and Foundation schools in liaison and agreement with the governing bodies of these schools.
- 2.10 Where a preference has been received from a parent resident in another local authority and a place cannot be offered, Cheshire East Council will not allocate a place.

- 2.11 Written offers will be made by Cheshire East Council to residents in its area, in its role as the home authority, on behalf of the admissions authority for the school allocated as follows:

Admissions authority	Category of school
Cheshire East Council	All community and voluntary controlled schools in Cheshire East
Maintaining Local Authority	All non-Cheshire East community and voluntary controlled schools.
Governing Body of the school	All Academies and Voluntary Aided, Foundation and Free Schools

- 2.12 Schools must not notify parents that a place has become available but must inform their maintaining local authority in order that an offer can be made by the home authority.
- 2.13 In accordance with statutory requirements, a governing body, in its role as the admission authority for a school, **must** comply with the following procedures:
- Forward to their maintaining local authority details of any application made to the school direct, together with any supporting information provided by the parent (regardless of whether the parent who made the application resides in that local authority's areas);
  - Determine or make arrangements for another body (including the maintaining local authority) to determine by reference to the school's admissions criteria the order of priority in which each application for the school is ranked;
  - To notify their maintaining local authority of their determination, or arrange for the body appointed by them to notify the Local Authority on their behalf.
- 2.14 Parents will be informed in writing of their legal right of appeal against any decision not to offer them a place at a school stated as a preference on their application form and their right to be supported by a friend or adviser. Further information on the appeals process will be available on the Local Authority's website and by contacting the Local Authority.
- 2.15 Parents can submit an appeal in respect of each school for which admission has been refused. All appeal applications should be sent to the admission authority for the school for which admission has been refused.
- 2.16 Waiting lists, where held, will be in criteria order and not on a 'first come, first served' basis. Placing a child's name on a waiting list does not affect the statutory right of appeal.
- 2.17 Waiting lists will be held **for all schools** until the end of the autumn term in the normal year of admission **as a minimum**. Waiting list arrangements implemented after the end of term will be determined by individual admission authorities. For community and voluntary controlled schools, waiting lists will be closed at this

point and parents of children held on the waiting list will receive written confirmation of this.

- 2.18 Repeat applications will not be considered within the same school year, unless the parent's or the school's circumstances have changed significantly since the original application was made. Full details of the change of circumstances must be provided for consideration by the Local Authority.

### 3 APPLICATION PROCESS

- 3.1 Children reach compulsory school age at the beginning of the term following their 5th birthday. Under the Local Authority's policy, children may start school in the reception class in the September following their 4th birthday. For transfer to secondary, children will usually transfer at the beginning of the autumn term following their eleventh birthday.
- 3.2 Parents can request that the date their child is admitted to the primary school is deferred until later in the school year or until the child reaches compulsory school age in that school year. Applications for deferred admissions must be made by the published closing date. Parents will not however, be able to defer admission beyond the academic year for which the original application was accepted or beyond the beginning of the term after the child's fifth birthday.
- 3.3 There is no statutory barrier to children being admitted outside their normal year group. Paragraph 2.17 of the School Admissions Code enables a parent to request that their child is admitted outside of their normal age group, providing flexibility for children whose parents do not feel they are ready to begin school before they reach compulsory school age. Admission authorities are responsible for making the decision on which year group a child should be admitted to but are required to make that decision based on the circumstances of the case. In cases where parents will be delaying admission until the following year, an application must be submitted in accordance with the dates published for that application round.
- 3.4 To help younger children adjust to school, schools may phase full-time admission, admitting these children on a part-time basis. Arrangements are decided at school level.
- 3.5 Requests can also be made for early or late transfer to secondary school. Parents considering such a request must in the first instance speak to the headteacher of the child's primary school.
- 3.6 The application process will commence on **1 September** in the year preceding the admission year.
- 3.7 The common application form will invite parents to express 3 school preferences ranked in order of priority. Parents will be provided with the opportunity to give reasons for their preferences and can, if appropriate, provide any additional documents in support of their preference/s.
- 3.8 The child's place of residence will be the address of the parent with whom the child is permanently resident on the date published for the receipt of supporting

documentation (see part two below). Supporting information may be requested to verify the place of residence. To ensure a fair process, administrative checks may be undertaken, which will include verifying addresses against Council Tax records.

- 3.9 Where care is shared jointly the primary carer will be taken to be the parent with whom the child lives for the majority of the week (Monday to Friday) and it is this address that will be used for admissions purposes. If it is not possible to determine which parent is the primary carer, the Local Authority will determine residence based on where the child is registered for purposes of child benefit or (where no benefit is claimed) where the child is registered for GP purposes. Full details must be submitted in writing to enable the Local Authority to determine which address will be used. A panel of officers will consider the information provided. The School Admissions Code states at paragraph 2.23 (a) that local authorities can only make one offer per child. Therefore, where parents are unable to reach an agreement and more than one application is submitted, the Local Authority will process the application of the parent who is the primary carer.
- 3.10 Parents will be asked to submit the completed application form directly to this Local Authority by the statutory closing dates, **which are different for primary and secondary applications, as published in part two.**
- 3.11 Parents will be asked to provide details, where applicable, of any siblings attending the preferred school at the time of application and who will be attending at the time of admission, details of the current school attended and the length of time resident at the address provided.
- 3.12 If a parent expresses a preference for a school designated as having a religious character (faith school) they will be asked to state the religious denomination of their child on their application form. Parents will be advised to contact the school as they may also be required to complete a supplementary information form. Forms will be available on the Local Authority's website or direct from the school. Supplementary information forms (SIFs) will request information in addition to that provided on the common application form. Such request must be made in accordance with paragraphs 2.4 of the School Admissions Code (2014). Examples of additional information that can lawfully be requested include membership of, or relationship with the church, or a reference from a priest or other religious minister as proof of religious commitment.
- 3.13 All preferences will be considered on the basis of the **equal preference model** for allocating places, in accordance with legal requirements. This means that in the first instance, all preferences will be considered against the relevant published oversubscription criteria **only**, i.e. without reference to the preference ranking. Thereafter, where a pupil can potentially be allocated more than one school place stated on the application form, the **single offer**, determined by the home local authority, will be for the school ranked highest by the parents.
- 3.14 Preference ranking will not be shared with admission authorities in accordance with paragraph 2.7 of the School Admissions Code 2014 as this cannot lawfully be used when applying oversubscription criteria.
- 3.15 Where a school receives a supplementary information form, this Local Authority will not consider it to be a valid application unless the parent has also listed the

school on their home LA's Application Form, Supplementary information forms should be returned direct to the school concerned.

- 3.16 When a parent has submitted their application on the common application form but has not also submitted a supplementary information form (where relevant), the admission authority must nevertheless consider the application in accordance with legal requirements (Para 4.3 of Section 86(2) of the School Standards and Framework Act 1998). In circumstances where a SIF has been received the admission authority must be proactive in ensuring that there is an application, in order for the preference to be considered. In circumstances where a SIF has not been completed the application will be assessed on the basis of the information submitted to the governing body on the home local authority's common application form.
- 3.17 For secondary transfer only, the Local Authority will have records for all children resident within its area who attend Cheshire East primary schools. In order to make sure that all resident pupils are included in the co-ordinated admissions process, this Local Authority will also request data from neighbouring authorities and from independent schools in the area at the end of the summer term in the year preceding admission for details of resident pupils who attend their schools.
- 3.18 The Local Authority's composite prospectus will be available electronically on its website from the 1 September. Hard copies will be available on request from the Local Authority at the start of the autumn term.
- 3.19 The composite prospectus will include information on the application process including key dates, a copy of the common application form, details of Cheshire East schools and allocation data relating to applications for the previous year.

#### **4 CHANGING PREFERENCES**

- 4.1 After the closing date for applications, the Local Authority will not accept a change of preference unless it is satisfied that there is a genuine reason for doing so, such as a recent house move. Full details must be provided to the Local Authority for consideration and by the published deadline for receipt of supporting information.
- 4.2 Any parent wishing to change a preference after the closing date for applications without a genuine reason for doing so in the opinion of the Local Authority will be advised that the application will be treated as a late application.
- 4.3 In the case of a recent house move, evidence such as a letter from the solicitor confirming the completion date or a signed rental agreement\* showing the start of the tenancy will be required. Further confirmation may also be required including evidence of disposal of previous property and recent utility bills to confirm the actual place of residency. \*A signed rental agreement must cover the date published as the deadline for receipt of supporting information.
- 4.4 A panel of officers will consider information presented in support of the late change of preference. The parent will be notified of the decision.



## 5 PROCESSING APPLICATIONS

- 5.1 The following actions will be implemented in accordance with the dates published in part two of these arrangements.
- 5.2 Cheshire East Council will exchange applications for schools in other local authorities' areas with all relevant local authorities and will provide reports containing details of applications to its voluntary aided and foundation schools for consideration by governing bodies in accordance with the school's own published admission arrangements.
- 5.3 Cheshire East voluntary aided, foundation, **academies and free schools** will inform the Local Authority of the pupils eligible for a place under its admissions criteria and provide lists of pupils in criteria order who cannot be offered places.
- 5.4 Cheshire East Council will inform other local authorities of offers to be made to pupils resident within their boundaries and request details of offers they will be making to Cheshire East residents.
- 5.5 Places will normally only be offered up to the published admission number, which applies to the normal year of entry. A child cannot be refused admission to the normal year of entry on the grounds of prejudice to the provision of efficient education and efficient use of resources unless the published admission number has been reached. In respect of admission to year groups other than the normal point of entry, it is expected that the admission number will continue to be applied. However, if circumstances have changed since the year of entry, a place may be refused even if the admission number has not been reached.
- 5.6 Admission authorities that intend to admit above the published admission number (PAN) where it is considered that further admission/s would not have a detrimental effect on the school, should notify the Local Authority by the dates specified in part two of these arrangements to enable the local authority to deliver its coordination responsibilities effectively.
- 5.7 The Local Authority will finalise allocations on the basis of equal preferences and in line with the agreed dates, as far as possible.

## 6 NOTIFYING PARENTS OF DECISIONS

- 6.1 Cheshire East Council will send the parents of pupils who reside in Cheshire East written confirmation of the decision on the application. This will include offers for places in Cheshire East schools and schools in other local authorities, as appropriate. Where online applications have been received, the parent making the online application can logon to their online account on the published date to view the school place offered and ~~can also request to receive~~ **will also receive their offer by e-mail**. Offers confirmed by letter will be sent out on the published offer day by second class post.

## 7 LATE APPLICATIONS

- 7.1 Applications received after the closing date will be recorded as 'late' and considered after all on-time applications unless the Local Authority confirms that the reasons presented in support of the late submission justify the application

being considered alongside on-time applications. Reasons can include exceptional medical reasons preventing an earlier application or late removal into the area. Reasons must be presented at the time of application and supporting documentation **must** be provided, which must be received by the dates specified in part two.

- 7.2 In the case of a recent house move, the Local Authority will require supporting evidence to show that the place of residency has changed. This should include a letter from the solicitor confirming the completion date, or if relevant, a signed rental agreement showing the start date of the tenancy. Any rental agreement must include residency on the date published as the deadline for receipt of supporting information. Further information may be requested to confirm residency, for example, recent utility bills or evidence of disposal of previous property.
- 7.3 In respect of medical reasons preventing an earlier application, a letter of confirmation from a medical practitioner will be required.
- 7.4 Late applications received after the published deadline for the receipt of supporting information will be classed as late and processed after all on-time applications even if there is a good reason for the late submission.
- 7.5 All applications categorised as late will be processed at the time waiting lists are prepared and in accordance with the dates published in part two below.

## **8 MOVING HOUSE**

- 8.1 Parents must inform the Local Authority immediately of a change of address, even if details of a future change of residency were included on the application form. The Local Authority will require supporting evidence to show that the place of residency has changed. This should include a letter from the solicitor confirming the completion date, or if relevant, a signed rental agreement showing the start date of the tenancy. Any rental agreement must include residency on the date published as the deadline for receipt of supporting information. Further information may be requested to confirm residency, for example, recent utility bills or evidence of disposal of previous property.
- 8.2 Proof of residency received after the deadline published for the receipt of supporting information will not be used to assign a higher criterion for admission, but will be used to send the decision on the published offer date.

## **9 ACCEPTING AND DECLINING PLACES**

- 9.1 Parents will be required to **accept or decline** the school place offered by the dates published in part two. The Local Authority reserves the right to withdraw places not accepted by this date.
- 9.2 For late applications notified after the offer date parents will be required to accept the place offered within **10 working days** of the date of the offer.

## **10 WAITING LISTS**

- 10.1 Waiting lists for oversubscribed schools will consist of those children whose parents have specifically requested in writing (including e-mail) that they remain on the waiting list, along with late applicants and those for whom an appeal application has been received. Waiting lists will be held in criteria order and not on a first come first served basis.
- 10.2 Vacancies will be re-allocated to children held on the school's waiting list in line with the dates published in part two.
- 10.3 After the start of the school term in September, all admission authorities will hold up-to-date information on waiting lists until the end of the autumn term. After this date the Local Authority will no longer hold waiting lists for schools for which it is the admission authority. Other admission authorities that have published that they will continue to hold waiting lists after this date will be responsible for maintaining their waiting lists in accordance with their own published admission arrangements.

## **11 ADMISSIONS APPEALS**

- 11.1 The application decision letter/e-mail will explain the parents' right of appeal and how appeals may be made. Applications for appeal should be received by the dates published in part two.
- 11.2 Parents can submit an appeal in respect of each school for which admission has been refused.
- 11.3 Appeals against decisions notified after the published offer day will be heard within 40 days of the published appeals deadline where possible, or if received too late, within 30 school days of the appeal being lodged.
- 11.4 Appeals for late applications should be received within 20 school days from the date of notification that the application was unsuccessful.
- 11.5 All appeal applications should be sent to the admission authority for the school for which admission has been refused.

## **'IN YEAR' ADMISSIONS**

## **12 APPLICATION PROCESS**

- 12.1 'In year' applications are those made during the school year into any year group other than the normal point of entry (i.e. normal admission round). This will include applications from parents of children moving into Cheshire East from another local authority's area, moving within Cheshire East, or seeking to transfer to an alternative school for other reasons.
- 12.2 Parents seeking Cheshire East school places 'in year' will be required to complete the Cheshire East Council 'in year' application form. Forms will be published on the Council's website and will be available in hard copy on request.
- 12.3 In all cases, parents will be advised to contact their preferred school to progress their application.

- 12.4 Parents will be invited to provide additional information in support of their application. Application details will be shared with the relevant schools.
- 12.5 Parents will be asked to provide details, where applicable, of any siblings attending the preferred school at the time of application and who will be attending at the time of admission, details of the current school attended and the length of time resident at the address provided.
- 12.6 Personal or sensitive information provided for the purpose of school admissions will be held in accordance with the Data Protection Act 1998 and its eight principles, details of which are published on the Council's website. In order that applications can be processed in accordance with parents' wishes, personal information may be shared within the Local Authority, with other relevant local authorities and with relevant schools. Relevant local authorities include the home local authority (where resident) and local authorities where the schools named on the application form are located; relevant schools include the schools listed as preferences and the current or most recent school.
- 12.7 In order to ensure that a place is offered at a suitable school as quickly as possible, some applications will be processed in accordance with the Local Authority's agreed Fair Access Protocol. The operation of Fair Access Protocols is outside the arrangements of co-ordination and is triggered when a parent of an eligible child has not secured a school place under in-year admission procedures. In all cases, where this is deemed necessary to ensure a positive outcome for the family, parents will receive full information before this procedure is implemented. The Local Authority's Fair Access Protocol; agreed in partnership with the headteachers of both primary and secondary schools, will only progress with agreement of parents and will not affect the parent's right to express preferences for schools of their choice or to challenge unsuccessful applications through the appeals process. All permanently excluded pupils ready to be admitted into a new school will be offered admission under the Fair Access Protocol. Full information about the process is published on the Council's website.
- 12.8 If a parent expresses a preference for a school designated as having a religious character (faith school) they will be asked to state the religious denomination of their child on their application form. Parents may be required by the school to complete a supplementary information form. Forms will be available from the school or on the Local Authority's website. Supplementary information forms (SIFs) will request information in addition to that provided on the common application form. Such request must be made in accordance with paragraphs 2.4 of the School Admissions Code (2014). Examples of additional information that can lawfully be requested include membership of, or relationship with the church, or a reference from a priest or other religious minister as proof of religious commitment.
- 12.9 The Local Authority will publish on its website a list of the vacancies in Cheshire East publicly funded schools for parents seeking places outside the normal admission round.
- 12.10 Parents of children who are seeking a transfer to an alternative school for reasons other than a house move will be strongly advised to discuss the proposed transfer with the current school before submitting an application.

- 12.11 The Local Authority will maintain up-to-date records of applications and their outcomes through liaison with schools.
- 12.12 The process of completing the application for a school place can be facilitated by the school by inviting the parent to complete an online application during a school visit or by the parent prior to contacting or visiting the school. Hard copy application forms are available on request from the Local Authority.
- 12.13 Parents making applications for schools in other local authorities' areas will be advised to contact the relevant local authority for advice about their own application process.
- 12.14 Applications will not normally be accepted more than 6 school weeks prior to the intended date of admission. An exception to this is where an application is made during the summer term, for admission at the beginning of the following September. In this case, applications will be accepted up to 8 school weeks prior to intended date of admission.

### **13 PROCESSING APPLICATIONS**

- 13.1 All applications should be processed within no more than 10 working days from the receipt of application. Different time scales will apply to applications processed in accordance with the Local Authority's Fair Access Protocol.
- 13.2 Where there are spaces in the relevant year group a place will normally be offered to the parent.
- 13.3 If the year group in question is full, a decision to refuse admission will be made by the admission authority.
- 13.4 In cases where a school is oversubscribed, the admission authority will rank the applications in accordance with their published oversubscription criteria.
- 13.5 All decisions will be confirmed in writing to the parent by the admission authority and the letter/e-mail will include information about the legal right of appeal and a start date, where relevant. Optional letter/e-mail templates will be made available online for admission authorities that choose to use them.
- 13.6 Where a preference has been unsuccessful, written correspondence will confirm the decision on the application and will advise the parent to contact the Local Authority for advice about alternative schools with vacancies.
- 13.7 Written correspondence confirming offers will advise the parent to contact the school to accept or decline the school place within no more than 10 school days from the offer date.
- 13.8 In cases where a school feels that further admissions can be agreed on the basis that to do so will not result in a breach of infant class size legislation or will not prejudice the provision of efficient education or efficient use of resources, the application must be referred to the admission authority for a decision.

- 13.9 Decisions on applications will be notified to the Local Authority to enable the Local Authority to keep up-to-date records.
- 13.10 Admission will normally take place for primary school admissions within 10 school days from the date of offer and for secondary school admissions within 20 school days from the date of offer.
- 13.11 Repeat applications will not be considered within the same school year, unless the parent's or the school's circumstances have changed significantly since the original application was made. Full details of the change of circumstances must be provided on the applications form for consideration.

## 14 WAITING LISTS.

- 14.1 Waiting lists will not be held for community or voluntary controlled schools other than in accordance with legal requirements, which require that they are held up until the end of the autumn term for the normal year of admission (i.e. reception and year 7 admissions). Where waiting lists are held by other admission authorities, children will be added to waiting lists in criteria order and not on a first come first served basis.
- 14.2 For 'in year' waiting lists only, children who are subject of a direction by a local authority to admit, are part of a managed transfer from a closing school or who are allocated to a school in accordance with the Local Authority's Fair Access Protocol will take precedence over those on the waiting list.

## 15 'IN YEAR' APPEALS

- 15.1 Applications for appeal should be submitted within 20 school days from the date of notification that the application for admission was unsuccessful.

## 16 Part Two – Key Dates

Process	Secondary Transfers	Primary Admissions
Application process starts	1 September 2016	1 September 2016
<b>Closing date for applications</b>	<b>31 October 2016*</b>	<b>15 January 2017*</b>
Preferences forwarded to other LAs	16 November 2016	6 February 2017
Preferences forwarded to Academies, Free, VA and Foundation Schools	23 November 2016	13 February 2017
<b>Deadline for receipt of supporting documentation</b>	<b>7 December 2016</b>	<b>20 February 2017</b>
Academies and Free Schools, VA and Foundation Schools to respond	14 December 2016	3 March 2017
Representations from schools re admission over PAN	14 December 2016	3 March 2017
Provisional allocations of places at Cheshire East schools sent to other LAs for their residents	Around 20 January 2017	Around 17 March 2017

Responses to other LAs on potential offers of places in their schools for Cheshire East residents (so far as possible)	27 January 2017	24 March 2017
Allocations to be finalised	10 February 2017	31 March 2017
<b>Offers released</b>	<b>1 March 2017**</b>	<b>18 April 2017**</b>
<b>Deadline for accepting or declining places</b>	<b>15 March 2017</b>	<b>3 May 2017</b>
<b>Waiting lists prepared, late applications processed and vacancies allocated.</b> Waiting lists will be held in criteria order. Parents offered places on this basis will be required to accept or decline the place offered within 10 schools days.	<b>After 15 March 2017</b>	<b>After 3 May 2017</b>
<b>Appeals Application Deadlines</b>	<b>30 March 2017</b>	<b>18 May 2017</b>
Appeal Hearings	By 16 June 2017	By 21 July 2017
Appeal Hearings – late Applications	Within 40 days of deadline where possible, or 30 school days of appeal being lodged	
Appeal Applications – ‘In Year’ Admissions	Within 20 school days from the date of notification that the application for admission was unsuccessful.	
Appeal Hearings – ‘In Year’ Applications	Within 30 school days of appeal being lodged	Within 30 school days of appeal being lodged
Please note: Deadline for Admission Authorities to publish Appeal Timetables on their website	28 February of relevant year	

\* National closing date for applications

\*\* In accordance with the School Admissions Code 2014, offers **must** be made on the National Offer Days, which are different for primary and secondary school admissions (1 March for Primary or 16 April for Secondary) or the next working day.

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## **LOCAL AUTHORITY ADMISSION ARRANGEMENTS 2017-18 COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS.**

These admission arrangements apply to applications for all Cheshire East **community and voluntary controlled schools** in the school year **2017-18** and for subsequent years, subject to any review. In its role as the admission authority for these schools, Cheshire East Council (the Local Authority) will be responsible for determining who can be allocated a place in accordance with these arrangements.

Applications for school places received for the normal admission round (i.e. into reception at 4+ and secondary transfer at 11+) and 'in year' (i.e. into any year group outside the normal admission round) shall be considered in accordance with the arrangements set out below and in accordance with the provisions set out in the Local Authority's agreed scheme, full details of which are published on the Local Authority's website at [www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk).

### **PUBLISHED ADMISSION NUMBERS (PANs)**

The Local Authority has agreed admission numbers (PANs) for its community and voluntary controlled schools, which is the number of children that will normally be admitted into the *relevant age group* (e.g. into the reception year in a primary school and into year 7 as a secondary transfer in September for the first time). The admission number is set based on the number of pupils the school can accommodate and therefore normally, PANs will continue to be applied i.e. to all subsequent year groups in addition to the relevant age group. Admission numbers for schools in Cheshire East are published on the Local Authority's website at the start of the application process on 1 September. Hard copies can be requested.

The Local Authority, in its role as the admission authority for community and voluntary controlled schools, may agree (through consultation with the governing body) admission over PAN where to do so would not result in prejudice to the provision of efficient education or efficient use of resources at the school. The Local Authority will not normally be able to agree admission over the published admission number where to do so would result in a breach of infant class size legislation, which requires that infant classes (those classes where the majority of children will reach the age of 5, 6, or 7) contain no more than 30 pupils with a single qualified teacher.

The published admission number will continue to be applied as the relevant age group progresses through school, unless the circumstances for the school have changed since the PAN was agreed.

Admission numbers to be published for 2017 and subsequent years, subject to any review, are set out in **Appendix 1**.

## STATEMENT of SPECIAL EDUCATIONAL NEEDS/ EDUCATION, HEALTH and CARE PLANS.

All children whose statement of special educational needs (SEN) or Education, Health and Care (EHC) plan names the school must be admitted.

A Statement of Special Educational Need is a statement made by the local authority under Section 324 of the Education Act 1996 that specifies the special educational provision required for that child.

An Education, Health and Care plan is a plan made by the local authority under Section 37 of the Children and Families Act 2014 specifying the special education provision required for that child.

## OVERSUBSCRIPTION CRITERIA

Where more applications are received than there are places available, after Children with Statements of Special Educational Needs, priority for admission will be based on the Local Authority's published oversubscription criteria as follows:

### i) 'Cared for Children' and Children who were 'Previously Cared for'.

- A 'cared for child' is a child who is in the care of a local authority or provided with accommodation by that local authority (as defined in section 22 of the Children Act 1989).
- Children previously 'cared for' are children who were 'cared for' as defined above, but immediately after being 'cared for' became subject to an adoption, child arrangements order (formerly residence order), or special guardianship order. A child arrangements order is as an order settling the arrangements to be made as to the person with whom the child is to live under section 8 of the Children Act 1989 amended by Children and Families Act 2014. Section 14A of the Children Act 1989 defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).

### (ii) **Siblings** – pupils with brothers or sisters, step-brothers or step-sisters, foster brother or sisters, half-brothers or half-sisters, adopted brothers or adopted sisters living together as part of one household, already attending the preferred school (in years *Reception* through to *Year 10*) and expected to continue at the school in the following school year. (i.e. at the time of admission)

### (iii) **Children resident within the designated catchment area of the school.** Children will be classed within this criterion if they and their parents are resident within the area served by the school. (see notes below)

### ~~(iv) Children not resident within a school's designated catchment area but attending a school nominated as a feeder/partner primary school for admissions purposes.~~

(iv) Children attending a school nominated as a feeder/partner primary school for admissions purposes.

(v) Pupils living nearest to the school measured using an Ordnance Survey address-point system which measures straight line distances in miles from the address point of the school to the address point of the place of residence.

**Notes:**

Applications from families **resident overseas cannot be accepted**. The only exception to this is for families of service personnel with a confirmed posting to their area, or crown servants returning from overseas to live in that area. This is in accordance with the School Admissions Code, paragraph 2.19.

Children eligible for priority due to their attendance at a named feeder/partner primary school (criterion IV) will only remain eligible for this priority whilst on roll at the primary school. If the child leaves the school, including transferring to high school, this priority within the oversubscription criteria will no longer apply.

Where a school cannot accommodate all pupils qualifying under one of the criteria stated above, the next criteria will also be applied to determine priority for admission. For example, if a school cannot accommodate all *children resident within the catchment area (criterion iii)*, the priority will be in the order of:

- Resident in the catchment area (criterion iii) attending a feeder school (iv) and living nearest to the school (v)
- Resident in the catchment area (criterion iii) not attending a feeder school (iv) and living nearest to the school (v)

All applicants within each criterion will be put into a distance order with priority being given to those that live nearest to the school, as stated in criterion v above. Where it is identified that there are a limited number of places available and the Local Authority cannot differentiate between the applications using the distance criterion (criterion v) a random allocation tie-breaker will be applied. This may be required for example, where applicants reside in the same block of flats or are children of a multiple birth living at the same address.

In the case of previously looked after children (criterion i) admission authorities may request a copy of the adoption order, residence order or special guardianship order and a written correspondence from the local authority that last looked after the child confirming that he or she was looked after immediately prior to that order being made.

Children will be considered within criterion (iii) if they and their parents are resident on the date published for the receipt of supporting documentation (see part two below). Supporting information may be requested to verify the place of residence. To ensure a fair process, administrative checks may be undertaken, which will include verifying addresses against Council Tax records.

For children of UK service personnel (UK Armed Forces) a Unit postal address or quartering area address will be accepted in advance of removal into the area, subject to official written confirmation of the address and relocation date. Preferences for the

catchment area school for the confirmed address will be considered under criterion iii, unless a higher criterion is applicable.

### **PARENTS WITH SHARED RESPONSIBILITY FOR A CHILD**

Where parents have shared responsibility for a child the place of residency will be determined as the address where the child lives for the majority of the week (e.g. where the child wakes up between Monday to Friday). Full details must be submitted in writing to enable the Local Authority to determine which address will be used for the purpose of admission. A panel of officers will consider the information provided. Where care is shared jointly and it is not possible to determine which parent is the principle carer and no Child Benefit is claimed, the LA will consider the primary residence as the address where the child is registered for GP purposes.

### **CHILDREN OF MULTIPLE BIRTHS**

In relation to children of multiple births, exceptionally it may be necessary to offer places over the published admission number to ensure that, as far as possible, siblings (i.e. twins, triplets or children from other multiple births) can attend the same school.

### **MOVING HOUSE**

Parents must inform the Local Authority immediately of a change of address, even if details of a future change of residency were included on the application form. The Local Authority will require supporting evidence to show that the place of residency has changed as follows:

- A letter from the solicitor confirming the completion date;
- A signed rental agreement showing the start of the tenancy (in accordance with the arrangements set out in the Local Authority's Coordination Scheme)

In addition the Local Authority may request further information including copies of utility bills. Other information may be required, such as evidence of disposal of previous property. In all cases, information will be verified by officers using Council Tax records.

In respect of applications made as part of the normal admission round, (e.g. into the reception class in a primary school and into year 7 as a secondary transfer in September for the first time) information and supporting evidence must be received by the dates stated in part two of these arrangements. Satisfactory confirmation of residency at the property (as aforementioned) will result in the application being processed on the basis of the new address. Proof of residency received after the published dates will not be used to process the application, but will be used to send the decision letter/e-mail on the published offer date.

### **WAITING LISTS**

Waiting lists will only be held for the normal admission round (September admissions into the reception class and year 7) and only until the end of the autumn term. They will be held in criteria order and not on a 'first come, first served' basis. Placing a child's name on a waiting list does not affect the statutory right of appeal. Waiting lists for oversubscribed

schools will consist of those children whose parents have specifically requested in writing (including e-mail) that they remain on the waiting list, along with new applicants and those for whom an appeal application has been received. Vacancies will be re-allocated to children held on the school's waiting list in line with the dates published in part two of these arrangements.

### **LATE APPLICATIONS – NORMAL ADMISSION ROUND ONLY**

Late applications will be considered after all on-time applications unless the Local Authority considers that there are good reasons for the application being late, which must be stated at the time of application, i.e. exceptional medical reasons preventing an earlier application, late removal into the area. Supporting documentation **must** be provided. Where supporting documentation has been received by the dates specified in part two of these arrangements and the Local Authority has accepted reasons stated for the late application, the application will be considered as if it had been received on-time. Late applications and supporting documentation received after the dates specified will be considered after all on-time applications and in accordance with the Local Authority's Coordinated Admissions Scheme. This will apply even where the Local Authority accepts that there are good reasons for the late application and as such these applications may be disadvantaged.

### **ACCEPTING AND DECLINING PLACES**

All parents will be required to **accept or decline** the school place offered by the published date as stated in part two of these arrangements. The Local Authority reserves the right to withdraw places not accepted by this date.

### **RIGHT OF APPEAL**

Parents who are not offered a place for their child at a school stated as a preference have a right of appeal to an independent appeals panel. Parents can submit an appeal in respect of each school for which admission has been refused. For appeals against decisions on preferences for community and voluntary controlled schools, forms are available on the Local Authority's website. Hard copies can be requested. Outside the normal admissions process, completed forms should be returned to the Local Authority within 20 school days from the date of notification that the application for admission was unsuccessful.

### **REPEAT APPLICATIONS**

Repeat applications will not be considered within the same school year, unless the circumstances for the parent or school have changed significantly since the original application was made. Full details must be provided to the Local Authority for consideration.

**PART TWO - TIMETABLE FOR APPLYING FOR PLACES**

Process	Secondary Transfers	Primary Admissions
Application process starts	1 September 2016	1 September 2016
<b>Closing date for applications</b>	<b>31 October 2016*</b>	<b>15 January 2017*</b>
<b>Deadline for receipt of supporting documentation</b>	<b>7 December 2016</b>	<b>20 February 2017</b>
Allocations to be finalised	10 February 2017	31 March 2017
<b>Offers released</b>	<b>1 March 2017**</b>	<b>18 April 2017**</b>
<b>Deadline for accepting or declining places</b>	<b>15 March 2017</b>	<b>3 May 2017</b>
<b>Waiting lists prepared, late applications processed and vacancies allocated.</b> Waiting lists will be held in criteria order. Parents offered places on this basis will be required to accept or decline the place offered within 10 schools days.	<b>After 15 March 2017</b>	<b>After 3 May 2017</b>
<b>Appeals Application Deadlines</b>	<b>30 March 2017</b>	<b>18 May 2017</b>
Appeal Hearings	By 16 June 2017	By 21 July 2017
Appeal Hearings – late Applications	Within 40 days of deadline where possible, or 30 school days of appeal being lodged	
Appeal Applications – ‘In Year’ Admissions	Within 20 school days from the date of notification that the application for admission was unsuccessful.	
Appeal Hearings – ‘In Year’ Applications	Within 30 school days of appeal being lodged	Within 30 school days of appeal being lodged
Please note: Deadline for Admission Authorities to publish Appeal Timetables on their website		28 February of relevant year

\* National closing date for applications

\*\* In accordance with the School Admissions Code 2014, offers must be made on the National Offer Days, which are different for primary and secondary admissions (1 March for Primary or 16 April for Secondary) or the next working day.

### PART THREE - SIXTH FORM ADMISSION ARRANGEMENTS

The following admission arrangements apply to entry to the sixth form of Wilmslow High School and Poynton High School and Performing Arts College.

Pupils already on roll in the school's own year 11 are not admitted to a school's sixth form because they are already on the school roll. They move up to the 6th form from year 11. They can therefore only be refused progression to the sixth form if they fail to meet the academic criteria for progression/entry. Admissions law requires that the same academic criteria must be applied to all pupils, whether they are internal pupils seeking progression/entry or external applicants seeking admission. Schools have the choice of admitting pupils into year 12 or operating a sixth form primarily for pupils already on roll in the school. Wilmslow High School and Poynton High School and Performing Arts College have opted to admit pupils to their sixth forms from other schools.

Applications for admission to the Sixth Form of a Cheshire East school are dealt with by the school in accordance with the published admissions arrangements and not by Cheshire East Council. The schools will not interview pupils or their families for entry to year 12, although meetings may be held to provide advice on options and entry requirements for particular courses.

In the event that a course cannot be run due to low student take-up, the school may withdraw the course. This will not influence a decision to agree admission to the sixth form. In such cases, alternative courses will be offered.

#### PUBLISHED ADMISSION NUMBERS – EXTERNAL CANDIDATES ONLY

This number relates to the admission of **external candidates only**. The admission numbers included in the table are based on an estimate of the minimum number of external candidates likely to be admitted, although it would be acceptable to exceed this if demand for available courses can be met.

School	September 2017
Poynton High School And Performing Arts College	50
Wilmslow High School	50

Additional places may also be offered to external candidates if the number of children transferring from the school's own year 11 is lower than planned.

#### OVERSUBSCRIPTION CRITERIA

In the event that the number of eligible applicants exceeds the number of places available, the oversubscription criteria to be applied are:

- i) **Eligible 'cared for children' and children who were previously 'cared for'.**
  - A 'cared for child' is a child who is in the care of a local authority or provided with accommodation by that local authority (as defined in section 22 of the Children Act 1989).

- Children previously 'cared for' are children who were 'cared for' as defined above, but immediately after being 'cared for' became subject to an adoption, child arrangements order (formerly residence order), or special guardianship order. A child arrangements order is as an order settling the arrangements to be made as to the person with whom the child is to live under section 8 of the Children Act 1989 amended by Children and Families Act 2014. Section 14A of the Children Act 1989 defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).
- ii) **Eligible pupils resident within the designated catchment area of the school.** Pupils will be classed within this criterion if they and their parents are resident within the area served by the school. (Refer to previous notes regarding Children of UK Service personnel).
- iii) **Eligible pupils living nearest to the school** measured using an Ordnance Survey address-point system which measures straight line distances in miles from the address point of the school to the address point of the place of residence.

## NOTES

**An 'eligible' pupil is a pupil who has met the academic entry requirements.**

All children whose statement of special educational needs (SEN) or Education, Health and Care (EHC) plan names the school must be admitted. A Statement of Special Educational Need is a statement made by the local authority under Section 324 of the Education Act 1996 that specifies the special educational provision required for that child. An Education, Health and Care plan is a plan made by the local authority under Section 37 of the Children and Families Act 2014 specifying the special education provision required for that child.

Applications from families **resident overseas cannot be accepted**. The only exception to this is for families of service personnel with a confirmed posting to their area, or crown servants returning from overseas to live in that area. This is in accordance with the School Admissions Code, paragraph 2.19.

Distance criterion will be applied as a tie breaker if the number of pupils applying under criterion (ii) exceeds the number of available places. To differentiate between two equal distance measurements, a random allocation tie-breaker will be applied. This will be administered under independent supervision, in accordance with the requirements of the schools Admissions Code at paragraph 1.35.

In the case of previously looked after children (criterion i) a copy of the adoption order, child arrangement order or special guardianship order may be requested and a written correspondence from the local authority that last looked after the child confirming that the pupil was looked after immediately prior to that order being made.

For children of UK service personnel (UK Armed Forces) a Unit postal address or quartering area address will be accepted in advance of removal into the area, subject to



official written confirmation of the address and relocation date. Preferences for the catchment area school for the confirmed address will be considered under criterion ii, unless a higher criterion is applicable.

## **PARENTS WITH SHARED RESPONSIBILITY FOR A CHILD**

Where parents have shared responsibility for a child the place of residency will be determined as the address where the child lives for the majority of the week (e.g. where the child wakes up between Monday to Friday). Full details must be submitted in writing in order that a decision can be taken on which address will be used for the purpose of admission. A panel will consider the information provided. Where care is shared jointly and it is not possible to determine which parent is the principle carer and no Child Benefit is claimed, the primary residence will be taken to be the address where the child is registered for GP purposes.

## **SIXTH FORM ADMISSION APPEALS**

Any applicant refused a place in Year 12 is entitled to make an appeal to an independent appeal panel, whether the child is already attending the school or is an external candidate.

Parents or children\* refused admission to a sixth form in a Cheshire East community or voluntary controlled school will be advised to contact the Local Authority for an appeal application form and details on the appeals process.

\*The Education and Skills Act 2008 made changes to the law relating to admissions and appeals placing a duty on local authorities to make arrangements:

- a) for children to express a preference as to the school at which they wish to receive sixth-form education (i.e. secondary education suitable to the requirements of pupils who are over compulsory school age); and
- b) for children who are above compulsory school age, or will be above compulsory school age by the time they start to receive education at the school, to express a preference as to the school at which they wish to receive education other than school sixth-form education.

Regulations give a corresponding right of appeal to a child who expresses a preference for a school place. This right is in addition to the rights of parents to express a preference as to the school at which they wish their child to receive education.

## **ACADEMIC ENTRY CRITERIA**

### **Poynton High School and Performing Arts College**

Entry to the Sixth Form requires students to have gained good qualifications in a range of subjects. **A minimum of five subjects at GCSE<sup>1</sup> at grade A\* - C are required.** These must include at least four full course GCSEs. This ensures that students have a successful

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<sup>1</sup> Applicants can request consideration of equivalent qualifications, for example IGCSE.

background in a range of academic subjects. Where students have followed a GCSE equivalent course which leads to more than two passes in one subject, passes in four additional full course GCSE subjects are required.

**A final decision on admission to the Sixth Form cannot take place until the student's results are known.** Sixth Form offers will therefore be conditional upon gaining the minimum academic entry criteria, as stated above. This will be made explicit at the time of offer.

Most students follow a four subject programme of courses in Year 12. Individual subjects require a specific level of attainment. This applies to all eligible students, whether transferring to the sixth form from year 11 or as an admission from another school. Eligible students are therefore advised that even if they are offered a place in the sixth form having achieved the academic entry criteria, they will only be able to study their preferred subjects if they meet the specific level of attainment required for that course. Courses are reviewed annually to take into account any changes in education legislation, availability of courses and required attainment levels and therefore, students and parents are advised to consider the information published by the school at the start of the application process.

Any eligible student that enters the sixth form who fails to meet the specified grade in their chosen subjects will, where practicable, be offered an alternative course or offered a referral to an alternative post 16 education provider that may be able to offer their preferred course of study.

### **Wilmslow High School**

Wilmslow High School offers a range of level 3 courses ('A' level or BTEC – which includes BTEC Level 3 Extended Diploma in Sport, Performance and Excellence). In order to ensure that students enrol on courses that they will be able to complete and in which they will gain success, academic entry criteria has been set for all students. This includes those seeking to transfer to the sixth form from year 11 and students new to the school.

Entry to the Sixth Form requires students to have gained good qualifications in a range of subjects. **A minimum of five subjects at GCSE<sup>2</sup> at grade A\* - C are required.** These must include at least four full course GCSEs. This ensures that students have a successful background in a range of academic subjects. Where students have followed a GCSE equivalent course which leads to more than two passes in one subject, passes in four additional full course GCSE subjects are required.

**A final decision on admission to the Sixth Form cannot take place until the student's results are known.** Sixth Form offers will therefore be conditional upon gaining the minimum academic entry criteria, as stated above. This will be made explicit at the time of offer.

Individual subjects require a specific level of attainment. This applies to all eligible students, whether transferring to the sixth form from year 11 or as an admission from another school. Eligible students are therefore advised that even if they are offered a place in the sixth form having achieved the academic entry criteria, they will only be able to study their preferred

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<sup>2</sup> Applicants can request consideration of equivalent qualifications, for example IGCSE.

subjects if they meet the specific level of attainment required for that course. Courses are reviewed annually to take into account any changes in education legislation, availability of courses and required attainment levels and therefore, students and/or parents are advised to consider the information published by the school at the start of the application process.

Any eligible student that enters the sixth form who fails to meet the specified grade in their chosen subjects will, where practicable, be offered an alternative course or offered a referral to an alternative post 16 education provider that may be able to offer their preferred course of study.

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Primary Schools	School Status	PAN 2016	Capacity Indicative Admission Number	PAN Change for 2017
Acton CE Primary School	Voluntary Controlled	22	22	25
Adlington Primary School	Community	15	15	
Alderley Edge Community Primary School	Community	30	29	
Ashdene Primary School	Community	60	60	
Audlem St James' CE Primary School	Voluntary Controlled	30	25	
Beechwood Primary School and Nursery	Community	45	45	
Bexton Primary School	Community	60	60	
Bickerton Holy Trinity CE Primary School	Voluntary Controlled	20	20	
Bollington Cross CE Primary School	Voluntary Controlled	25	25	
Bosley St Mary's CE Primary School	Voluntary Controlled	8	8	
Brierley Primary School	Community	30	30	
Buglawton Primary School	Community	30	29	
Calveley Primary School	Community	15	15	
Chelford CE Primary School	Voluntary Controlled	9	8	
Cledford Primary School	Community	60	60	
Daven Primary School	Community	30	30	
Dean Oaks Primary School	Community	60	60	
Dean Valley Community Primary School	Community	30	30	
Disley Primary School	Community	30	30	
Edleston Primary School	Community	30	30	
Egerton Primary School	Community	30	30	
Elworth CE Primary School	Voluntary Controlled	45	45	
Elworth Hall Primary School	Community	30	30	
Gainsborough Primary & Nursery School	Community	60	60	
Gawsworth Community Primary School	Community	30	30	
Goostrey Community Primary School	Community	30	29	
Gorsey Bank Primary School	Community	60	60	
Haslington Primary School	Community	45	45	
Havannah Primary School	Community	30	29	
High Legh Primary School	Community	25	22	
Highfields Community Primary School	Community	30	30	
Hollinhey Primary School	Community	30	30	
Hurdsfield Community Primary School	Community	25	21	
Lindow Community Primary School	Community	30	30	
Little Bollington CE Primary School	Voluntary Controlled	15	15	
Lostock Hall Primary School	Community	21	21	24
Lower Park School	Community	40	40	
Mablins Lane Community Primary School	Community	75	75	See note below
Manor Park School and Nursery	Community	45	45	
Middlewich Primary School	Community	60	60	
Millfields Primary School and Nursery	Community	30	30	
Mobberley CE Primary School	Voluntary Controlled	30	30	
Monks Coppenhall Primary School	Community	60	60	See note below
Offley Primary School	Community	60	60	
Puss Bank School	Community	60	60	
Rainow Primary School	Community	27	25	
Rode Heath Primary School	Community	30	30	
Scholar Green Primary School	Community	30	25	
Sound and District Primary School	Community	19	19	
St Anne's Fulshaw, CE Primary School	Voluntary Controlled	19	19	
St Oswald's Worleston CE Primary School	Voluntary Controlled	12	12	15
Styal Primary School	Community	17	17	
The Dingle Primary School	Community	50	50	
The Marlborough Primary School	Community	60	60	
Underwood West Primary School	Community	60	67	
Vernon Primary School	Community	50	52	
Vine Tree Primary School	Community	30	30	
Weaver Primary School	Community	30	30	
Weston Village Primary School	Community	38	38	
Wheelock Primary School	Community	45	45	
Wilmslow Grange Community Primary & Nursery School	Community	45	45	
Wrenbury Primary School	Community	20	20	

			Capacity Indicative Admission Number	PAN Change for 2017
Secondary Schools	School Status	PAN 2016		
Middlewich High School	Community	140	140	
Poynton High School & Performing Arts College	Community	246	246	
Ruskin Sports College, a Community High School	Community	140	133	
Wilmslow High School	Community	300	300	

			Capacity Indicative Admission Number	PAN Change for 2017
Sixth Forms	School Status	PAN 2016		
Poynton High School & Performing Arts College	Community	50	N/A	
Wilmslow High School	Community	50	N/A	

Notes:

Schools with PAN increases -

The Local Authority has reviewed its primary school capacity in Crewe and is now looking to increase this for September 2017 in response to increasing demand and rising populations. Consultation will be undertaken during January/February 2016 to invite feedback on four possible options to determine the most favourable solutions. Included in this exercise are two community schools - Mabllins Lane and Monks Coppenhall primary schools. The option for these two schools is to increase capacity to admit 90 pupils per year group. If this option is progressed post consultation and a decision is taken to implement this increase , subject to all necessary approvals, including planning, the PANs that will apply for September 2017 for both schools will be 90.

Equality impact assessment is a legal requirement for all strategies, plans, functions, policies, procedures and services under the Equalities Act 2010. We are also legally required to publish assessments.

### Section 1: Description

Department	Children's Services	Lead officer responsible for assessment	Barbara Dale			
Service	School Admissions	Other members of team undertaking assessment	Val Simons			
Date	23 December 2015	Version	1			
Type of document (mark as appropriate)	Strategy	Plan	Function	Policy v	Procedure	Service
Is this a new/existing/revision of an existing document (mark as appropriate)	New	Existing v (updated)	Revision			
Title and subject of the impact assessment (include a brief description of the aims, outcomes, operational issues as appropriate and how it fits in with the wider aims of the organisation)  Please attach a copy of the strategy/plan/function/policy/procedure/service	<p><b><u>LOCAL AUTHORITY ADMISSION ARRANGEMENTS 2017-18, COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS.</u></b></p> <p>The Local Authority must comply with statutory deadlines and regulations as set out in School Admissions Code 2014.</p> <p>These admission arrangements apply to applications for all Cheshire East <b>community and voluntary controlled schools</b> in the school year 2017-18, and for subsequent years, subject to any review. In its role as the admission authority for these schools, Cheshire East Council (the Local Authority) will be responsible for determining who can be allocated a place in accordance with these arrangements.</p> <p>Applications for school places received for the normal admission round (i.e. into reception at 4+ and secondary transfer at 11+) and 'in year' (i.e. into any year group outside the normal admission round) shall be considered in accordance with the arrangements set out below and in accordance with the provisions set out in the Local Authority's agreed scheme, full details of which are published on the Local Authority's website at <a href="http://www.cheshireeast.gov.uk">www.cheshireeast.gov.uk</a>.</p>					

	<p>The arrangements and scheme sets out the priority criteria for allocating places to an oversubscribed school together with information and advice on the application process, processing applications, changing preferences, notification of decisions, late applications, moving house, accepting and declining places, waiting lists, and admission appeals.</p> <p>The Authority has a duty to comply with the mandatory requirements imposed by all relevant legislation including the:-</p> <ul style="list-style-type: none"> <li>• School Admissions Code (or by statutory provisions). The School Admissions Code has been issued under Section 84 of the School Standards and Framework Act 1998 ('SSFA 1998') Chapter 1 of Part 3 of the School Standards and Framework Act (SSFA) 1998 contains the key provisions regarding schools admissions, including the statutory basis for the Code. The Code reflects changes to the law made by the Education Act 2011 and Regulations.</li> <li>• The Regulation that applies is the School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2014.</li> </ul>
<b>Who are the main stakeholders?</b> <b>(e.g. general public, employees, Councillors, partners, specific audiences)</b>	<ul style="list-style-type: none"> <li>• Parents (as defined under Section 576 of the Education Act 1996)</li> <li>• Children and young people</li> <li>• Headteachers and governors of Cheshire East Council's community and voluntary controlled schools</li> </ul>

## Section 2: Initial screening

<b>Who is affected?</b> <b>(This may or may not include the stakeholders listed above)</b>	<ul style="list-style-type: none"> <li>• Children aged 4 to 18</li> <li>• Parents (as defined under Section 576 of the Education Act 1996)</li> <li>• Head teachers/governing bodies</li> <li>• other local authorities</li> </ul>
<b>Who is intended to benefit and how?</b>	<ul style="list-style-type: none"> <li>• Parents (as defined under Section 576 of the Education Act 1996)</li> <li>• Children and young people</li> <li>• Headteachers and governors of Cheshire East Council's community and voluntary controlled schools</li> </ul>



# EQUALITY IMPACT ASSESSMENT FORM

# ANNEX 3

<b>Could there be a different impact or outcome for some groups?</b>			See below								
<b>Does it include making decisions based on individual characteristics, needs or circumstances?</b>			Admissions to the schools are made in accordance with the published admission arrangements and over subscription criteria. All applications are considered against the over subscription criteria on a equal basis and in line with the School Admissions Code 2014.								
<b>Are relations between different groups or communities likely to be affected? (eg will it favour one particular group or deny opportunities for others?)</b>			<p>Some schools will receive more applications than there are places available and inevitably some parents will not secure a place at their preferred school which leads to dissatisfaction with the service.</p> <p>However, admission arrangements must comply with the regulations in the School Admission Code 2014 and must be fair and administered consistently.</p> <p>The coordination scheme requires that Cheshire East children are allocated a place at their nearest school with a vacancy in the event that an application for a preferred school is unsuccessful. All unsuccessful applicants are entitled to their legal right of appeal to an independent appeal panel.</p>								
<b>Is there any specific targeted action to promote equality? Is there a history of unequal outcomes (do you have enough evidence to prove otherwise)?</b>			None								
<b>Is there an actual or potential negative impact on these specific characteristics? (Please tick)</b>											
Age	Y	N	Marriage & civil partnership	Y	N	Religion & belief	Y	N	Carers	Y	N
		✓			✓			✓			✓
Disability	Y	N	Pregnancy & maternity	Y	N	Sex	Y	N	Socio-economic status	Y	N
		✓			✓			✓			✓

# EQUALITY IMPACT ASSESSMENT FORM

## ANNEX 3

Gender reassignment	Y	N ✓	Race	Y	N ✓	Sexual orientation	Y	N ✓			
What evidence do you have to support your findings? (quantitative and qualitative) Please provide additional information that you wish to include as appendices to this document, i.e., graphs, tables, charts										Consultation/involvement carried out	
										Yes	No
Age	Admissions Policy applies to all school age children whose parents are requesting a place in a mainstream school. It sets out the process and procedure which is adopted and also the criteria used for allocating places to an oversubscribed school.										
Disability	The Local Authority and schools are bound by the School Admissions Code 2014, and Equality Act 2010, and these do not allow for any discrimination in this respect.										
Gender reassignment	<p>The Local Authority and schools are bound by the School Admissions Code 2014 and regulations and this does not allow for any discrimination in this respect.</p> <p>The majority of provision is co-educational and gender of the pupil is not an issue. However, there is one single sex boys school and one single sex girls school, both schools share the same catchment area serving the area of Sandbach thus ensuring sufficient parallel provision for boys and girls in the local vicinity</p>										
Marriage & civil partnership	<p>The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.</p> <p>Admissions to the schools are made following the published admission</p>										

	arrangements and over subscription criteria. All applications are considered against the over subscription criteria on a equal basis without reference to the marital status of the parent.		
<b>Pregnancy &amp; maternity</b>	<p>The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.</p> <p>Admissions to the schools are made following the published admission arrangements and over subscription criteria. All applications are considered against the over subscription criteria on a equal basis without reference to the status of the parent.</p>		
<b>Race</b>	<p>The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.</p> <p>However, in some instances parents may be unsure as to how to secure a school place for their child. Translation services are available to assist parents who do not have English as their first language with their application.</p>		
<b>Religion &amp; belief</b>	<p>The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.</p> <p>Voluntary Aided Schools which are their own admission authorities may determine over subscription criterion based on faith grounds and in accordance with the regulations in the School Admissions Code 2014.</p>		
<b>Sex</b>	The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.		

# **EQUALITY IMPACT ASSESSMENT FORM**

## **ANNEX 3**

<b>Sexual orientation</b>	The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.		
<b>Carers</b>	<p>The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.</p> <p>Children in public care or previously cared for child (as defined in section 22 of the Children Act 1989) continue to be given high priority for admission if the school is oversubscribed.</p>		
<b>Socio-economic status</b>	The Local Authority is bound by the School Admissions Code 2014 and Regulations and this does not allow for any discrimination in this respect.		
<b>Proceed to full impact assessment? (Please tick)</b>	<b>Yes</b>	<b>No</b> <input checked="" type="checkbox"/>	<b>Date</b>

**If yes, please proceed to Section 3. If no, please publish the initial screening as part of the suite of documents relating to this issue**

### Section 3: Identifying impacts and evidence

This section identifies if there are impacts on equality, diversity and cohesion, what evidence there is to support the conclusion and what further action is needed

Protected characteristics	Is the policy (function etc....) likely to have an adverse impact on any of the groups?  Please include evidence (qualitative & quantitative) and consultations	Are there any positive impacts of the policy (function etc....) on any of the groups?  Please include evidence (qualitative & quantitative) and consultations	Please rate the impact taking into account any measures already in place to reduce the impacts identified <b>High:</b> Significant potential impact; history of complaints; no mitigating measures in place; need for consultation <b>Medium:</b> Some potential impact; some mitigating measures in place, lack of evidence to show effectiveness of measures <b>Low:</b> Little/no identified impacts; heavily legislation-led; limited public facing aspect	Further action (only an outline needs to be included here. A full action plan can be included at Section 4)
Age				
Disability				
Gender reassignment				
Marriage & civil partnership				
Pregnancy and maternity				
Race				
Religion & belief				
Sex				

# **EQUALITY IMPACT ASSESSMENT FORM**

## **ANNEX 3**

<b>Sexual orientation</b>				
<b>Carers</b>				
<b>Socio-economics</b>				
Is this project due to be carried out wholly or partly by contractors? If yes, please indicate how you have ensured that the partner organisation complies with equality legislation (e.g. tendering, awards process, contract, monitoring and performance measures)				

### **Section 4: Review and conclusion**

<b>Summary: provide a brief overview including impact, changes, improvement, any gaps in evidence and additional data that is needed</b>			
<b>Specific actions to be taken to reduce, justify or remove any adverse impacts</b>	<b>How will this be monitored?</b>	<b>Officer responsible</b>	<b>Target date</b>
None needed	n/a	n/a	n/a
<b>Please provide details and link to full action plan for actions</b>	n/a		
<b>When will this assessment be reviewed?</b>	<p>For admission arrangements for entry in September 2017 , consultation must be for a minimum of 6 weeks between 1 October 2015 and 31 January 2016, similarly for subsequent years. Where the admission arrangements have not changed from the previous year there is no requirement to consult, subject to the requirement that admission authorities, must consult on their admission arrangements at least once every 7 years, even if there are no changes during that period.</p> <p>However, all admission authorities , must determine their admission arrangements each year even if no changes have been made. For September 2017 and subsequent years admission arrangements admission</p>		

# **EQUALITY IMPACT ASSESSMENT FORM**

## **ANNEX 3**

	authorities must determine their arrangements by 28 February.		
<b>Are there any additional assessments that need to be undertaken in relation to this assessment?</b>	No - Consultation has not been required this year as no changes to the determined 2017-18 Admission Arrangements and Coordination Scheme have been proposed.		
<b>Lead officer signoff</b>	Barbara Dale	<b>Date</b>	23/12/15
<b>Head of service signoff</b>		<b>Date</b>	

**Please publish this completed EIA form on your website**

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