

Council Agenda

Date: Thursday, 25th February, 2016
Friday, 26 February 2016

Time: 10.00 am on each day

Venue: Crewe Alexandra Football Club, Gresty Road, Crewe, CW2 6EB

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

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

1. **Prayers**

2. **Apologies for Absence**

To receive apologies for absence.

3. **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.

4. **Minutes of Previous meeting** (Pages 1 - 10)

To approve, as a correct record, the minutes of the meeting held on 17 December 2015.

5. **Mayor's Announcements**

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

6. **Public Speaking Time for the items to be Considered on 25 February 2016**

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

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

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

It should be noted the members of the public wishing to speak on Local Plan matters will have an opportunity to do so at the reconvened meeting, commencing at 10am on Friday 26 February 2016 (See agenda item 20).

7. **Election of the Mayor and Deputy Mayor for the 2016/17 Civic Year** (Pages 11 - 12)

To approve the designation of Councillor Olivia Hunter as the Mayor Elect and that a second Member be designated as the Deputy Mayor Elect, with a view to their formal election and appointment as Mayor and Deputy Mayor for Cheshire East for 2016-17, at the Mayor Making ceremony to be held on 11 May 2016.

8. **Election of Leader of the Council** (Pages 13 - 14)

To elect a Leader of the Council for a four year term of office

9. **Recommendation from Cabinet : 2015/16 Three Quarter Year Review** (Pages 15 - 88)

To consider the recommendation from Cabinet.

10. **Recommendation from Cabinet : The Council's Corporate Plan 2016/20 and Medium Term Financial Strategy 2016/19** (Pages 89 - 296)

To consider the recommendations from Cabinet.

11. **Recommendation from Cabinet: Treasury Management Strategy and Minimum Revenue Provision Policy Statement 2016/17** (Pages 297 - 326)

To consider the recommendations from Cabinet

12. **Council Tax Statutory Resolution 2016/17** (Pages 327 - 342)

To set the Council Tax for Cheshire East Council for the financial year 2016/17, in accordance with the formal resolutions as shown in section 13 of the report.

13. **Recommendation from Staffing Committee: Pay Policy Statement 2016/17** (Pages 343 - 354)

To consider the recommendation from Staffing Committee.

14. **Recommendations from Constitution Committee : Proposals to Further the Council's Efforts to be More Open** (Pages 355 - 368)

To consider the recommendations from the Constitution Committee.

15. **Notices of Motion** (Pages 369 - 370)

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

16. **Questions**

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

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

17. **Adjournment of Meeting**

For Council to agree that the meeting be adjourned until 10.00 am on Friday 26 February 2016 in order to deal with the remainder of the business on the agenda

Reconvening of Meeting - 10.00 am, Friday 26 February 2016

18. **Apologies for absence**

To receive apologies for absence.

19. **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, which may not have been disclosed on 25 February 2016.

20. **Public Speaking Time for the Items to be considered on 26 February 2016**

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

This will be in respect of items to be considered on 26 February 2016 only.

Individuals wishing to speak should register their intention by midnight on Monday 22 February 2016, by contacting the officer listed at the foot of this agenda and provide an indication of the issue in respect of which they wish to speak.

In so far as it is possible, the Mayor will allow speakers to speak at the beginning of the morning and afternoon session in which it is intended that the item will be dealt with, as listed below:-

Morning (from 10am onwards):

Introduction, Strategic Policies, Crewe, Macclesfield, Alsager, Congleton, Handforth (including New Settlement), Knutsford, Middlewich, Nantwich

Afternoon (after 1pm):

Poynton, Sandbach, Wilmslow, Other Sites & settlements

Note – These are indicative times only and it is possible that items listed for the morning session may carry over to the afternoon session.

21. **Cheshire East Local Plan** (Pages 371 - 390)

To consider a report and recommendations on the Cheshire East Local Plan.

Members are reminded to bring their copy of the documentation to the meeting.

The documents referred to in the report may be accessed via the links in the report. A limited number of paper copies of the document will be available at the meeting for members of the public to refer to but not to take away.

Copies of the documents are available to purchase on request. For further details contact the officer listed at the foot of this agenda.

Copies of the documentation are also available for public inspection at the following locations:

- The Customer Centre, Town Hall, Macclesfield, SK10 1EA
- The Municipal Buildings, Earle Street, Crewe, CW1 2BJ
- The Council Headquarters, Westfields, Middlewich Road, Sandbach CW11 1HZ

22. **Leader's Announcements**

To receive such announcements as may be made by the Leader

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Council**
held on Thursday, 17th December, 2015 at The Ballroom, Sandbach Town
Hall, High Street, Sandbach, CW11 1AX

PRESENT

Councillor H Gaddum (Mayor/Chairman)
Councillor O Hunter (Deputy Mayor/Vice-Chairman)

Councillors C Andrew, A Arnold, D Bailey, Rachel Bailey, Rhoda Bailey, Baggott, G Barton, P Bates, G Baxendale, M Beanland, S Brookfield, E Brooks, D Brown, C Browne, B Burkhill, P Butterill, S Carter, C Chapman, J Clowes, S Corcoran, H Davenport, W S Davies, M Deakin, T Dean, B Dooley, L Durham, S Edgar, I Faseyi, P Findlow, R Fletcher, T Fox, D Flude, S Gardiner, S Gardner, L Gilbert, M Grant, P Groves, J Hammond, A Harewood, G Hayes, S Hogben, J Jackson, L Jeuda, A Kolker, J Macrae, D Mahon, N Mannion, D Marren, A Martin, S McGrory, R Menlove, A Moran, B Moran, H Murray, D Newton, M Parsons, S Pochin, J Rhodes, B Roberts, J Saunders, M Sewart, M Simon, D Stockton, A Stott, G Wait, B Walmsley, G M Walton, M Warren, M J Weatherill, H Wells-Bradshaw, J Weston, G Williams and J Wray

45 PRAYERS

The Mayor's Chaplain said prayers, at the request of the Mayor.

46 APOLOGIES FOR ABSENCE

Apologies were received from Councillors D Bebbington, M Hardy, D Hough, M Jones, G Merry, L Smetham and L Wardlaw.

47 DECLARATIONS OF INTEREST

The Mayor made a statement that Members would be aware that she had recently made statements to the BBC and therefore wished to register this and she did not intend to speak on this matter other than to conduct the business of Council today.

Anita Bradley, Head of Legal and Monitoring Officer, stated that there were a number of agenda items when she would absent herself from the meeting.

48 MINUTES OF THE MEETING HELD ON 22 OCTOBER 2015**RESOLVED:**

That the minutes of the meeting held on 22 October 2015 be approved as a correct record.

49 **MAYOR'S ANNOUNCEMENTS**

The Mayor announced:-

That a list of all Mayoral engagements, which she and the Deputy Mayor had attended since the last Council meeting, had been circulated around the Chamber.

That the Mayor and Mayoress had attended the Emergency Services Carol Service at Chester Cathedral, at which the children of Rode Heath Primary School had sung extremely well and were a great credit to the occasion.

That the Mayor and Mayoress had attended the Roberts Brass Band Concert at Tatton Hall, and that the Hall had looked beautiful, with each room decorated to tie in with a specific carol.

That 27 January 2016 was Holocaust Memorial Day and invited Councillors were invited to attend the Holocaust Memorial Day Service being held at 10.30 am in Sandbach Town Hall.

That Members should be aware that Frances Woodhead from Bevan Brittan, solicitors, was in attendance to advise on any matters where the Head of Legal Services and Monitoring Officer might have a conflict of interest.

That CoSocius would be in attendance at the end of the meeting to help Members with any ICT related issues.

50 **PUBLIC SPEAKING TIME/OPEN SESSION**

Reverend Johnson used public speaking time to ask what action Cheshire East Council proposed to take to help refugees from Syria.

Councillor L Gilbert, Cabinet Member for Communities, responded that Cabinet in November had agreed a raft of measures to support Syrian refugees and asylum seekers and that once specific cases were put forward by the Government, the Council would assess them on a case by case basis to ensure that support can be provided.

Mr Christopher Kerrison Evans used public speaking time to ask the Chairman of Strategic Planning Board about concerns in respect of procedures when the Board considered planning application 14/0007M.

Councillor H Davenport, Chairman of the Strategic Planning Board, responded that this application had been considered some 18 months to 2 years ago and that he did not recollect any details of the meeting.

However, he did recall that Legal Services had replied to a letter from Mr Evans and stated that he had nothing to add to that correspondence.

Mr Stuart Redgard used public speaking time to ask that the Council fully investigate the Core Fit incident.

Mrs Sue Helliwell used public speaking time to ask about the 36,000 figure for housing in the Local Plan.

51 RECOMMENDATION FROM CABINET - COUNCIL TAX SUPPORT SCHEME 2016-17

Consideration was given to a report on the Council Tax Support Scheme 2016/17. The report had been considered by Cabinet at its meeting on 8 December 2015.

As the meeting of Cabinet had taken place after the publication of the Council agenda, the Cabinet recommendations had been circulated around the Chamber.

A public consultation had been undertaken on proposed changes to the Council Tax Support Scheme for 2016/17. The results of the consultation were outlined in the report and Appendix A to the report.

The Portfolio Holder for Finance and Assets had also received a communication from the Chairman of the Corporate Overview and Scrutiny Committee setting out that Committee's views, which he had taken into consideration.

The recommendations from Cabinet were moved and seconded.

RESOLVED: That

- 1 the following proposed changes to the Council Tax Support Scheme for 2016/17 be approved:
 - a) Restrict the maximum support available to Band B (currently restricted to Band D)
 - b) Increase the minimum contribution from the current 20% to 25%
 - c) Increase the minimum award from 50p to £2 per week
 - d) Increase the non-dependent deductions from £5 to £7 per week
 - e) Capital limit be reduced from £10,000 to £6,000
 - f) Each year the allowances used within the calculations are increased in line with those used for Housing Benefit
- 2 for the 2017/18 financial year, the Council consult on a proposal to remove support for Band G and H properties.

52 RECOMMENDATION FROM CABINET - COUNCIL TAX BASE 2016/17

Consideration was given to a report setting out the calculation for the Council Tax Base 2016/17. The report had been considered by Cabinet at its meeting on 8 December 2015.

As the meeting of Cabinet had taken place after the publication of the Council agenda, the Cabinet recommendation had been circulated around the Chamber.

In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the Council was required to agree its tax base before 31 January 2016.

The recommendation from Cabinet were moved and seconded.

RESOLVED:

That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Cheshire East Council as its Council Tax Base for the year 2016/17 be **142,186.60** for the whole area.

53 RECOMMENDATION FROM CABINET - REVISED STATEMENT OF GAMBLING PRINCIPLES

Consideration was given to a report on the revised Statement of Gambling Principles. The report had been considered by Cabinet at its meeting on 8 December 2015.

As the meeting of Cabinet had taken place after the publication of the Council agenda, the Cabinet recommendation had been circulated around the Chamber.

The Gambling Act 2005 required the Council to review its existing statement of principles and publish a revised version by no later than 31st January 2016. In preparing a revised statement the Council was required to undertake a consultation exercise with stakeholders. The Licensing Committee, at its meeting on 16th November 2015, had considered the responses to the consultation and had agreed a number of minor changes which had been incorporated into the Appendix to the report.

The recommendation from Cabinet was proposed and seconded.

RESOLVED:

That the revised Statement of Gambling Principles, as set out in Appendix 1 to the report, be approved and adopted.

54 RECOMMENDATION FROM CABINET IN RESPECT OF THE MID-YEAR REVIEW OF PERFORMANCE

Consideration was given to a recommendation from Cabinet, from its meeting on 10th November 2015 in respect of the 2015-16 Mid-Year Review of Performance. The report had been considered by Cabinet at its meeting on 10 November 2015.

In accordance with the Financial Procedural Rules, Council was required to approve the supplementary capital estimates and virements over £1,000,000, which were detailed in Appendix 7 to the report.

The recommendation from Cabinet was proposed and seconded.

RESOLVED:

That the fully funded supplementary capital estimates and virements above £1,000,000, as detailed in Appendix 7 to the report, be approved in accordance with Finance Procedure Rules.

55 REPORT BY THE LOCAL GOVERNMENT OMBUDSMAN

Consideration was given to a report on the outcome of a Local Government Ombudsman investigation.

In August 2015, the Local Government Ombudsman had made public a report detailing their findings into a complaint made against the Council. The Ombudsman found fault causing injustice and made a number of recommendations. The Council had agreed to carry out all the recommendations in the report. Processes and procedures had been reviewed and new guidance for staff had been written or staff in relation to assessment and support planning which included risk assessment. The Council was scheduled to report back to the Local Government Ombudsman in January 2016.

RESOLVED:

That the content of the Local Government Ombudsman Report and the actions taken subsequent to the findings be noted.

56 RECOMMENDATION FROM THE CONSTITUTION COMMITTEE - CALENDAR OF MEETINGS 2016/17

Consideration was given to a report on the Calendar of Meetings 2016/17. The report had been considered by the Constitution Committee at its meeting on 26 November 2015.

When recommending the Calendar of Meetings to Council, the Constitution Committee had resolved that the Council meetings to be held on 15 December 2016 and 23 February 2017 should commence at 11.00 am and not 10.00.

The recommendations of the Constitution Committee were proposed and seconded.

The following amendment was proposed and seconded and declared carried:

“That the start time of the Council meeting on 20 October 2016 be 11.00 am”

RESOLVED:

That the Calendar of Public Meetings for Cheshire East Council 2016-17 be approved, subject to the Council meetings on 20 October 2016, 15 December 2016 and 23 February 2017 commencing at 11.00 am and not 10.00.

57 RECOMMENDATION FROM THE STAFFING COMMITTEE - APPOINTMENT OF DIRECTOR OF LEGAL SERVICES AND MONITORING OFFICER

Consideration was given to a report on the proposed appointment of the Director of Legal Services and Monitoring Officer.

The Staffing Committee, at its meeting on 30 November 2015, had unanimously resolved that the appointment of Mr Bill Norman to the position of Director of Legal Services and Monitoring Officer with appropriate salary be recommended to Council.

RESOLVED:

That Mr Bill Norman be appointed as the Director of Legal Services and Monitoring Officer on an inclusive salary of £90,000 per annum.

58 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2014/15

It was reported that current CIPFA guidance, Audit Committees, Practical Guidance for Local Authorities and Police (2013) stated that audit committees should report regularly on their work and at least annually report an assessment of their performance. The requirement to submit an annual report was included within the Council's Constitution.

Consideration was given to the Audit and Governance Committee Annual Report for 2014-15.

The report set out the performance of the Committee in relation to its terms of reference and detailed the findings, conclusions and recommendations in respect of the adequacy and effectiveness of its governance, risk management and internal control frameworks, financial reporting arrangements and internal and external functions.

RESOLVED

That the report be received.

59 EXTENSION TO THE APPOINTMENT OF TWO INDEPENDENT PERSONS

Consideration was given to a report seeking to extend the term of office for those eligible Independent Persons currently appointed to work with the Monitoring Officer and the Audit and Governance Committee on standards matters in accordance with the Council's Code of Conduct.

RESOLVED:

That the terms of office of Mr Peter Bryant and Mr Robert Fousert be extended from 31 December 2015 for a period of six months until 30 June 2016.

60 OUTCOME OF STANDARDS HEARING

Consideration was given to a report on the outcome of a standards hearing.

The Audit and Governance Standards Hearing Sub Committee had met on 24 November 2015 to consider a complaint submitted to the Monitoring Officer concerning the actions of a former Member of Cheshire East Council.

The outcome of the hearing was reported to Council in compliance with one of the sanctions imposed by the Hearing Sub-Committee, having found the subject Member to have breached Cheshire East Council's Members' code of conduct. Council was invited to note the report.

RESOLVED:

That the outcome of the hearing be noted.

61 NOTICES OF MOTION

Five Notices of Motion had been submitted to Council in accordance with Procedure Rule 12. The Motions were proposed and seconded without debate or comment and referred to the relevant decision-making body for determination as follows:

1 Pay the Living Wage

Proposed by Councillor B Roberts and Seconded by Councillor M Mannion

The Motion was referred to Cabinet

2 Pay Ratios

Proposed by Councillor S Corcoran and seconded by Councillor S Hogben.

The Motion was referred to Cabinet

3 Hackney Carriage and Private Hire Drivers Licenced by other Authorities

Proposed by Councillor Rhoda Bailey and seconded by Councillor D Flude.

The Motion was referred to Cabinet

4 Call for External Investigation

Proposed by Councillor D Newton and seconded by Councillor L Jeuda.

The Motion was deferred to the next appropriate Council meeting.

5 Call for Internal Audit Report to be Debated at Council

The Motion was withdrawn by Councillor S Corcoran.

62 QUESTIONS

Members asked the following questions:-

Councillor D Flude in respect of the Making a Difference Awards ceremony and publicity for the work of the Mayor. Councillor D Brown responded.

Councillor S Carter in respect of the removal of King School land from the green belt. Councillor Rachel Bailey responded.

Councillor N Mannion in respect of the public consultation on the Local Plan. Councillor Rachel Bailey responded.

Councillor S Corcoran in respect of Syrian refugees. Councillor L Gilbert responded.

Councillor A Moran in respect of the withdraw of rural bus services. Councillor G Wait responded.

63 LEADER'S ANNOUNCEMENTS

The Deputy Leader made announcements in relation to the following:-

- Councillor M Jones resignation would take effect at February Council or earlier. Councillor Jones was currently seeing his Doctor and he wished him well.
- The establishment of a cross-party body to consider the allegations of bullying, with involvement from an independent person.
- The Spending Review had taken place at the end of November. The comprehensive review which holds the details of those proposals and the settlement being offered to local authorities was being discussed at the moment in the House of Commons. The Chief Operating Officer would be holding a Members Briefing as soon as was convenient after the announcements had been made.
- The Making A Difference Awards ceremony had taken place on 10 December. Details of the winners had been circulated to all present.
- The Chancellor of the Exchequer had confirmed the medical technologies Catapult for Alderley Park, which was a £5m initial investment. He had also announced a science enterprise zone for Cheshire; Alderley Park to the former Shell research facility at Thornton. Alongside this was the further provision of £4m funding on Anti-Microbial Research at Alderley Park, which would secure 30 new jobs and should lead up to a further £200m of investment.
- The Council had achieved savings of £105m . The number of managers had reduced by a 1/3. Trade Union relations were at an all-time high.
- Investments figures in Cheshire East - £1bn had been invested in roads and broadband; £2bn private sector investment (Bentley, Alderley Park and Waters Corporation), and a potential investment of £6bn with HS2.
- Since 2012 the Council had supported businesses to create over 2800 new jobs.
- The HS2 line north of Birmingham would be built via Crewe and would open 6 years earlier than planned. By 2027, 7 high speed trains an hour to London, with trains to Manchester beginning to run in 2033 - Crewe would be the North West's gateway into HS2.
- Fairerpower had recently reached the milestone of signing up its 4000th customer. £1m in savings had now been made.
- The Council had been shortlisted for two categories in the LGA Awards 2016 – 'Driving Growth' and 'Service Delivery'.

- Detailed the performance of Orbitas, ANSA, Engine of the North, Civicance, TSS, Tatton Park Enterprise and ESAR.

A copy of the announcements would be circulated to Members.

The meeting commenced at 10.00 am and concluded at 12.45 pm

Councillor H Gaddum (Chairman)
CHAIRMAN

CHESHIRE EAST COUNCIL

Council

Date of Meeting:	25 February 2016
Report of:	Head of Governance and Democratic Services
Subject/Title:	Election of Mayor and Deputy Mayor for the 2016-17 Civic Year

1.0 Report Summary

- 1.1 Council is required to to consider nominations for the office of Mayor and Deputy Mayor for 2016-17.

2.0 Recommendation

- 2.1 Council is requested to:-

Resolve that Councillor Olivia Hunter be designated as the Mayor Elect and that a second Member be designated as the Deputy Mayor Elect, with a view to their formal election and appointment as Mayor and Deputy Mayor for Cheshire East for 2016-17, at the Mayor Making ceremony to be held on 11 May 2016.

3.0 Reasons for Recommendations

- 3.1 The reasons for the recommendations are to ensure that appropriate arrangements can be made for the Mayor Making ceremony on 11 May 2016 and to agree a process to ensure that matters affecting the Mayoralty can be agreed in a timely manner with appropriate Member input.

4.0 Policy Implications

- 4.1 None.

5.0 Financial Implications

- 5.1 None.

6.0 Legal Implications

The meeting of Annual Council must formally elect the Mayor and appoint a Deputy Mayor.

7.0 Risk Management

- 7.1 There are no risks in respect of the recommendations. There is advantage in Council designating Members as Mayor and Deputy Mayor Elect in advance of the Annual Meeting, in order for there to be certainty prior to the beginning of the new civic year.

8.0 Background and Options

- 8.1 This report asks Council to agree which Members will be put forward for election as Mayor and Deputy Mayor, at the Annual Council meeting. Such a decision will assist the proposed civic office holders, and officers, in making arrangements for the new civic year.

9.0 Access to Information

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

Officer: Brian Reed Head of Governance and Democratic Services

Tel No: 01270 686670

Email: brianreed@cheshireeast.gov.uk

Background Documents: None

CHESHIRE EAST COUNCIL

Council

Date of Meeting:	25 February 2016
Report of:	Head of Governance and Democratic Services
Subject/Title:	Election of Leader of the Council

1.0 Report Summary

- 1.1 Council is required to elect a Leader of the Council for a four year term of office.

2.0 Recommendation

- 2.1 That Council elects a Leader of the Council for a four year term of office.

3.0 Reasons for Recommendations

- 3.1 The current Leader of the Council has given notice that he will cease to be Leader of the Council immediately prior to the Council Meeting on 25 February 2016.

4.0 Policy Implications

- 4.1 None.

5.0 Financial Implications

- 5.1 None.

6.0 Legal Implications

In accordance with the requirements of the Local Government and Public Involvement in Health Act 2007, the Council has the Leader and Cabinet model of executive arrangements.

7.0 Risk Management

- 7.1 Failure to comply with legislation would leave the Council open to legal challenge.

8.0 Background and Options

- 8.1 At its meeting held on 16 May 2012, the Council resolved to elect Councillor

Michael Jones as its Leader.

The Constitution says that the Leader will hold office for a period of four years from the date he/she is elected to that office by the Council or until

- he/she resigns from the office of Leader;
- he/she becomes ineligible to be a Member of the Council, either for a specific period, or indefinitely;
- he/she ceases to be a Councillor;
- he/she is removed from office by a no confidence resolution of the Council requiring a simple majority, in respect of which the motion has been fully set out in the agenda for the meeting.

8.2 The Leader has given written notice that he is resigning as Leader of the Council with effect immediately prior to the Council Meeting on 25 February 2016.

8.3 Council is invited to elect a Leader of the Council for the statutory four year term of office.

8.4 In accordance with the Cabinet Procedure Rules the Leader will also be Invited to present to Council information about executive functions in the forthcoming year, including details of those Members appointed to Cabinet. This will be dealt with as part of the Leader's Announcements at the meeting of Council.

9.0 Access to Information

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

Officer: Brian Reed Head of Governance and Democratic Services

Tel No: 01270 686670

Email: brianreed@cheshireeast.gov.uk

Background Documents: None

COUNCIL MEETING – 25TH FEBRUARY 2016**Extract from the Minutes of the Cabinet meeting on 9th February 2016****94 2015/16 THIRD QUARTER REVIEW OF PERFORMANCE**

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

The third quarter review showed how the Council was continuing to build on the positions achieved in the last two years, which demonstrated that the overall financial health, performance, resilience and value for money at Cheshire East Council was strong despite taking £70m out of its cost base since 2011, and freezing Council Tax for the fifth consecutive year. Savings had 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 had protected funding provided to front line services. The Council's reserves strategy remained effective, with a forecast underspend of £0.3m. Further details were set out in Annex 1 to the report.

RESOLVED

That

1. Cabinet notes 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. Cabinet approves
 - 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).

(The following recommendation from Cabinet is for Council to determine)

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

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	9 th 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

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 2nd 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](#)

10. Contact Information

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Third Quarter Review of Performance 2015/16

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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



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
Total Services Net Budget	250.4	250.1	-0.3	-0.8	
CENTRAL BUDGETS					
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
Total Central Budgets	-3.9	-3.9	0.0	0.0	
TOTAL NET BUDGET	246.5	246.2	-0.3	-0.8	
	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		Section 2 - Paragraphs 208-213
2015/16 Impact on Reserves (see above)	-1.7	Forecast	-1.9		
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 1,100km² 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 1st 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	
TOTAL SERVICE OUTTURN	250,446	250,167	-279	-801	

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
SPECIFIC USE			
Held within Services	263.9	261.0	-2.9
GENERAL PURPOSE			
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
Total Grant Funding	360.6	358.0	-2.6

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
Total	205.8

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
	477.1	0.9	478.0	-22.6	0.7	456.1

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
	477.1	456.1	-21.0

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
Total Committed Schemes	96.1	96.3	83.1	-13.2

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
Total	-1.9

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 st April 2015	14.7
Impact on Balances at Third Quarter	-1.9
Forecast Closing Balance at March 2016	12.8

Service outturn forecasts take account of this expenditure and funding.

216. A full list of earmarked reserves at 1st 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 10th 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 1st 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
Cheshire East Council Total	3772*	2862.8	3762*	2857.2	3731*	2,833.6

*: 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

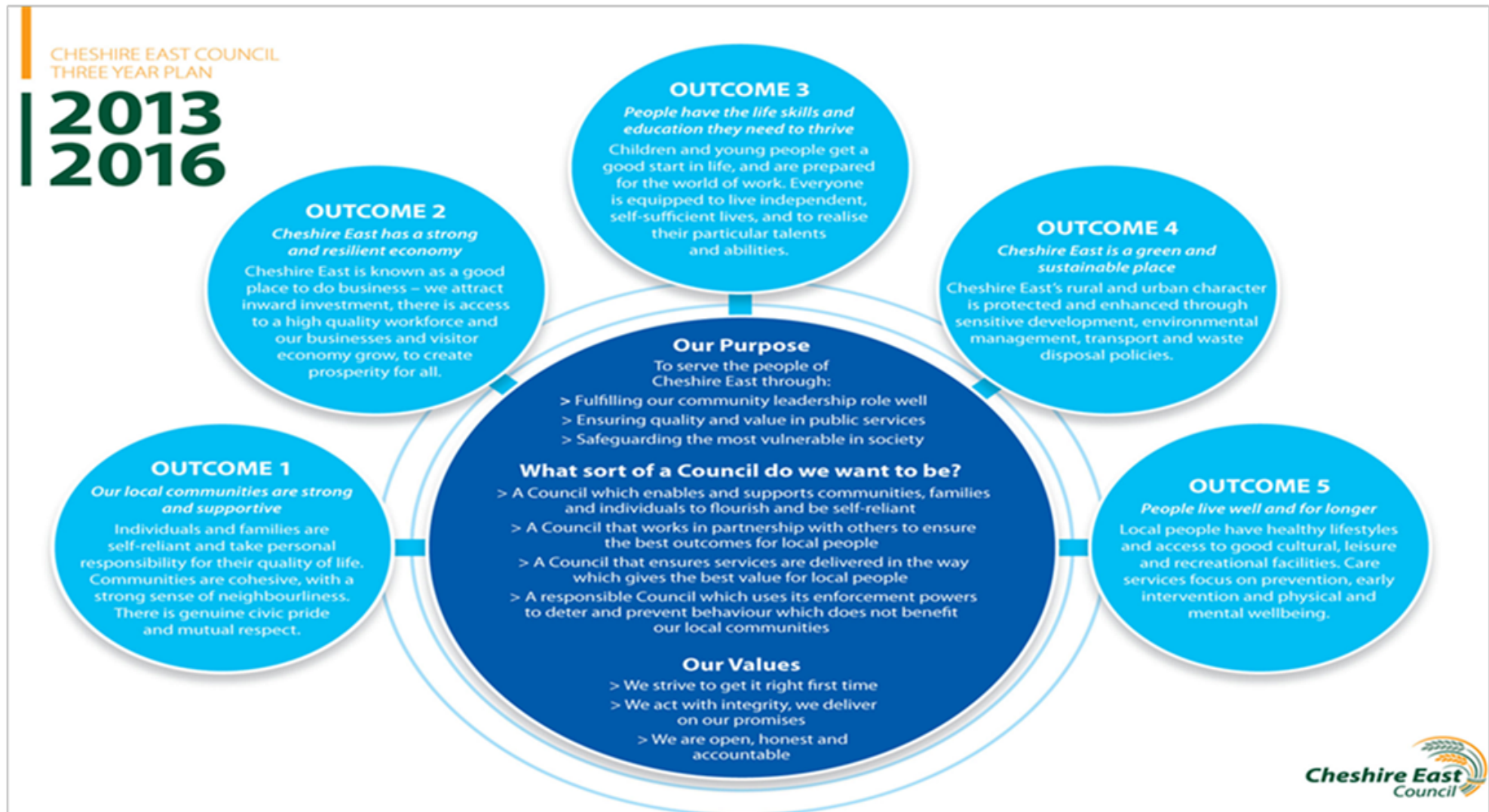
237. The Council's voluntary redundancy scheme continues to support organisational change and the delivery of the planned programme of change in the Council Plan. The effective use of voluntary redundancy in this way enables the Council to achieve its planned savings and efficiencies and also helps to 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

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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
TOTAL SERVICE BUDGET	250,253	269	0	-76	250,446
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
TOTAL BUDGET	246,573	0	0	0	246,573

* 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				
SPECIFIC USE (Held within Services)					
Schools					
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	
Total Schools Grant		165,095	160,844	-4,251	
Housing Benefit Subsidy		84,518	84,518	0	
Public Health Funding		14,274	15,598	1,324	
Restorative Justice Development Grant		8	8	0	
TOTAL SPECIFIC USE		263,894	260,968	-2,927	
GENERAL PURPOSE (Held Corporately)					
Central Funding					
Revenue Support Grant		39,182	39,182	0	
Business Rates Retention Scheme		38,607	38,607	0	
Total Central Funding		77,789	77,789	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				
Children & Families					
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
Adult Social Care & Independent Living					
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	
Economic Growth & Prosperity					
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
Chief Operating Officer - Commissioning Services:					
Environment					
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				
Communities					
Housing Benefit and Council Tax Administration		1,549	1,549	0	
NNDR Administration Grant		559	559	0	
Implementing Welfare Reform Changes		53	53	0	
Chief Operating Officer - Other:					
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	
Total Service Funding		18,950	19,219	269	
TOTAL GENERAL PURPOSE		96,739	97,008	269	
TOTAL GRANT FUNDING		360,633	357,975	-2,658	

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
Communities							
Committed Schemes - In Progress	1,415	0	20	1,435	1,144	329	0
Economic Growth and Prosperity							
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
Chief Operating Officer							
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
Committed Schemes - In Progress	100,390	-1,817	-2,198	96,375	83,126	26,810	10,872
Committed Schemes at Gate 1 Stage	5,832	-2,847	1,450	4,435	4,225	5,548	11,950
Medium Term and Rolling Programme	20,399	-13,235	-852	6,312	6,311	52,500	27,475
Longer Term Proposals	35,775	-18,013	-1,709	16,053	15,921	33,458	177,911
Total Net Position	162,396	-35,912	-3,309	123,175	109,583	118,316	228,208

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
Total	109,583	118,316	228,208

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

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Supplementary Capital Estimates		
Economic Growth & Prosperity		
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.
Environment		
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.
Highways		
Surface Water Management Schemes	44,000	Additional grant received from the Environment Agency.
Communities		
Customer Access	19,556	Contribution from Poynton Town Council finalised on completion and also revenue contribution for works identified during the project.
272,923		

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Capital Budget Virements		
Education		
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.
Economic Growth & Prosperity		
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
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Capital Budget Virements		
Environment		
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.
Total Capital Budget Virements Approved	372,571	
Total Supplementary Capital Estimates and Virements	645,494	

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		
Capital Budget Virements		
Economic Growth & Prosperity		
Crewe Town Centre Regeneration	2,850,000	Combine Crewe Interchange budget with Crewe Town Centre Regeneration budget.
Chief Operating Officer		
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.
Total Supplementary Capital Estimates and Virements	5,250,000	

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
Cabinet are asked to note the reductions in Approved Budgets				
Highways				
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.
Environmental				
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	
Total Capital Budget Reductions	67,073,364	44,475,276	-22,598,088	

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

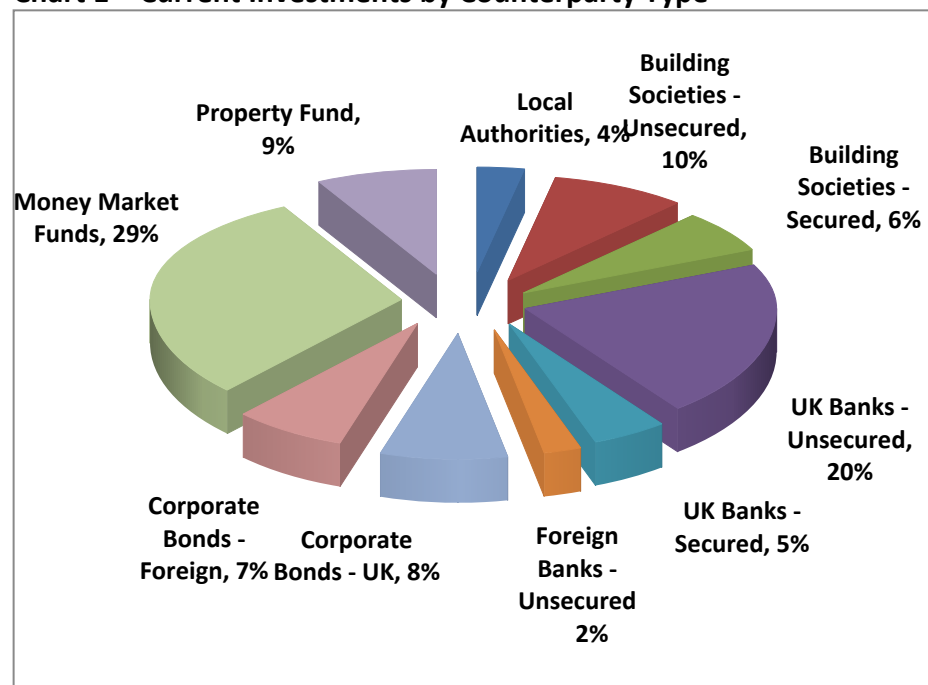


Table 1 – Types of Investments and Current Interest Rates

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

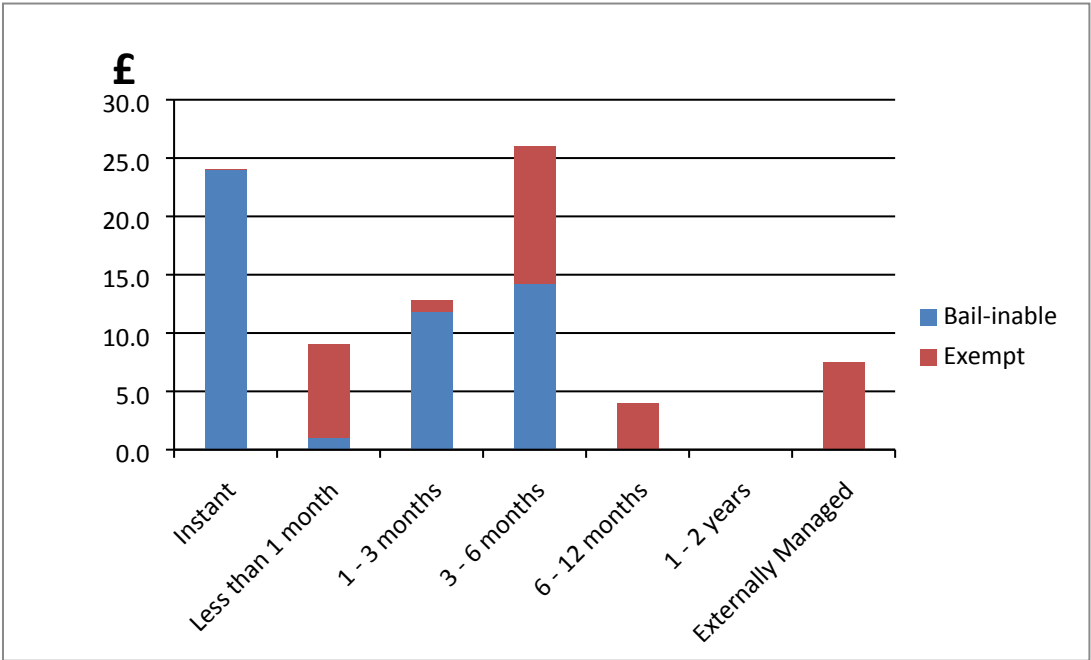
Secured Deposits	Start	Maturity	Rate %	£m
Yorkshire Building Society	05/11/2014	16/03/2016	0.73	3.0
Yorkshire Building Society	16/12/2014	16/03/2016	0.73	2.0
Bank of Scotland	17/06/2015	08/11/2016	0.84	2.5
Bank of Scotland	30/10/2015	08/11/2016	0.95	1.5

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
TOTAL	83.3

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.
Total		269	

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
	6,179	2,680	2,796

Appendix 12 Earmarked Reserves

Name of Reserve	Opening Balance 1 st April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
Children & Families				
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.
Adult Social Care & Independent Living				
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.
Public Health	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.
Environmental				
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 st April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
Highways				
Severe Weather	240	120	360	To provide for future adverse winter weather expenditure.
Communities				
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.
Economic Growth & Prosperity				
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.
Chief Operating Officer				
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 st April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
Cross Service				
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.
TOTAL	51,016	-13,287	37,284	

Notes:

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

COUNCIL MEETING – 25TH FEBRUARY 2016

Extract from the Minutes of the Cabinet meeting on 9th February 2016

95 THE COUNCIL'S CORPORATE PLAN 2016/20 AND MEDIUM TERM FINANCIAL STRATEGY 2016/19

Cabinet considered a report on 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.

The report summarised the resolutions that Cabinet were requested to recommend to Council at Appendix A. It provided 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.

The Portfolio Holder for Finance and Assets reported that the Government had announced the day before the Cabinet's meeting that the Council would receive transitional grant of £2.97M in 2016/17 and again in 2017/18. He also informed Cabinet that the Corporate Overview and Scrutiny Committee at its meeting on 4th February 2016 had made no specific comments in relation to the report.

RESOLVED

That

1. Cabinet recommends to Council the items at Appendix A to the report; and

2. Cabinet notes:

- (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).

(Note - The version of the Corporate Plan attached to the agenda is a new draft that incorporates minor grammar and formatting amendments that have been picked up in the draft shared at the Cabinet meeting of 9th February. There are also amendments to the bulleted list on page 14 of the Corporate Plan 'Corporate Plan: Protecting Against Risk and Supporting Investment' – the last five bullets that appeared in the version published for Cabinet have been removed and replaced with a new statement about the Corporate Risk register).

CHESHIRE EAST COUNCIL

Cabinet

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

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%¹ 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 17th 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.

¹ 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 17th 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 31st 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 6th 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 9th 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 1,100km² 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 13th July, 15th December 2015 and 2nd 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 1st 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 17th 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 25th 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 28th October 2015

[Corporate Overview and Scrutiny Committee 5th November 2015](#)

[Council 17th 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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Designation:	Chief Operating Officer
Tel. No.:	01270 686013
Email:	<u>peter.bates@cheshireeast.gov.uk</u>

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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

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



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Date of approval: 25 February 2016

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 for our Chief Executive to 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:

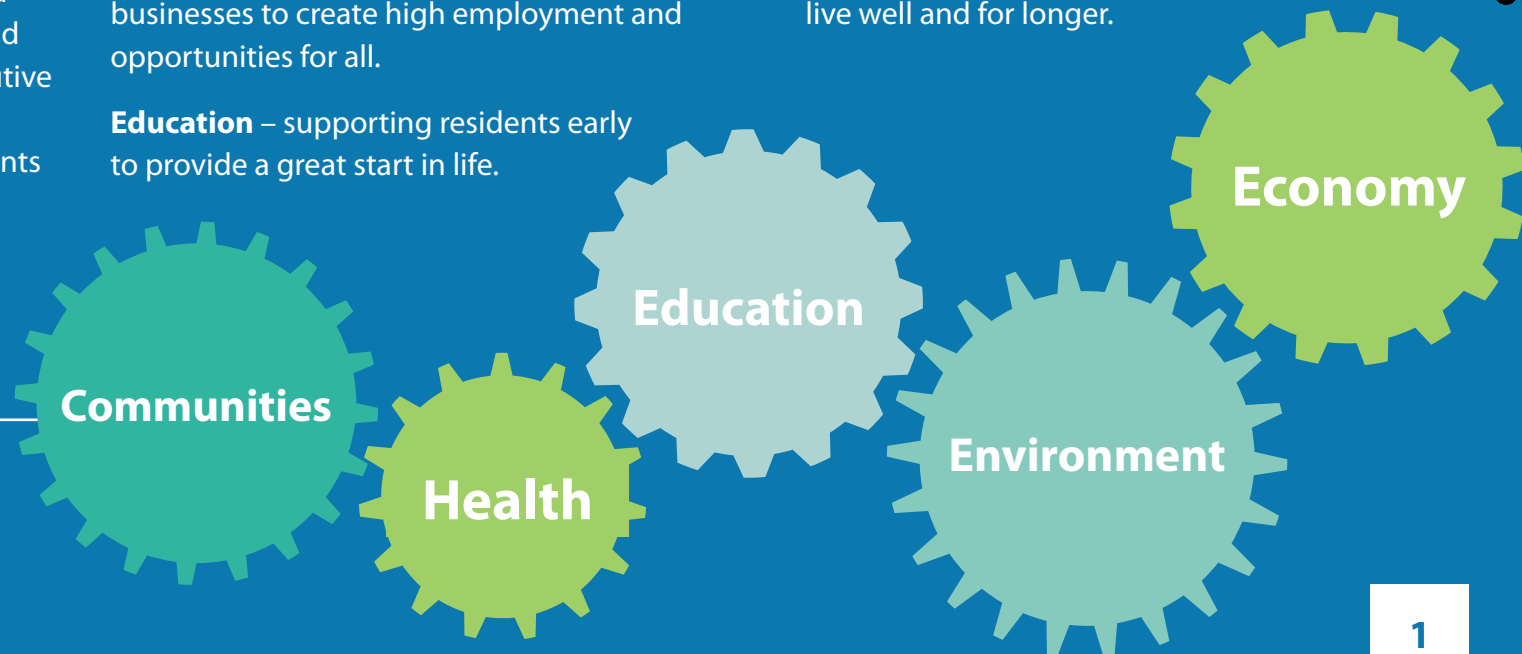
Communities – helping residents to help themselves and each other. Supporting volunteering and minimising antisocial behaviour.

Economy – encouraging and supporting businesses to create high employment and 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.
- 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** Standards they will be achieved.
- Bringing this together is **Teamwork**, respecting and working well with others to collectively achieve the best outcomes for residents and communities.





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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 1,100km² 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 daily 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 whatever 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

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 taxpayers 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 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

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 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.

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.
- The Council manages high-level risks through a Corporate Risk Register. This process is underpinned by a risk management framework that operates on strategic, operational and project levels. Risk registers will be maintained within Team Plans. Emerging risks are escalated to senior members and/or officers as appropriate and in line with the potential impact of the risk.

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.

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 9th February 2016 Cabinet Agenda and the recommended version will be distributed to all Members as part of the 25th 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 18th February 2016.

If you have any comments or queries please e-mail:

shapingourservices@cheshireeast.gov.uk

After this date, interested parties may still submit comments on the budget up to the Council meeting on 25th 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
Revenue Budget	£265.8m	£263.7m	(£2.1m)
Capital Budget	£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 : Outcome	Removal of Temporary Items £m	2016/17 Proposals £m	Total Change £m
1	-0.7	0.0	-0.7
2	-1.2	1.0	-0.2
3	0.1	-0.3	-0.2
4	0.3	-0.1	0.2
5	0.7	0.4	1.1
6	-0.3	-2.0	-2.3
Total	-1.1	-1.0	-2.1

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	
General Reserves	£12.8m	£11.8m	(£1.0m)
Earmarked Reserves*	£38.3m	£24.8m	(£13.5m)
Total Revenue Reserves	£51.1m	£36.6m	(£14.5m)

* 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**

Outcome 1 - Our Local Communities are strong and supportive	0.3
Protecting Trading Standards and Licensing Services	
Re-phasing Council Tax Support to Towns & Parishes	
Additional resources for Flytipping Enforcement	
Outcome 2 - Cheshire East has a strong and resilient economy	0.8
Additional investment in skills and growth	
Increasing capacity in strategic infrastructure	
Outcome 3 - People have the life skills and education they need in order to thrive	-1.1
Re-allocation of consumable savings	
Transfer of £0.9m Pay and Pensions allocation to Outcome 5	
Outcome 4 - Cheshire East is a green and sustainable place	0.6
Revising medium term efficiency plans with service providers	
Outcome 5 - People live well and for longer	2.9
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	
Outcome 6 - Efficiency	1.2
Re-phasing savings relating to consumables	
Re-profiling implementation of the new digital services offer for residents	
Total	4.7

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
Total Outcomes	250.7	248.3	246.5	247.4	251.0
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
TOTAL:	265.8	263.7	261.5	250.6	243.7
<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
TOTAL: Central Budgets	-265.8	-263.7	-249.7	-240.1	-234.1
Funding Deficit	0.0	0.0	11.8	10.5	9.6

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

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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 17th 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
Total Outcomes	250.7	248.3	246.5	247.4
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
TOTAL:	265.8	263.7	261.5	250.6
<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
TOTAL: Central Budgets	-265.8	-263.7	-249.7	-240.1
Funding Deficit	0.0	0.0	11.8	10.5

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

Cheshire East Council is responsible for providing more than 500 local public services across an area of over 1,100km² for over 370,000 residents. The budget to deliver these services in the period April 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

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

'Connecting Cheshire'
fibre broadband coverage
96% in over 80,000 homes
and businesses

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:	1. Active, Resilient and Connected Communities where people want to live	2. Communities where you are - and feel - Safe
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

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

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:

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

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:

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

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 15th 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

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:

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

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 CO² 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. CO² 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

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:

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

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

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:

New schemes and Option Developments:

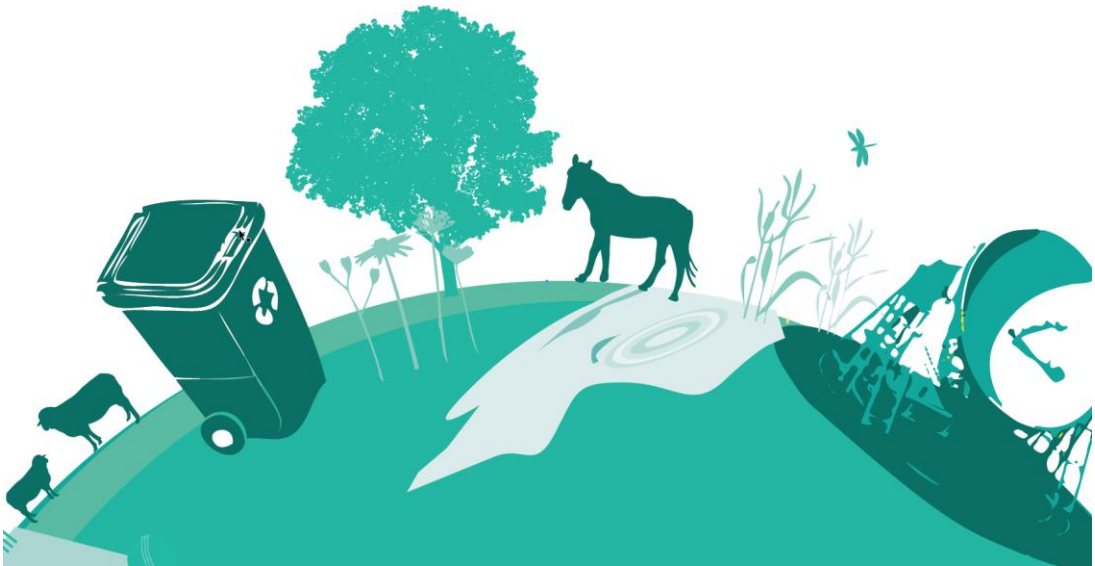
- **Redesign of Children's Residential Social Care (£0.81m)**
 - Improve delivery of residential social care for young people

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

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

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:

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.

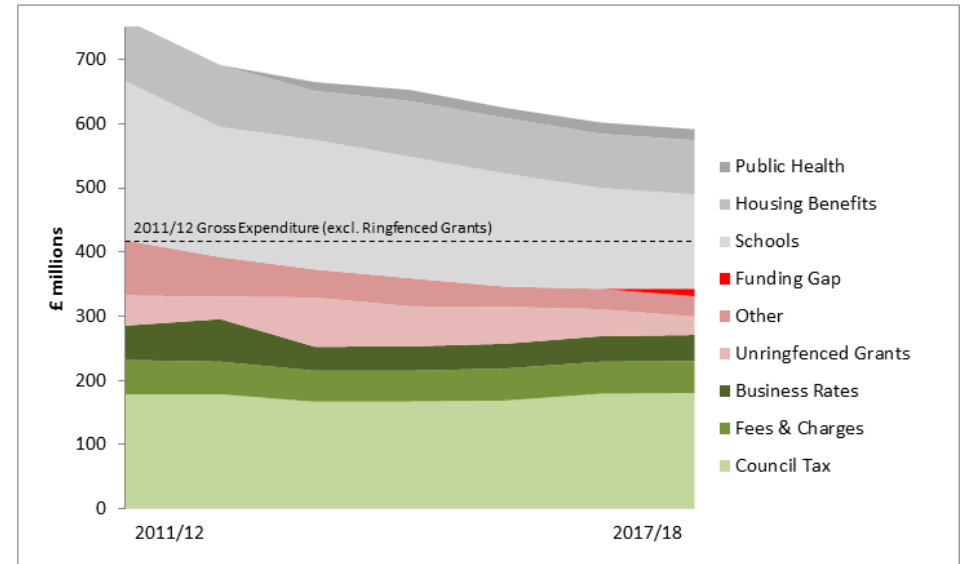
3. The key areas being covered in this section include:

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
Income and expenditure are also influenced by decisions and estimates of the Council in relation to:	
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 17th 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%
Funding Available to Services	-265.8	-261.3	-4.5	-1.7%

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 25th November.
- The release of the Provisional Settlement on 17th December 2015 and Final Settlement expected on 3rd 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		
Total Specific Grants	-58.4	-42.2	-16.2	-27.7%

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 1st 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%
Per Pupil Funding	£ / pupil 2015/16	£ / pupil 2016/17		
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 31st 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 th February 2016			247.9
Less:			
Business Rates Retention Scheme	16.0% ¹	39.7	
Revenue Support Grant	10.6% ¹	26.3	66.0
Surplus on Council Tax	1.0% ¹		2.5
Amount to be Raised from Council Tax	72.4% ¹		179.4
No. of Band D Equivalent Properties			142,186.60
Band D Council Tax			£1,261.95

¹. 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
Total Freeze Grant to be Received	9.9

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 17th 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 1st April 2013 the Council Tax Benefit system was replaced by a locally designed Council Tax Support Scheme. Claimants under this scheme receive appropriate discounts to their bills depending

on their circumstances. It is important to note that pensioner claimants 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 17th December 2015 and factored into the Tax Base Report. Further details are provided in the [Tax Base Report](#) to Council on 17th 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 31st 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.

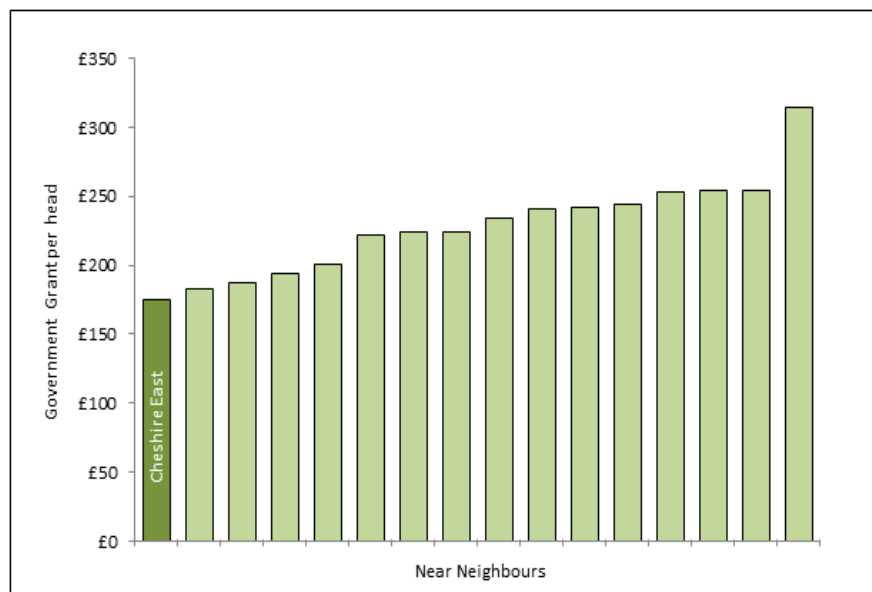
Council Tax on Second Homes

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 17th 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
Net Capital Financing Budget	14.0

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 31st 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.
- ### Capital Programme Planning
81. The 2015/18 capital programme was approved by Council on 26th 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**.
 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.
 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
Total Capital Programme	183.6	148.0	150.2	481.8
Financing				
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
Total Sources of Funding	183.6	148.0	150.2	481.8

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 31st 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
Total Outcomes	248.3	246.5	247.4
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>		0.0	-11.8
TOTAL:	263.7	261.5	250.6
CENTRAL BUDGETS			
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
TOTAL: Central Budgets	-263.7	-249.7	-240.1
Funding Deficit	0.0	11.8	10.5

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"> - 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. - 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. - Core Spending Power includes: <ul style="list-style-type: none"> ○ Business Rates - 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. - 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. - 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"> ○ Revenue Support Grant (RSG) - 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.

Measure	Table 13 – Balancing the Medium Term Budget
	<ul style="list-style-type: none"> ○ New Homes Bonus (NHB) <ul style="list-style-type: none"> - 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. - 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. - 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. ○ Specific Grants <ul style="list-style-type: none"> - 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. - The Government has offered councils a four year deal to set certain funding figures and this will be reviewed.
Measure Two Review Local Taxation	<p>The Council retains the opportunity to review current funding assumptions:</p> <ul style="list-style-type: none"> - Council Tax will rise in line with Government policy and to support Adult Social Care. - Increases for later years will be reviewed annually but current assumptions are for no further increases. - 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. - 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. - Increasing employment opportunities – through economic growth, resulting in fewer people relying on welfare benefits from the Council and releasing funding for further improvements.

Measure	Table 13 – Balancing the Medium Term Budget
	<ul style="list-style-type: none"> - 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. - There is potential to work with local businesses to introduce business improvement districts for specific purposes. - Continued high collection rates may result in a surplus that can be released to support investment in improved services in the local area.
Measure Three Manage Reserves	<ul style="list-style-type: none"> - 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. - The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure. - 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.
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"> - 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. - Pay Inflation will continue to be assumed at 1% in the medium term in line with government projections. - 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. - 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.

Measure	Table 13 – Balancing the Medium Term Budget
	<ul style="list-style-type: none"> - 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. - Introducing a robust and effective Community Infrastructure Levy that can engage developers and other stakeholders in delivering appropriate funding in key areas. - Continue to develop the Council’s Best Fit approach to challenge service providers and the improvements they can make to outcomes through innovation. - 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. - 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. - Engaging with community groups and local Town & 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. - Carrying out a further Capital Challenge to ensure the benefits of the ambitious programme are realised. - Promoting “Digital Customer Services” approach across the Council where suitable to improve access to services. - Continuing to rationalise the Council’s assets to minimise costs associated with utilities and rates and maximise receipts that can support economic growth outcomes. - 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.

Annexes to the Medium Term Financial Strategy Report 2016/19

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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 28th 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

28th October 2015 and shared with [Corporate Overview and Scrutiny Committee](#) on 5th November 2015.

9. All Member Finance Briefings were organised for the 15th December 2015 and 2nd 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 th July 2015	The Chief Operating Officer updated Members on the annual finance processes of planning, monitoring and reporting.
Cabinet – 21 st July 2015	Revenue 2014/15 Outturn
Cabinet – 29 th September 2015	Receive First Quarter Review of Performance
Cheshire East Council website – 28 th October 2015	Pre-Budget Report and animation placed on Council's website and Centranet to launch consultation exercise.
Team Voice – 30 th October 2015	Issued to all staff and Members to headline Pre-Budget Report .
Trades Unions – 2 nd 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.
Corporate Overview and Scrutiny Committee on 5 th November 2015	Received Pre-Budget Report and Mid-Year Review of Performance .
Cabinet – 10 th November 2015	Received the Mid-Year Review of Performance Report.

Events	Comments
Schools Forum – 3 rd December 2015	<p>The meeting noted the following points:</p> <ul style="list-style-type: none"> - Peter Groves is the new portfolio holder. - Peter Bates is the Section 151 Officer - CE Council aims to put residents first; to deliver to budget; and to deliver value for money. - There are 6 priorities: Local communities; Economic growth; Education; Environmental services; Health and wellbeing and Efficiencies - The budget has been cut by £6.4m to £258.1m - A spending review conducted in November 2015 has identified a number of areas where savings can be made and additional revenues can be found - The Council will approve the budget in February 2016.
Cabinet – 8 th December 2015	Consider the Council Tax Support Scheme and Council Tax Base for recommendation to Council.
Town and Parish Councils Conference – 10 th December 2015	<p>The Finance and Assets Portfolio Holder presented an overview of the Council's Finances and the Pre-Budget Report.</p> <ul style="list-style-type: none"> - 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.
All Member Briefing – 15 th December 2015	Budget proposals
Council – 17 th December 2015	Agree Council Tax Support Scheme and Council Tax Base.

Events	Comments
Funding announcements – 17 th December 2015	From Government
South Cheshire Chambers of Commerce – 12 th January 2016	<p>Cllr Groves presented the Council's Pre-Budget Report to a South Cheshire Business networking event. Issues raised:</p> <ul style="list-style-type: none"> - Development of Crewe Town Centre. - Council Tax plans for the medium term. - Additional contacts for Business Rates.
East Cheshire Chamber of Commerce and Enterprise Business Event – 20 th January 2016	<p>Cllr Groves presented the Council's Pre-Budget Report to an East Cheshire Business networking event. Issues raised:</p> <ul style="list-style-type: none"> - Capital schemes in Crewe and Congleton Town centres - Infrastructure projects, such a Crewe Green Link & Congleton Relief roads were raised in terms of timelines - The impact of developer contributions was also discussed and the effect of Section 106 agreements / Community Infrastructure Levy on the Council's plans - Local Plan was also mentioned in terms of business wanting to expand - Overall impression that employers appreciated the openness of the conversation and looked forward to greater opportunity in the future
Individual proposals received from Cheshire East Council Members in January 2016	<p>Feedback on:</p> <ul style="list-style-type: none"> - Additional investment to control flytipping - Additional investment required in safeguarding - Additional investment required to tackle domestic abuse / sexual violence.

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 st February 2016	
Corporate Overview and Scrutiny Committee – 4 th February 2016	Receive MTFS Report
Corporate Trades Unions – 8 th February 2016	Final MTFS Report
Macclesfield Chamber of Commerce Business Event – 10 th February 2016	Cllr Groves will present the Council's Pre-Budget Report to a joint event with Macclesfield Chamber of Commerce.
Cabinet – 9 th February 2016	Consider MTFS Report
Council – 25 th February 2016	Consider MTFS Report

Table 2 – Comments Received by the Council

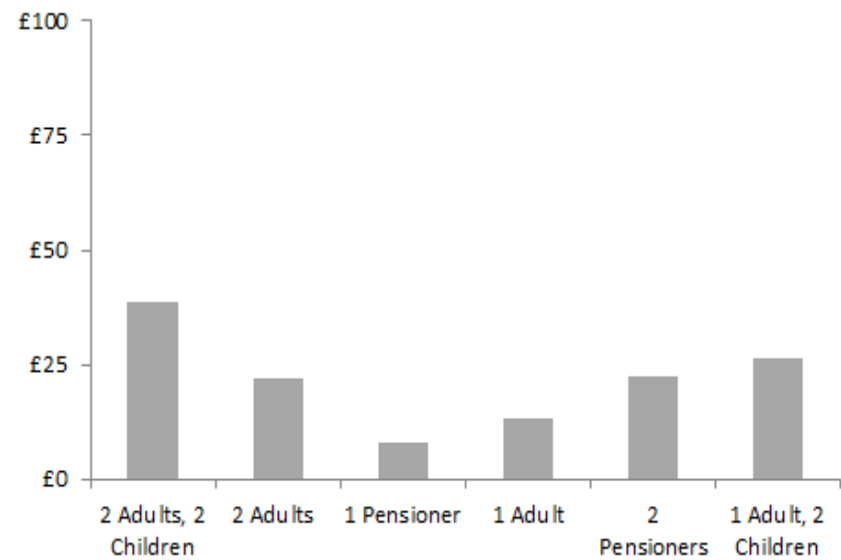
January 2016	Objection to the removal of full Council Tax relief for Foster Carers.
	Three responses raising concerns over reductions in services to help homeless people.
	E-mail raising issues over service levels in Poynton.
October 2015	Suggestion over the use of LED lighting for Council buildings.

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

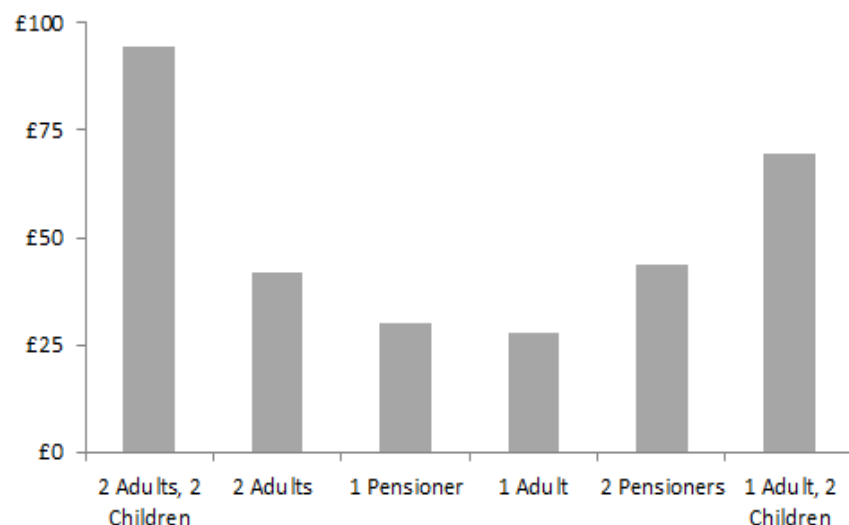
4. Every service within the Authority is in the process of refining a Charging and Trading Strategy which sets out the rationale for setting / changing fees and charges within that area.
5. The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or 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.

<p>Table 1: Impact of the 2016/17 Budget Proposals on Businesses</p> <p>Typical Facts:</p> <ul style="list-style-type: none"> - 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) 	<p>Working with Businesses</p> <p>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.</p> <p>The team provides:</p> <ul style="list-style-type: none"> - 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. <p>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.</p> <p>Government sets new Business Rates multipliers for 2016/17</p> <ul style="list-style-type: none"> - Multiplier set by Government and the increase is 0.8% (September's RPI figure) <ul style="list-style-type: none"> - Provisional 2016/17 Multiplier at 49.7p* in the £. - Small business multiplier provisionally 48.4p** in the £. <p>* Includes supplement to fund small business relief.</p> <p>** All occupied properties with a rateable value below £18,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.</p>
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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 1st 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.

Equality Impact	<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">- Have an adverse impact on any of the protected characteristics listed in the 2010 Equality Act,- Result in direct or indirect discrimination. <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.

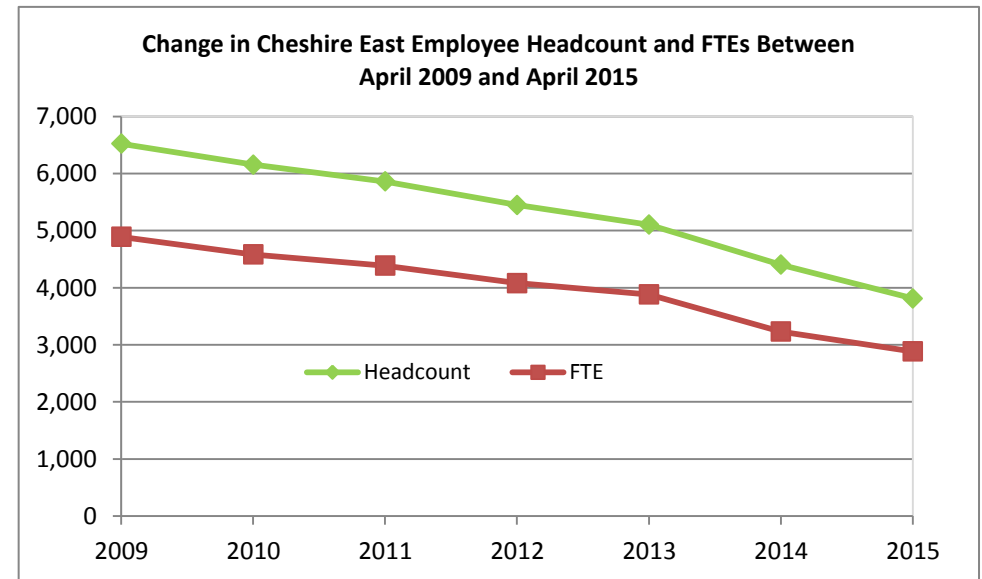
Cheshire East Council and Cheshire West and Chester Council announced in October 2015 that CoSocius was to be brought back in-house as a shared service with effect from 1st April 2016. Human Resources / Finance services will revert to Cheshire West and ICT will be the responsibility of Cheshire East.

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 31st March 2016 and the Local Government Association have recently advised that Council employees have been offered a two-year pay increase from 1st April 2016. The majority of employees – those on salaries starting at £17,714 per annum – would receive an uplift of one percent on 1st April 2016 and a further one percent on 1st 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 1st 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 6th 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

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 9th 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
Total Net Growth	1.29	1.91

Total Retention for Cheshire East	0.50	0.74
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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
Council Tax	-170.7	➔	Draft Proposals for 2016/17	-18.4	➔	Contribution to Earmarked Reserve	0.3	➔	Council Tax		-179.4
Government Funding	-82.7	➔	Estimate Tax Base (New properties less discounts)	-1.4	➔	Tax base agreed / Council Tax increased by 3.75%	-7.3	➔	Government Funding		-81.8
			Changes in Funding Assumptions	-3.4	➔	Funding estimate further decreased following Prov Settlement	4.4	➔	Council Tax Collection Fund		-2.5
			Use of Council Tax Surplus	-0.5	➔	Use of Council Tax Surplus	-2.0	➔			
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
SPECIFIC USE (Held within Services)					
Schools					
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
Total Schools	160,844	157,282	147,032	136,782	126,532
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
TOTAL SPECIFIC USE	260,968	259,356	248,667	237,972	227,288
GENERAL PURPOSE (Held Corporately)					
Central Funding					
Revenue Support Grant	39,182	26,340	13,415	5,416	0
Children and Families Services					
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
GENERAL PURPOSE (Held Corporately)					
Adult Social Care and Independent Living					
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
Economic Growth & Prosperity					
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
Environment					
Lead Local Flood Authorities	35	0	0	0	0
Lead Local Flood Authorities - technical advice on surface water proposals	82	0	0	0	0
Communities					
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
Chief Operating Officer					
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
TOTAL GENERAL PURPOSE	58,401	42,169	28,599	16,649	10,582
TOTAL GRANT FUNDING	319,370	301,524	277,266	254,621	237,871

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
SPECIFIC PURPOSE (Held Corporately)							
Children and Families Services							
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
Total Children & Families Services	9,319	6,729	15,748	14,478	14,778	7,792	7,792

	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
Adult Social Care and Independent Living							
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
Total Adult Social Care and Independent Living	356	0	356	0	0	0	0

	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
Economic Growth & Prosperity							
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		
Total Economic Growth & Prosperity	149	17,495	17,644	32,463	32,463	69,651	69,651

	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
Highways							
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		
Total Highways	206	11,567	11,673	11,277	11,377	0	0
Chief Operating Officer							
TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING	10,030	35,791	45,421	58,218	58,618	77,443	77,443

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
Total Financing	65.6	100.3	97.2	115.7	34.5
Prudential Borrowing	44.0	83.4	50.8	0.0	0.0
Total Funding	44.0	83.4	50.8	0.0	0.0
Total Financing and Funding	109.6	183.7	148.0	115.7	34.5

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 st March 2015		£m
Borrowing		115
Other Long-term Liabilities		31
Total		146

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
Authorised Limit for External Debt	290	348	417	395
Operational Boundary for Borrowing	250	310	380	360
Operational Boundary for Other Long-term Liabilities	30	28	27	25
Authorised Limit for External Debt	280	338	407	385

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 rd 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 st 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		42.5
Adult Social Care and Independent Living	95.4	0.2		95.6
Public Health and Wellbeing	0.0			0.0
Economic Growth and Prosperity	6.6	-0.3		6.3
Chief Operating Officer				
Commissioning Services				
Building Control, Land Charges & Planning Support	1.7			1.7
Environmental	27.3	-0.1		27.2
Highways	11.2			11.2
Leisure	2.0		0.2	2.2
Transport	14.6			14.6
Communities	9.2			9.2
Other	39.4	-0.1	-0.2	39.1
TOTAL:	250.4	-0.8	0.0	249.6

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
Base Budget	602,193	-352,582	249,611	590,354	-342,017	248,337	577,959	-331,578	246,381
	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
Financial Impact of Policy Proposals	-11,839	10,565	-1,274	-12,395	10,439	-1,956	-9,621	10,445	824
Total Cost of Service	590,354	-342,017	248,337	577,959	-331,578	246,381	568,338	-321,133	247,205

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	0	846	0	846	1,625	0	1,625
			0	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					
Children Social Care										
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
Early Help and Protection										
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
Safeguarding										
Tackling Domestic Abuse / Sexual Violence	5	50		50			0			0
Other										
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
Financial Impact of Policy Proposals		-11,964	13,624	1,660	-9,277	10,000	723	-11,221	10,000	-1,221
Total Cost of Service		208,919	-164,755	44,164	199,642	-154,755	44,887	188,421	-144,755	43,666

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
Base Budget		131,259	-35,673	95,586	130,471	-36,661	93,810	130,301	-36,661	93,640
		Changes to Budget Requirement								
Commissioning Efficiencies in Adults Social Care										
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
Base Budget		20,330	-14,067	6,263	21,610	-14,470	7,140	21,407	-14,470	6,937
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
		1,280	-403	877	-203	0	-203	199	0	199
Total Cost of Service		21,610	-14,470	7,140	21,407	-14,470	6,937	21,606	-14,470	7,136

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
Environmental (incl. Bereavement)	4	30,619	-3,289	27,330	30,289	-3,289	27,000	29,019	-3,289	25,730
Highways	4	13,233	-2,101	11,132	13,010	-2,101	10,909	13,007	-2,101	10,906
Leisure	5	2,230	-200	2,030	2,181	-200	1,981	2,181	-200	1,981
Transport	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	4	72		72			0			0
Environmental (incl. Bereavement)	4	-330		-330	-1,270		-1,270	-550		-550
Highways	4	-220		-220			0			0
Leisure	5	-49		-49			0			0
Transport	4	-246		-246			0			0
Allocation of cross service savings relating to staff travel and supplies / services (incl. paper consumption)	4	-3		-3	-3		-3			0
Pay & Pensions Allocations including Living Wage and National Insurance	4 / 5	368		368	338		338	338		338
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		210		210	431	0	431	634	0	634
Unallocated Cross Cutting Savings				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		-550		-550	-1,850		-1,850			0
Savings in Supplies and Services incl reducing paper consumption				0	-247		-247			0
Unallocated Pay & Pensions		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
Committed Schemes - In Progress					
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
Total Committed Schemes - In Progress	239,626	93,369	34,278	1,785	129,432
New Schemes and Option Developments					
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
Total New Schemes and Option Developments	3,401	18,289	9,170	4,917	32,376
Total Committed Schemes	243,027	111,658	43,448	6,702	161,808

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
Recurring Programmes					
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
Total Recurring Programmes	6,932	32,658	36,387	14,729	83,774

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
Longer Term Proposals					
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
Total Longer Term Proposals	10,951	39,343	68,129	128,727	236,199
Total	260,910	183,659	147,964	150,158	481,781

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
Funding Requirement					
Indicative Funding Analysis: (See note 1)					
Government Grants	111,136	51,885	63,242	81,809	196,936
External Contributions	20,357	6,668	13,011	28,751	48,430
Revenue Contributions	1,357	654	0	0	654
Capital Receipts	31,318	41,099	20,934	39,598	101,631
Prudential Borrowing (See note 2)	96,742	83,353	50,777	0	134,130
Total	260,910	183,659	147,964	150,158	481,781

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
Committed Schemes - In Progress						
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
Total Committed Schemes - In Progress		9,252	6,548	948	648	8,144
New Schemes and Option Developments						
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
Total New Schemes and Option Developments		0	900	0	0	900
Total Committed Schemes		9,252	7,448	948	648	9,044

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						
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
Total Recurring Programmes		320	9,867	9,430	7,144	26,441
Longer Term Proposals						
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
Total Longer Term Proposals		250	2,491	11,430	0	13,921
Total		9,822	19,806	21,808	7,792	49,406

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
Funding Requirement					
Indicative Funding Analysis:					
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
Total	9,822	19,806	21,808	7,792	49,406

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
Recurring Programmes						
Community Capacity Grant	5	0	356	0	0	356
Total Recurring Programmes		0	356	0	0	356
Total		0	356	0	0	356
Indicative Funding Analysis:						
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
Total		0	356	0	0	356

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
Committed Schemes - In Progress						
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
Total Committed Schemes - In Progress		68,212	42,842	19,848	1,137	63,827

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
New Schemes and Option Developments						
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
Total New Schemes and Option Developments		3,401	14,108	5,445	4,742	24,295
Total Committed Schemes		71,613	56,950	25,293	5,879	88,122

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						
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
Total Recurring Programmes		5,892	6,603	2,923	1,815	11,341
Longer Term Proposals						
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
Longer Term Proposals (continued)						
Strategic Acquisitions	2	0	7,500	0	0	7,500
Sydney Road Bridge	2	752	1,222	5,160	1,881	8,263
Total Longer Term Proposals		8,933	28,872	47,079	128,727	204,678
Total		86,438	92,425	75,295	136,421	304,141

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
Funding Requirement					
Indicative Funding Analysis:					
Government Grants	40,791	23,654	37,187	74,017	134,858
External Contributions	19,281	6,463	4,481	28,751	39,695
Revenue Contributions	332	125	0	0	125
Capital Receipts	4,146	26,848	8,419	33,653	68,920
Prudential Borrowing	21,888	35,335	25,208	0	60,543
Total	86,438	92,425	75,295	136,421	304,141

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
Committed Schemes - In Progress						
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
Total Committed Schemes - In Progress		122,382	27,368	13,282	0	40,650
New Schemes and Option Developments						
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
Total New Schemes and Option Developments		0	701	580	150	1,431
Total Committed Schemes		122,382	28,069	13,862	150	42,081

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						
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
Total Recurring Programmes		246	13,831	14,937	2,270	31,038
Longer Term Proposals						
All Weather Pitch - Cumberland Arena	5	0	250	0	0	250
Anaerobic Digestion Project	4	150	2,730	9,620	0	12,350
Total Longer Term Proposals		150	2,980	9,620	0	12,600
Total		122,778	44,880	38,419	2,420	85,719

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
Funding Requirement					
Indicative Funding Analysis:					
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
Total	122,778	44,880	38,419	2,420	85,719

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
Committed Schemes - In Progress						
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
Total Committed Schemes - In Progress		1,044	329	0	0	329
New Schemes and Option Developments						
Next Generation Libraries - Self - Service	1	0	80	145	25	250
Total New Schemes and Option Developments		0	80	145	25	250
Total Committed Schemes		1,044	409	145	25	579

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
Funding Requirement					
Indicative Funding Analysis:					
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
Total	1,044	409	145	25	579

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
Committed Schemes - In Progress						
Asset Management Maintenance Programme	6	12,012	3,000	0	0	3,000
Core Financials, HR Services	6	5,560	1,080	0	0	1,080
Digital by Design	6	574	160	0	0	160
Digital Customer Services	6	2,686	3,118	200	0	3,318
ICT Infrastructure Investment Programme (Essential Replacement & Enhancement)	6	11,448	6,324	0	0	6,324
Information Assurance and Data Management	6	4,614	1,421	0	0	1,421
Minor Works Programme	6	1,392	669	0	0	669
Schools Capital Maintenance	6	450	510	0	0	510
Total Committed Schemes - In Progress		38,736	16,282	200	0	16,482
New Schemes and Option Developments						
Enterprise Resource Planning (Oracle Replacement)	6	0	2,500	3,000	0	5,500
Total New Schemes and Option Developments		0	2,500	3,000	0	5,500
Total Committed Schemes		38,736	18,782	3,200	0	21,982

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
Recurring Programmes						
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
Total Recurring Programmes		474	2,001	9,097	3,500	14,598
Longer Term Proposals						
Supporting Strategic Capital Projects	6	1,618	5,000	0	0	5,000
Total Longer Term Proposals		1,618	5,000	0	0	5,000
Total		40,828	25,783	12,297	3,500	41,580

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
Funding Requirement					
Indicative Funding Analysis:					
Government Grants	4,443	510	0	0	510
External Contributions	229	0	0	0	0
Revenue Contributions	236	0	0	0	0
Capital Receipts	25,296	14,251	5,997	3,500	23,748
Prudential Borrowing	10,624	11,022	6,300	0	17,322
Total	40,828	25,783	12,297	3,500	41,580

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 26th 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 st 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
	12.8

Estimated Movement in Reserves (2015/16 onwards)

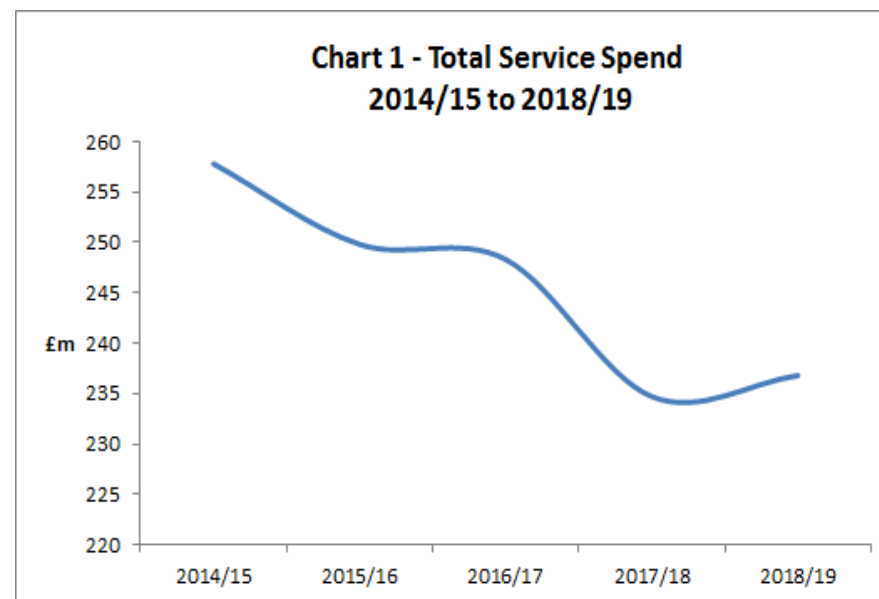
16. **Table 3** (overleaf) summarises the current estimated movements in general reserves from 2015 to 2019. It is proposed to transfer £1m to the Planning earmarked reserve in 2016/17 to provide for costs associated with the Council's Planning functions.

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 st 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
Forecast General Reserves @ 31st March	12.8	11.8	11.8	11.8
Risk Assessed Minimum Level – February 2016	12.5	11.8	11.8	11.8

Source: Cheshire East Finance

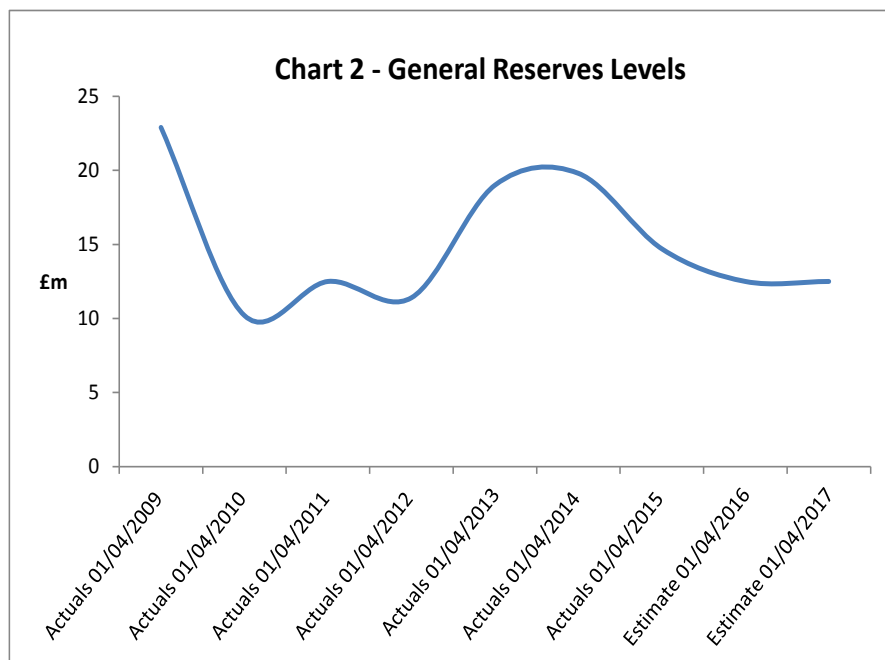
19. **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.



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
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	£100,000
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	£400,000
	Epidemic	High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans	
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	

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
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	£5,800,000
	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	
Legal & IT costs	Legal challenges to Council service delivery / charges for services	Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures	£800,000
	Data corruption and need to improve security	Court costs and claims for financial settlement / clear processes and good workforce management	
Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	ICT service days to repair, loss of service / robust security policies and firewalls	
Strategic Reserve		Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning	
		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes	£4,700,000
OVERALL RISKS			£11,800,000
% of Net Revenue Budget			4.8%

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	
Children and Families				
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.
Adult Social Care and Independent Living				
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.
Public Health and Wellbeing	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	
Environmental				
Severe Weather	360	0	360	To provide for future adverse winter weather expenditure.
Communities				
Communities Investment	825	-825	0	Amalgamation of Promoting local delivery, Grant support, New initiatives and funding to support community investment.
Emergency Assistance	445	-445	0	Carry forward of underspend on previous years' schemes to provide for future hardship payments.
Economic Growth and Prosperity				
Building Control	168	0	168	Ring-fenced surplus (could be used to off-set service deficit, if applicable)
Tatton Park	222	0	222	Ring-fenced surplus on Tatton Park trading account.
Economic Development	141	-141	0	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.

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	
Chief Operating Officer				
Elections	0	150	150	To provide funds for Election costs every 4 years.
Insurance and Risk	3,000	-1,000	2,000	To settle insurance claims and manage excess costs.
Investment (Sustainability)	1,150	-745	405	To support investment that can increase longer term financial independence and stability of the Council.
Business Rates Retention Scheme	8,248	-348	7,900	To manage cash flow implications as part of the Business Rates Retention Scheme.
Financing	9,385	-28	9,357	To provide for financing of capital schemes, feasibility studies, and other projects and initiatives.
Service Manager carry forwards	1,372	0	1,372	Allocations for Costs of Investment or grant funded expenditure.
Revenue Grants				
Dedicated Schools Grant	4,184	-4,184	0	Unspent specific use grant carried forward into 2016/17
Other	1,566	-1,231	335	Unspent specific use grant carried forward into 2016/17
Total	38,284	-13,536	24,748	

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.

COUNCIL MEETING – 25TH FEBRUARY 2016**Extract from the Minutes of the Cabinet meeting on 9th February 2016****96 TREASURY MANAGEMENT STRATEGY AND MRP STATEMENT 2016/17**

Cabinet considered the Treasury Management Strategy and MRP Statement 2016/17.

The key elements of the strategy for 2016/17 were 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 were 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 could react to opportunities and market conditions to maximise effectiveness, whilst protecting the public funds managed within the strategy.

The Treasury Management Strategy was set out in Appendix A to the report and had been reported to the Audit and Governance Committee on 10th December 2015 for scrutiny purposes.

RESOLVED

That Council be recommended to approve the Treasury Management Strategy and the MRP Statement for 2016/17 as set out in Appendix A to the report.

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	9 th February 2016
Report of:	Chief Operating Officer
Subject/Title:	Treasury Management Strategy and MRP Statement 2016/17
Portfolio Holder:	Councillor Peter Groves, Finance and Assets

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 10th 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

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
Net Capital Financing Budget	14.0

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



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1. Background

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

2. External Context

- 2.1 **Economic background:** 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
Borrowing CFR	201	218	282	350	334
Less: External borrowing **	-115	-109	-102	-96	-72
Internal (over) borrowing	86	109	180	254	262
Less: Usable reserves	-87	-61	-58	-58	-56
Less: Working capital	-48	-47	-47	-47	-47
Investments (or New borrowing)	49	(1)	(75)	(149)	(159)

* 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 31st 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
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
3-month LIBID rate													
Upside risk	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
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
1-yr LIBID rate													
Upside risk	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
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-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
5-yr gilt yield													
Upside risk	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
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-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
10-yr gilt yield													
Upside risk	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
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-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
20-yr gilt yield													
Upside risk	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
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-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
50-yr gilt yield													
Upside risk	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
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-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 & Debt Portfolio Position

	31/12/15 Actual Portfolio £m	31/12/15 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	92	3.69%
PWLB - Variable Rate	0	-
Local Authorities	0	-
LOBO Loans	17	4.63%
Total External Borrowing	109	3.83%
Other Long Term Liabilities:		
PFI	25	-
Finance Leases	5	-
Total Gross External Debt	139	-
Investments:		
<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%
Total Investments	69	1.15%
Net Debt	70	-

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
Total	109.6	183.7	148.0	115.7	34.5

Source: Cheshire East Finance

3.2 Capital expenditure will be financed or funded as follows:

Capital Financing	2015/2016	2016/2017	2017/2018	2018/2019	Future years
	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
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
Total Financing	65.6	100.3	97.2	115.7	34.5
Prudential Borrowing	44.0	83.4	50.8	0.0	0
Total Funding	44.0	83.4	50.8	0.0	0.0
Total Financing and Funding	109.6	183.7	148.0	115.7	34.5

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.

Ratio of Financing Costs to Net Revenue Stream	2015/2016	2016/2017	2017/2018	2018/2019
	Estimate	Estimate	Estimate	Estimate
	%	%	%	%
Total	5.58	5.55	5.44	5.48

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.

Capital Financing Requirement	2015/2016	2016/2017	2017/2018	2018/2019
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Total	248	310	377	359

6. Actual External Debt:

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

Actual External Debt as at 31/03/2015		£m
Borrowing		115
Other Long-term Liabilities		31
Total		146

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.

Incremental Impact of Capital Investment Decisions	2016/2017 Estimate	2017/2018 Estimate	2018/2019 Estimate
	£	£	£
Band D Council Tax	23.51	26.72	0

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
Authorised Limit for External Debt	290	348	417	395
Operational Boundary for Borrowing	250	310	380	360
Operational Boundary for Other Long- Term Liabilities	30	28	27	25
Operational Boundary for External Debt	280	338	407	385

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.

Maturity structure of fixed rate borrowing	Level as at 31 st March 2016(based on Current Borrowing) %	Lower Limit for 2016/2017 %	Upper Limit for 2016/2017 %
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.

Council

Date of Meeting:	25 February 2016
Report of:	Chief Operating Officer
Subject/Title:	Council Tax 2016/17 - Statutory Resolution
Portfolio Holder:	Cllr Groves

1. Report Summary

- 1.1. Cheshire East Council, as a billing authority, is responsible for the billing and collection of Council Tax due from local taxpayers and must therefore make a resolution to set the overall Council Tax level. This means that the Authority also collects Council Tax income to cover not only its own services but also precepts set by other authorities.
- 1.2. The Council Tax levied is therefore made up of four elements:
 - Cheshire East Borough Council element
 - Town & Parish Council precepts
 - Police & Crime Commissioner for Cheshire precept
 - Cheshire Fire Authority precept

2. Recommendation

- 2.1. To set the Council Tax for Cheshire East Council for the financial year 2016/17, at £1,261.95, in accordance with the formal resolutions as shown in section 13 of the report.

3. Other Options Considered

- 3.1. No further options to be considered.

4. Reasons for Recommendation

- 4.1. In accordance with the Local Government Finance Act 1992 as amended by the Localism Act 2011 the Council is required to set the amounts of the Council Tax for 2016/17 for each of the categories of dwelling in the Council Tax area. This requirement is achieved by approving the statutory resolution shown in this report.

5. Background/Chronology

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

- the Council Tax Base for 2016/17 - **Annex A**.
- the statutory calculation required to arrive at the amount of Council Tax for each area in respect of Borough Council, Town and Parish Council requirements - **Annexes B and C**.
- the precepts issued by Police & Crime Commissioner for Cheshire and Cheshire Fire Authority under Section 40 of the Act – sections 10 and 11 of the report.
- the statutory calculation of the aggregate of the Borough Council, Parish Council, Police & Crime Commissioner and Cheshire Fire Authority amount of Council Tax for each of the categories of the dwelling for each Council Tax area - **Annex D**.

6. Council Tax Base

6.1. The Council Tax base was agreed at the Cheshire East Council meeting of [17th December 2015](#) as 142,186.60 for the year 2016/17. A breakdown of the calculation by Parish is attached at **Annex A**.

7. General Fund Budget

7.1. On 9th February 2016 [Cabinet](#) recommended a General Fund Budget of £247,902,448. The calculation reflects the detailed Medium Term Financial Strategy prepared by Cabinet and the additional recommendation from Cabinet in relation to the treatment of late funding announcements.

8. Cheshire East Borough Council Tax

8.1. The Council Tax Requirement for the Borough Council is £179,432,775.

8.2. The Band D Council Tax is therefore £1,261.95 (the requirement of £179,432,775 divided by the tax base of 142,186.60).

8.3. The Council has frozen Council Tax for five years in line with Government policy. During that time the Council made efficiencies and transformed service levels to assist this policy. However, with the increase in demand for services, such as Adult Social Care, more Children in Care and a change in Government policy to reduce grant levels further than expected on the basis that Council Tax is increased to compensate, this has been reviewed. As such it is recommended that Council Tax is increased by 3.75% to give a Band D charge of £1,261.95.

9. Parish Council Precepts

- 9.1. Each Parish Council has notified the Council with its precept requirement for the year. The total amount of these special items is £6,390,697 which produces an average Band D Council Tax of £44.95.

10. Police & Crime Commissioner Precept for Cheshire

- 10.1. The precept demand issued by Police & Crime Commissioner is £22,924,746 which produces a Band D Council Tax of £161.23. This represents a 3.2% increase on the 2015/16 Band D Council Tax level. The Police & Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
107.49	125.40	143.32	161.23	197.06	232.89	268.72	322.46

11. Fire Authority Precept

- 11.1. The precept demand issued by Cheshire Fire Authority is £10,217,529 which produces a Band D Council Tax of £71.86. This represents a 1.99% increase on the 2015/16 Band D Council tax level. Cheshire Fire Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
47.91	55.89	63.88	71.86	87.83	103.80	119.77	143.72

12. Total Council Tax

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

12.2.

Element	Charge
	£
Cheshire East Borough Council	1,261.95
Average for Parish Councils	44.95
Average Local Council Tax	1,306.90
Police & Crime Commissioner	161.23
Cheshire Fire Authority	71.86
Total Council Tax	1,539.99

13. Formal Resolution

13.1. That it be noted that on 17th December 2015 the Council calculated the Council Tax base 2016/17.

(a) for the whole Council area as 142,186.60 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")).

(b) for individual parishes, as in Appendix A.

13.2. Calculated that the Council Tax requirement for the Council's own purposes for 2016/17 (excluding Parish precepts) is £179,432,775.

13.3. That the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:

- a. £647,789,528 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- b. £461,966,056 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c. £185,823,472 being the amount by which the aggregate at 13.3(a) above exceeds the aggregate at 13.3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act).

- d. £1,306.90 being the amount at 13.3(c) above divided by the amount at 13.1(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- e. £6,390,697 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
- f. £1,261.95 being the amount at 13.3(d) above less the result given by dividing the amount at 13.3(e) above by the amount at 13.1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- g. Annex A being the amounts calculated by the Council, in accordance with regulations 3 and 6 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its total council tax base for the year and council tax base for dwellings in those parts of its area to which one or more special items relate.
- h. Annex B being the amounts given by adding to the amount at (f) above, the amounts of special items relating to dwellings in those parts of the Council's area mentioned above divided by in each case the appropriate tax base from Annex A, calculated by the Council in accordance with Section 34(3) of the 1992 Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate. (Band D charges for each Parish area).
- i. Annex C being the amounts given by multiplying the amount at (h) above by the number which, in the proportion set out in Section 5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Local charges for all Bands).
- j. Annex D being the aggregate of the local charges in (i) above and the amounts levied by major precepting authorities, calculated in accordance with Section 30(2) of the 1992 Act (The total Council Tax charge for each band in each Parish area).

13.4. To note that the Police & Crime Commissioner and the Fire Authority have issued precepts to Cheshire East Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as shown in sections 10 and 11 above.

13.5. Determine whether Cheshire East Council's basic amount of Council tax for 2016/17 is excessive in accordance with principles approved under Section 52ZB and 52ZC of the Local Government Finance Act 1992.

14. Wards Affected and Local Ward Members

14.1. Not applicable.

15. Implications of Recommendation

15.1. Policy Implications

15.1.1. None.

15.2. Legal Implications

15.2.1. As covered in the report.

15.3. Financial Implications

15.3.1. As covered in the report.

15.4. Equality Implications

15.4.1. None.

15.5. Rural Community Implications

15.5.1. None.

15.6. Human Resources Implications

15.6.1. None.

15.7. Public Health Implications

15.7.1. None.

15.8. Other Implications (Please Specify)

15.8.1. None.

16. Risk Management

16.1. The steps outlined in this report will address the main legal and financial risk to the Council's financial management in the setting of a legal Council Tax level for 2016/17.

17. Access to Information/Bibliography

17.1. The following are links to key background documents:

[Taxbase Report 2016/17 \(Council 17th December 2015\)](#)

[Council Tax Support Scheme 2016/17 \(Council 17th December 2015\)](#)

[Medium Term Financial Strategy 2016-19 \(Cabinet 9th February 2016\)](#)

18. Contact Information

Contact details for this report are as follows:-

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Designation: Chief Finance Officer
Tel. No: 01270 686013
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COUNCIL TAX - TAX BASE 2016/17 - by Parish

	Tax Base
Acton, Edleston, Henhull	229.28
Adlington	591.83
Agden	70.45
Alderley Edge	2,649.40
Alpraham	181.86
Alsager	4,367.54
Arclid	118.16
Ashley	157.24
Aston-by-Budworth	180.88
Audlem	893.72
Barthomley	96.86
Betchton	259.80
Bickerton, Egerton	161.54
Bollington	2,986.87
Bosley	199.44
Bradwall	84.88
Brereton	588.05
Brindley, Faddiley	144.62
Buerton	218.29
Bulkeley, Ridley	187.48
Bunbury	626.47
Burland	283.98
Calveley	130.90
Chelford	608.98
Cholmondeley, Chorley	128.38
Cholmondeston, Wettenhall	211.19
Chorley	259.17
Church Lawton	854.29
Church Minshull	213.96
Congleton	9,658.51
Cranage	627.06
Crewe	13,287.09
Crewe Green	98.36
Disley	1,982.21
Dodcott-cum-Wilkesley	216.39
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	304.68
Eaton	222.09
Gawsworth	812.24
Goostrey	1,042.37
Great Warford	441.96
Handforth	2,226.49
Hankelow	151.98
Haslington	2,358.01
Hassall	109.29
Hatherton, Walgherton	246.51
Haughton	98.60
Henbury	327.20
High Legh	880.47
Higher Hurdsfield	324.27
Holmes Chapel	2,492.46
Hough, Chorlton	841.00
Hulme Walfield & Somerford Booths	159.79
Kettleshulme	163.95
Knutsford	5,681.65
Little Bollington	86.96
Little Warford	38.01
Lower Peover	73.15
Lower Withington	303.29

	Tax Base
Lyme Handley	71.54
Macclesfield	17,774.31
Macclesfield Forest / Wildboardclough	110.35
Marbury-cum-Quoisley, Norbury, Wirswall	267.22
Marton	112.27
Mere	438.38
Middlewich	4,679.13
Millington	100.91
Minshull Vernon, Leighton, Woolstanwood	2,055.43
Mobberley	1,424.82
Moston	215.24
Mottram St Andrew	394.83
Nantwich	5,241.15
Nether Alderley	371.76
Newbold Astbury-cum-Moreton	345.03
Newhall	425.64
North Rode	120.04
Odd Rode	1,953.88
Ollerton / Marthall	308.79
Over Alderley	211.02
Peckforton	70.82
Peover Superior	391.19
Pickmere	369.74
Plumley with Toft and Bexton	390.73
Pott Shrigley	148.73
Poynton with Worth	5,759.30
Prestbury	2,157.82
Rainow	598.67
Rope	827.49
Rostherne	78.52
Sandbach	6,966.48
Shavington-cum-Gresty	1,675.43
Siddington	184.21
Smallwood	319.47
Snelson	81.56
Somerford	252.37
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	472.74
Spurstow	187.26
Stapeley, Batherton	1,506.19
Stoke, Hurleston	146.24
Styal	366.62
Sutton	1,126.91
Swettenham	169.42
Tabley	206.31
Tatton	10.15
Twemlow	107.19
Wardle	52.00
Warmingham	119.45
Weston, Basford	1,022.00
Willaston	1,280.48
Wilmslow	11,184.54
Wincle	92.90
Wistaston	2,980.55
Worleston, Poole, Aston Juxta Mondrum	276.85
Wrenbury-cum-Frith	446.18
Wybunbury	596.80
TOTAL TAX BASE	142,186.60

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COUNCIL TAX - BAND D PER PARISH 2016/17

	£
Acton, Edleston, Henhull	1,290.89
Adlington	1,283.92
Agden	1,272.17
Alderley Edge	1,329.89
Alpraham	1,287.24
Alsager	1,336.82
Arclid	1,283.95
Ashley	1,281.03
Aston-by-Budworth	1,270.24
Audlem	1,304.78
Barthomley	1,282.60
Betchton	1,271.98
Bickerton, Egerton	1,274.33
Bollington	1,319.95
Bosley	1,280.36
Bradwall	1,285.51
Brereton	1,283.86
Brindley, Faddiley	1,275.78
Buerton	1,278.72
Bulkeley, Ridley	1,280.62
Bunbury	1,293.87
Burland	1,294.70
Calveley	1,305.88
Chelford	1,290.66
Cholmondeley, Chorley	1,277.53
Cholmondeston, Wettenhall	1,272.84
Chorley	1,279.42
Church Lawton	1,270.73
Church Minshull	1,283.63
Congleton	1,343.16
Cranage	1,281.09
Crewe	1,293.91
Crewe Green	1,292.45
Disley	1,329.80
Dodcott-cum-Wilkesley	1,285.06
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	1,272.03
Eaton	1,283.56
Gawsworth	1,295.19
Goostrey	1,321.98
Great Warford	1,272.36
Handforth	1,300.13
Hankelow	1,283.40
Haslington	1,284.00
Hassall	1,289.40
Hatherton, Walgherton	1,276.71
Haughton	1,270.82
Henbury	1,281.82
High Legh	1,276.15
Higher Hurdsfield	1,274.29
Holmes Chapel	1,336.77
Hough, Chorlton	1,288.70
Hulme Walfield & Somerford Booths	1,315.14
Kettleshulme	1,322.94
Knutsford	1,305.44
Little Bollington	1,273.45
Little Warford	1,264.58
Lower Peover	1,283.33
Lower Withington	1,281.73

	£
Lyme Handley	1,261.95
Macclesfield	1,300.20
Macclesfield Forest / Wildboardclough	1,261.95
Marbury-cum-Quoisley, Norbury, Wirswall	1,280.66
Marton	1,289.56
Mere	1,277.69
Middlewich	1,347.06
Millington	1,284.25
Minshull Vernon, Leighton, Woolstanwood	1,270.71
Mobberley	1,292.13
Moston	1,294.47
Mottram St Andrew	1,279.68
Nantwich	1,351.69
Nether Alderley	1,302.30
Newbold Astbury-cum-Moreton	1,285.08
Newhall	1,270.17
North Rode	1,283.61
Odd Rode	1,301.51
Ollerton / Marthall	1,284.62
Over Alderley	1,273.80
Peckforton	1,281.15
Peover Superior	1,289.05
Pickmere	1,297.11
Plumley with Toft and Bexton	1,290.61
Pott Shrigley	1,286.15
Poynton with Worth	1,331.08
Prestbury	1,292.76
Rainow	1,278.65
Rope	1,276.94
Rostherne	1,311.62
Sandbach	1,343.71
Shavington-cum-Gresty	1,312.68
Siddington	1,275.52
Smallwood	1,269.78
Snelson	1,276.66
Somerford	1,305.54
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	1,268.30
Spurstow	1,272.36
Stapeley, Batherton	1,294.48
Stoke, Hurleston	1,277.53
Styal	1,284.32
Sutton	1,278.41
Swettenham	1,284.04
Tabley	1,275.33
Tatton	1,261.95
Twemlow	1,303.93
Wardle	1,285.99
Warmingham	1,291.25
Weston, Basford	1,281.81
Willaston	1,276.79
Wilmslow	1,283.40
Wincle	1,261.95
Wistaston	1,279.90
Worleston, Poole, Aston Juxta Mondrum	1,270.22
Wrenbury-cum-Frith	1,275.06
Wybunbury	1,285.64

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LOCAL COUNCIL TAX (BOROUGH + PARISH)

	VALUATION BAND							
	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Acton, Edleston, Henhull	860.59	1,004.02	1,147.45	1,290.89	1,577.76	1,864.61	2,151.48	2,581.78
Adlington	855.95	998.60	1,141.26	1,283.92	1,569.24	1,854.54	2,139.87	2,567.84
Agden	848.11	989.46	1,130.81	1,272.17	1,554.88	1,837.57	2,120.28	2,544.34
Alderley Edge	886.59	1,034.35	1,182.12	1,329.89	1,625.43	1,920.95	2,216.48	2,659.78
Alpraham	858.16	1,001.18	1,144.21	1,287.24	1,573.30	1,859.34	2,145.40	2,574.48
Alsager	891.21	1,039.74	1,188.28	1,336.82	1,633.90	1,930.96	2,228.03	2,673.64
Arclid	855.97	998.62	1,141.29	1,283.95	1,569.28	1,854.59	2,139.92	2,567.90
Ashley	854.02	996.35	1,138.69	1,281.03	1,565.71	1,850.37	2,135.05	2,562.06
Aston-by-Budworth	846.83	987.96	1,129.10	1,270.24	1,552.52	1,834.78	2,117.07	2,540.48
Audlem	869.85	1,014.82	1,159.80	1,304.78	1,594.74	1,884.68	2,174.63	2,609.56
Barthomley	855.07	997.57	1,140.09	1,282.60	1,567.63	1,852.64	2,137.67	2,565.20
Betchton	847.99	989.31	1,130.65	1,271.98	1,554.65	1,837.30	2,119.97	2,543.96
Bickerton, Egerton	849.55	991.14	1,132.73	1,274.33	1,557.52	1,840.69	2,123.88	2,548.66
Bollington	879.97	1,026.62	1,173.29	1,319.95	1,613.28	1,906.59	2,199.92	2,639.90
Bosley	853.57	995.83	1,138.09	1,280.36	1,564.89	1,849.40	2,133.93	2,560.72
Bradwall	857.01	999.83	1,142.67	1,285.51	1,571.19	1,856.84	2,142.52	2,571.02
Brereton	855.91	998.55	1,141.21	1,283.86	1,569.17	1,854.46	2,139.77	2,567.72
Brindley, Faddiley	850.52	992.27	1,134.02	1,275.78	1,559.29	1,842.79	2,126.30	2,551.56
Buerton	852.48	994.55	1,136.64	1,278.72	1,562.89	1,847.03	2,131.20	2,557.44
Bulkeley, Ridley	853.75	996.03	1,138.33	1,280.62	1,565.21	1,849.78	2,134.37	2,561.24
Bunbury	862.58	1,006.34	1,150.10	1,293.87	1,581.40	1,868.92	2,156.45	2,587.74
Burland	863.13	1,006.98	1,150.84	1,294.70	1,582.42	1,870.12	2,157.83	2,589.40
Calvey	870.59	1,015.68	1,160.78	1,305.88	1,596.08	1,886.26	2,176.47	2,611.76
Chelford	860.44	1,003.84	1,147.25	1,290.66	1,577.48	1,864.28	2,151.10	2,581.32
Cholmondeley, Chorley	851.69	993.63	1,135.58	1,277.53	1,561.43	1,845.31	2,129.22	2,555.06
Cholmondeston, Wettenhall	848.56	989.98	1,131.41	1,272.84	1,555.70	1,838.54	2,121.40	2,545.68
Chorley	852.95	995.10	1,137.26	1,279.42	1,563.74	1,848.04	2,132.37	2,558.84
Church Lawton	847.15	988.34	1,129.53	1,270.73	1,553.12	1,835.49	2,117.88	2,541.46
Church Minshull	855.75	998.37	1,141.00	1,283.63	1,568.89	1,854.13	2,139.38	2,567.26
Congleton	895.44	1,044.67	1,193.92	1,343.16	1,641.65	1,940.11	2,238.60	2,686.32
Cranage	854.06	996.40	1,138.74	1,281.09	1,565.78	1,850.46	2,135.15	2,562.18
Crewe	862.61	1,006.37	1,150.14	1,293.91	1,581.45	1,868.97	2,156.52	2,587.82
Crewe Green	861.63	1,005.23	1,148.84	1,292.45	1,579.67	1,866.87	2,154.08	2,584.90
Disley	886.53	1,034.28	1,182.04	1,329.80	1,625.32	1,920.82	2,216.33	2,659.60
Dodcott-cum-Wilkesley	856.71	999.48	1,142.27	1,285.06	1,570.64	1,856.19	2,141.77	2,570.12
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	848.02	989.35	1,130.69	1,272.03	1,554.71	1,837.37	2,120.05	2,544.06
Eaton	855.71	998.32	1,140.94	1,283.56	1,568.80	1,854.02	2,139.27	2,567.12
Gawsworth	863.46	1,007.36	1,151.28	1,295.19	1,583.02	1,870.82	2,158.65	2,590.38
Goostrey	881.32	1,028.20	1,175.09	1,321.98	1,615.76	1,909.52	2,203.30	2,643.96
Great Warford	848.24	989.61	1,130.98	1,272.36	1,555.11	1,837.85	2,120.60	2,544.72
Handforth	866.75	1,011.21	1,155.67	1,300.13	1,589.05	1,877.96	2,166.88	2,600.26
Hankelow	855.60	998.19	1,140.80	1,283.40	1,568.61	1,853.79	2,139.00	2,566.80
Haslington	856.00	998.66	1,141.33	1,284.00	1,569.34	1,854.66	2,140.00	2,568.00
Hassall	859.60	1,002.86	1,146.13	1,289.40	1,575.94	1,862.46	2,149.00	2,578.80
Hatherton, Walgherton	851.14	992.99	1,134.85	1,276.71	1,560.43	1,844.13	2,127.85	2,553.42
Haughton	847.21	988.41	1,129.61	1,270.82	1,553.23	1,835.62	2,118.03	2,541.64
Henbury	854.55	996.96	1,139.39	1,281.82	1,566.68	1,851.51	2,136.37	2,563.64
High Legh	850.77	992.55	1,134.35	1,276.15	1,559.75	1,843.32	2,126.92	2,552.30
Higher Hurdfield	849.53	991.11	1,132.70	1,274.29	1,557.47	1,840.63	2,123.82	2,548.58
Holmes Chapel	891.18	1,039.70	1,188.24	1,336.77	1,633.84	1,930.88	2,227.95	2,673.54
Hough, Chorlton	859.13	1,002.32	1,145.51	1,288.70	1,575.08	1,861.45	2,147.83	2,577.40
Hulme Walfield & Somerford Booths	876.76	1,022.88	1,169.01	1,315.14	1,607.40	1,899.64	2,191.90	2,630.28
Kettleshulme	881.96	1,028.95	1,175.94	1,322.94	1,616.93	1,910.91	2,204.90	2,645.88
Knutsford	870.29	1,015.34	1,160.39	1,305.44	1,595.54	1,885.63	2,175.73	2,610.88
Little Bollington	848.97	990.45	1,131.95	1,273.45	1,556.45	1,839.42	2,122.42	2,546.90
Little Warford	843.05	983.56	1,124.07	1,264.58	1,545.60	1,826.61	2,107.63	2,529.16
Lower Peover	855.55	998.14	1,140.73	1,283.33	1,568.52	1,853.69	2,138.88	2,566.66
Lower Withington	854.49	996.89	1,139.31	1,281.73	1,566.57	1,851.38	2,136.22	2,563.46
Lyme Handley	841.30	981.51	1,121.73	1,261.95	1,542.39	1,822.81	2,103.25	2,523.90
Macclesfield	866.80	1,011.26	1,155.73	1,300.20	1,589.14	1,878.06	2,167.00	2,600.40
Macclesfield Forest / Wildboardclough	841.30	981.51	1,121.73	1,261.95	1,542.39	1,822.81	2,103.25	2,523.90
Marbury-cum-Quoisley, Norbury, Wirswall	853.77	996.06	1,138.36	1,280.66	1,565.26	1,849.84	2,134.43	2,561.32
Marton	859.71	1,002.98	1,146.27	1,289.56	1,576.14	1,862.69	2,149.27	2,579.12
Mere	851.79	993.75	1,135.72	1,277.69	1,561.63	1,845.55	2,129.48	2,555.38

LOCAL COUNCIL TAX (BOROUGH + PARISH)

	VALUATION BAND							
	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Middlewich	898.04	1,047.71	1,197.38	1,347.06	1,646.41	1,945.75	2,245.10	2,694.12
Millington	856.17	998.85	1,141.55	1,284.25	1,569.65	1,855.02	2,140.42	2,568.50
Minshull Vernon, Leighton, Woolstanwood	847.14	988.32	1,129.52	1,270.71	1,553.10	1,835.46	2,117.85	2,541.42
Mobberley	861.42	1,004.98	1,148.56	1,292.13	1,579.28	1,866.40	2,153.55	2,584.26
Moston	862.98	1,006.80	1,150.64	1,294.47	1,582.14	1,869.78	2,157.45	2,588.94
Mottram St Andrew	853.12	995.30	1,137.49	1,279.68	1,564.06	1,848.42	2,132.80	2,559.36
Nantwich	901.13	1,051.31	1,201.50	1,351.69	1,652.07	1,952.43	2,252.82	2,703.38
Nether Alderley	868.20	1,012.89	1,157.60	1,302.30	1,591.71	1,881.09	2,170.50	2,604.60
Newbold Astbury-cum-Moreton	856.72	999.50	1,142.29	1,285.08	1,570.66	1,856.22	2,141.80	2,570.16
Newhall	846.78	987.90	1,129.04	1,270.17	1,552.44	1,834.68	2,116.95	2,540.34
North Rode	855.74	998.36	1,140.98	1,283.61	1,568.86	1,854.10	2,139.35	2,567.22
Odd Rode	867.67	1,012.28	1,156.89	1,301.51	1,590.74	1,879.95	2,169.18	2,603.02
Ollerton / Marthall	856.41	999.14	1,141.88	1,284.62	1,570.10	1,855.56	2,141.03	2,569.24
Over Alderley	849.20	990.73	1,132.26	1,273.80	1,556.87	1,839.93	2,123.00	2,547.60
Peckforton	854.10	996.44	1,138.80	1,281.15	1,565.86	1,850.54	2,135.25	2,562.30
Peover Superior	859.37	1,002.59	1,145.82	1,289.05	1,575.51	1,861.95	2,148.42	2,578.10
Pickmere	864.74	1,008.86	1,152.98	1,297.11	1,585.36	1,873.60	2,161.85	2,594.22
Plumley with Toft and Bexton	860.41	1,003.80	1,147.21	1,290.61	1,577.42	1,864.21	2,151.02	2,581.22
Pott Shrigley	857.43	1,000.33	1,143.24	1,286.15	1,571.97	1,857.77	2,143.58	2,572.30
Poynton with Worth	887.39	1,035.28	1,183.18	1,331.08	1,626.88	1,922.66	2,218.47	2,662.16
Prestbury	861.84	1,005.47	1,149.12	1,292.76	1,580.05	1,867.31	2,154.60	2,585.52
Rainow	852.43	994.50	1,136.57	1,278.65	1,562.80	1,846.93	2,131.08	2,557.30
Rope	851.29	993.17	1,135.05	1,276.94	1,560.71	1,844.46	2,128.23	2,553.88
Rostherne	874.41	1,020.14	1,165.88	1,311.62	1,603.10	1,894.56	2,186.03	2,623.24
Sandbach	895.81	1,045.10	1,194.41	1,343.71	1,642.32	1,940.91	2,239.52	2,687.42
Shavington-cum-Gresty	875.12	1,020.97	1,166.82	1,312.68	1,604.39	1,896.09	2,187.80	2,625.36
Siddington	850.35	992.06	1,133.79	1,275.52	1,558.98	1,842.41	2,125.87	2,551.04
Smallwood	846.52	987.60	1,128.69	1,269.78	1,551.96	1,834.12	2,116.30	2,539.56
Snelson	851.11	992.95	1,134.81	1,276.66	1,560.37	1,844.06	2,127.77	2,553.32
Somerford	870.36	1,015.41	1,160.48	1,305.54	1,595.67	1,885.77	2,175.90	2,611.08
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	845.53	986.45	1,127.37	1,268.30	1,550.15	1,831.98	2,113.83	2,536.60
Spurstow	848.24	989.61	1,130.98	1,272.36	1,555.11	1,837.85	2,120.60	2,544.72
Stapeley, Batherton	862.99	1,006.81	1,150.65	1,294.48	1,582.15	1,869.80	2,157.47	2,588.96
Stoke, Hurleston	851.69	993.63	1,135.58	1,277.53	1,561.43	1,845.31	2,129.22	2,555.06
Styal	856.21	998.91	1,141.61	1,284.32	1,569.73	1,855.12	2,140.53	2,568.64
Sutton	852.27	994.31	1,136.36	1,278.41	1,562.51	1,846.59	2,130.68	2,556.82
Swettenham	856.03	998.69	1,141.37	1,284.04	1,569.39	1,854.72	2,140.07	2,568.08
Tabley	850.22	991.92	1,133.62	1,275.33	1,558.74	1,842.14	2,125.55	2,550.66
Tatton	841.30	981.51	1,121.73	1,261.95	1,542.39	1,822.81	2,103.25	2,523.90
Twemlow	869.29	1,014.16	1,159.05	1,303.93	1,593.70	1,883.45	2,173.22	2,607.86
Wardle	857.33	1,000.21	1,143.10	1,285.99	1,571.77	1,857.53	2,143.32	2,571.98
Warmingham	860.83	1,004.30	1,147.77	1,291.25	1,578.20	1,865.13	2,152.08	2,582.50
Weston, Basford	854.54	996.96	1,139.38	1,281.81	1,566.66	1,851.50	2,136.35	2,563.62
Willaston	851.19	993.05	1,134.92	1,276.79	1,560.53	1,844.25	2,127.98	2,553.58
Wilmslow	855.60	998.19	1,140.80	1,283.40	1,568.61	1,853.79	2,139.00	2,566.80
Wincle	841.30	981.51	1,121.73	1,261.95	1,542.39	1,822.81	2,103.25	2,523.90
Wistaston	853.27	995.47	1,137.69	1,279.90	1,564.33	1,848.74	2,133.17	2,559.80
Worleston, Poole, Aston Juxta Mondrum	846.81	987.94	1,129.08	1,270.22	1,552.50	1,834.76	2,117.03	2,540.44
Wrenbury-cum-Frith	850.04	991.71	1,133.38	1,275.06	1,558.41	1,841.75	2,125.10	2,550.12
Wybunbury	857.09	999.94	1,142.79	1,285.64	1,571.34	1,857.03	2,142.73	2,571.28

TOTAL COUNCIL TAX

	VALUATION BAND							
	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Acton, Edleston, Henhull	1,015.99	1,185.31	1,354.65	1,523.98	1,862.65	2,201.30	2,539.97	3,047.96
Adlington	1,011.35	1,179.89	1,348.46	1,517.01	1,854.13	2,191.23	2,528.36	3,034.02
Agden	1,003.51	1,170.75	1,338.01	1,505.26	1,839.77	2,174.26	2,508.77	3,010.52
Alderley Edge	1,041.99	1,215.64	1,389.32	1,562.98	1,910.32	2,257.64	2,604.97	3,125.96
Alpraham	1,013.56	1,182.47	1,351.41	1,520.33	1,858.19	2,196.03	2,533.89	3,040.66
Alsager	1,046.61	1,221.03	1,395.48	1,569.91	1,918.79	2,267.65	2,616.52	3,139.82
Arclid	1,011.37	1,179.91	1,348.49	1,517.04	1,854.17	2,191.28	2,528.41	3,034.08
Ashley	1,009.42	1,177.64	1,345.89	1,514.12	1,850.60	2,187.06	2,523.54	3,028.24
Aston-by-Budworth	1,002.23	1,169.25	1,336.30	1,503.33	1,837.41	2,171.47	2,505.56	3,006.66
Audlem	1,025.25	1,196.11	1,367.00	1,537.87	1,879.63	2,221.37	2,563.12	3,075.74
Barthomley	1,010.47	1,178.86	1,347.29	1,515.69	1,852.52	2,189.33	2,526.16	3,031.38
Betchton	1,003.39	1,170.60	1,337.85	1,505.07	1,839.54	2,173.99	2,508.46	3,010.14
Bickerton, Egerton	1,004.95	1,172.43	1,339.93	1,507.42	1,842.41	2,177.38	2,512.37	3,014.84
Bollington	1,035.37	1,207.91	1,380.49	1,553.04	1,898.17	2,243.28	2,588.41	3,106.08
Bosley	1,008.97	1,177.12	1,345.29	1,513.45	1,849.78	2,186.09	2,522.42	3,026.90
Bradwall	1,012.41	1,181.12	1,349.87	1,518.60	1,856.08	2,193.53	2,531.01	3,037.20
Brereton	1,011.31	1,179.84	1,348.41	1,516.95	1,854.06	2,191.15	2,528.26	3,033.90
Brindley, Faddiley	1,005.92	1,173.56	1,341.22	1,508.87	1,844.18	2,179.48	2,514.79	3,017.74
Buerton	1,007.88	1,175.84	1,343.84	1,511.81	1,847.78	2,183.72	2,519.69	3,023.62
Bulkeley, Ridley	1,009.15	1,177.32	1,345.53	1,513.71	1,850.10	2,186.47	2,522.86	3,027.42
Bunbury	1,017.98	1,187.63	1,357.30	1,526.96	1,866.29	2,205.61	2,544.94	3,053.92
Burland	1,018.53	1,188.27	1,358.04	1,527.79	1,867.31	2,206.81	2,546.32	3,055.58
Calvey	1,025.99	1,196.97	1,367.98	1,538.97	1,880.97	2,222.95	2,564.96	3,077.94
Chelford	1,015.84	1,185.13	1,354.45	1,523.75	1,862.37	2,200.97	2,539.59	3,047.50
Cholmondeley, Chorley	1,007.09	1,174.92	1,342.78	1,510.62	1,846.32	2,182.00	2,517.71	3,021.24
Cholmondeston, Wettenhall	1,003.96	1,171.27	1,338.61	1,505.93	1,840.59	2,175.23	2,509.89	3,011.86
Chorley	1,008.35	1,176.39	1,344.46	1,512.51	1,848.63	2,184.73	2,520.86	3,025.02
Church Lawton	1,002.55	1,169.63	1,336.73	1,503.82	1,838.01	2,172.18	2,506.37	3,007.64
Church Minshull	1,011.15	1,179.66	1,348.20	1,516.72	1,853.78	2,190.82	2,527.87	3,033.44
Congleton	1,050.84	1,225.96	1,401.12	1,576.25	1,926.54	2,276.80	2,627.09	3,152.50
Cranage	1,009.46	1,177.69	1,345.94	1,514.18	1,850.67	2,187.15	2,523.64	3,028.36
Crewe	1,018.01	1,187.66	1,357.34	1,527.00	1,866.34	2,205.66	2,545.01	3,054.00
Crewe Green	1,017.03	1,186.52	1,356.04	1,525.54	1,864.56	2,203.56	2,542.57	3,051.08
Disley	1,041.93	1,215.57	1,389.24	1,562.89	1,910.21	2,257.51	2,604.82	3,125.78
Dodcott-cum-Wilkesley	1,012.11	1,180.77	1,349.47	1,518.15	1,855.53	2,192.88	2,530.26	3,036.30
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	1,003.42	1,170.64	1,337.89	1,505.12	1,839.60	2,174.06	2,508.54	3,010.24
Eaton	1,011.11	1,179.61	1,348.14	1,516.65	1,853.69	2,190.71	2,527.76	3,033.30
Gawsworth	1,018.86	1,188.65	1,358.48	1,528.28	1,867.91	2,207.51	2,547.14	3,056.56
Goostrey	1,036.72	1,209.49	1,382.29	1,555.07	1,900.65	2,246.21	2,591.79	3,110.14
Great Warford	1,003.64	1,170.90	1,338.18	1,505.45	1,840.00	2,174.54	2,509.09	3,010.90
Handforth	1,022.15	1,192.50	1,362.87	1,533.22	1,873.94	2,214.65	2,555.37	3,066.44
Hankelow	1,011.00	1,179.48	1,348.00	1,516.49	1,853.50	2,190.48	2,527.49	3,032.98
Haslington	1,011.40	1,179.95	1,348.53	1,517.09	1,854.23	2,191.35	2,528.49	3,034.18
Hassall	1,015.00	1,184.15	1,353.33	1,522.49	1,860.83	2,199.15	2,537.49	3,044.98
Hatherton, Walgherton	1,006.54	1,174.28	1,342.05	1,509.80	1,845.32	2,180.82	2,516.34	3,019.60
Haughton	1,002.61	1,169.70	1,336.81	1,503.91	1,838.12	2,172.31	2,506.52	3,007.82
Henbury	1,009.95	1,178.25	1,346.59	1,514.91	1,851.57	2,188.20	2,524.86	3,029.82
High Legh	1,006.17	1,173.84	1,341.55	1,509.24	1,844.64	2,180.01	2,515.41	3,018.48
Higher Hurdfield	1,004.93	1,172.40	1,339.90	1,507.38	1,842.36	2,177.32	2,512.31	3,014.76
Holmes Chapel	1,046.58	1,220.99	1,395.44	1,569.86	1,918.73	2,267.57	2,616.44	3,139.72
Hough, Chorlton	1,014.53	1,183.61	1,352.71	1,521.79	1,859.97	2,198.14	2,536.32	3,043.58
Hulme Walfield & Somerford Booths	1,032.16	1,204.17	1,376.21	1,548.23	1,892.29	2,236.33	2,580.39	3,096.46
Kettleshulme	1,037.36	1,210.24	1,383.14	1,556.03	1,901.82	2,247.60	2,593.39	3,112.06
Knutsford	1,025.69	1,196.63	1,367.59	1,538.53	1,880.43	2,222.32	2,564.22	3,077.06
Little Bollington	1,004.37	1,171.74	1,339.15	1,506.54	1,841.34	2,176.11	2,510.91	3,013.08
Little Warford	998.45	1,164.85	1,331.27	1,497.67	1,830.49	2,163.30	2,496.12	2,995.34
Lower Peover	1,010.95	1,179.43	1,347.93	1,516.42	1,853.41	2,190.38	2,527.37	3,032.84
Lower Withington	1,009.89	1,178.18	1,346.51	1,514.82	1,851.46	2,188.07	2,524.71	3,029.64
Lyme Handley	996.70	1,162.80	1,328.93	1,495.04	1,827.28	2,159.50	2,491.74	2,990.08
Macclesfield	1,022.20	1,192.55	1,362.93	1,533.29	1,874.03	2,214.75	2,555.49	3,066.58
Macclesfield Forest / Wildboardclough	996.70	1,162.80	1,328.93	1,495.04	1,827.28	2,159.50	2,491.74	2,990.08
Marbury-cum-Quoisley, Norbury, Wirswall	1,009.17	1,177.35	1,345.56	1,513.75	1,850.15	2,186.53	2,522.92	3,027.50
Marton	1,015.11	1,184.27	1,353.47	1,522.65	1,861.03	2,199.38	2,537.76	3,045.30
Mere	1,007.19	1,175.04	1,342.92	1,510.78	1,846.52	2,182.24	2,517.97	3,021.56

TOTAL COUNCIL TAX

	VALUATION BAND							
	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Middlewich	1,053.44	1,229.00	1,404.58	1,580.15	1,931.30	2,282.44	2,633.59	3,160.30
Millington	1,011.57	1,180.14	1,348.75	1,517.34	1,854.54	2,191.71	2,528.91	3,034.68
Minshull Vernon, Leighton, Woolstanwood	1,002.54	1,169.61	1,336.72	1,503.80	1,837.99	2,172.15	2,506.34	3,007.60
Mobberley	1,016.82	1,186.27	1,355.76	1,525.22	1,864.17	2,203.09	2,542.04	3,050.44
Moston	1,018.38	1,188.09	1,357.84	1,527.56	1,867.03	2,206.47	2,545.94	3,055.12
Mottram St Andrew	1,008.52	1,176.59	1,344.69	1,512.77	1,848.95	2,185.11	2,521.29	3,025.54
Nantwich	1,056.53	1,232.60	1,408.70	1,584.78	1,936.96	2,289.12	2,641.31	3,169.56
Nether Alderley	1,023.60	1,194.18	1,364.80	1,535.39	1,876.60	2,217.78	2,558.99	3,070.78
Newbold Astbury-cum-Moreton	1,012.12	1,180.79	1,349.49	1,518.17	1,855.55	2,192.91	2,530.29	3,036.34
Newhall	1,002.18	1,169.19	1,336.24	1,503.26	1,837.33	2,171.37	2,505.44	3,006.52
North Rode	1,011.14	1,179.65	1,348.18	1,516.70	1,853.75	2,190.79	2,527.84	3,033.40
Odd Rode	1,023.07	1,193.57	1,364.09	1,534.60	1,875.63	2,216.64	2,557.67	3,069.20
Ollerton / Marthall	1,011.81	1,180.43	1,349.08	1,517.71	1,854.99	2,192.25	2,529.52	3,035.42
Over Alderley	1,004.60	1,172.02	1,339.46	1,506.89	1,841.76	2,176.62	2,511.49	3,013.78
Peckforton	1,009.50	1,177.73	1,346.00	1,514.24	1,850.75	2,187.23	2,523.74	3,028.48
Peover Superior	1,014.77	1,183.88	1,353.02	1,522.14	1,860.40	2,198.64	2,536.91	3,044.28
Pickmere	1,020.14	1,190.15	1,360.18	1,530.20	1,870.25	2,210.29	2,550.34	3,060.40
Plumley with Toft and Bexton	1,015.81	1,185.09	1,354.41	1,523.70	1,862.31	2,200.90	2,539.51	3,047.40
Pott Shrigley	1,012.83	1,181.62	1,350.44	1,519.24	1,856.86	2,194.46	2,532.07	3,038.48
Poynton with Worth	1,042.79	1,216.57	1,390.38	1,564.17	1,911.77	2,259.35	2,606.96	3,128.34
Prestbury	1,017.24	1,186.76	1,356.32	1,525.85	1,864.94	2,204.00	2,543.09	3,051.70
Rainow	1,007.83	1,175.79	1,343.77	1,511.74	1,847.69	2,183.62	2,519.57	3,023.48
Rope	1,006.69	1,174.46	1,342.25	1,510.03	1,845.60	2,181.15	2,516.72	3,020.06
Rostherne	1,029.81	1,201.43	1,373.08	1,544.71	1,887.99	2,231.25	2,574.52	3,089.42
Sandbach	1,051.21	1,226.39	1,401.61	1,576.80	1,927.21	2,277.60	2,628.01	3,153.60
Shavington-cum-Gresty	1,030.52	1,202.26	1,374.02	1,545.77	1,889.28	2,232.78	2,576.29	3,091.54
Siddington	1,005.75	1,173.35	1,340.99	1,508.61	1,843.87	2,179.10	2,514.36	3,017.22
Smallwood	1,001.92	1,168.89	1,335.89	1,502.87	1,836.85	2,170.81	2,504.79	3,005.74
Snelson	1,006.51	1,174.24	1,342.01	1,509.75	1,845.26	2,180.75	2,516.26	3,019.50
Somerford	1,025.76	1,196.70	1,367.68	1,538.63	1,880.56	2,222.46	2,564.39	3,077.26
Sound, Austerston, Baddiley, Baddington, Broomhall, Coole Pilate	1,000.93	1,167.74	1,334.57	1,501.39	1,835.04	2,168.67	2,502.32	3,002.78
Spurstow	1,003.64	1,170.90	1,338.18	1,505.45	1,840.00	2,174.54	2,509.09	3,010.90
Stapeley, Batherton	1,018.39	1,188.10	1,357.85	1,527.57	1,867.04	2,206.49	2,545.96	3,055.14
Stoke, Hurleston	1,007.09	1,174.92	1,342.78	1,510.62	1,846.32	2,182.00	2,517.71	3,021.24
Styal	1,011.61	1,180.20	1,348.81	1,517.41	1,854.62	2,191.81	2,529.02	3,034.82
Sutton	1,007.67	1,175.60	1,343.56	1,511.50	1,847.40	2,183.28	2,519.17	3,023.00
Swettenham	1,011.43	1,179.98	1,348.57	1,517.13	1,854.28	2,191.41	2,528.56	3,034.26
Tabley	1,005.62	1,173.21	1,340.82	1,508.42	1,843.63	2,178.83	2,514.04	3,016.84
Tatton	996.70	1,162.80	1,328.93	1,495.04	1,827.28	2,159.50	2,491.74	2,990.08
Twemlow	1,024.69	1,195.45	1,366.25	1,537.02	1,878.59	2,220.14	2,561.71	3,074.04
Wardle	1,012.73	1,181.50	1,350.30	1,519.08	1,856.66	2,194.22	2,531.81	3,038.16
Warmingham	1,016.23	1,185.59	1,354.97	1,524.34	1,863.09	2,201.82	2,540.57	3,048.68
Weston, Basford	1,009.94	1,178.25	1,346.58	1,514.90	1,851.55	2,188.19	2,524.84	3,029.80
Willaston	1,006.59	1,174.34	1,342.12	1,509.88	1,845.42	2,180.94	2,516.47	3,019.76
Wilmslow	1,011.00	1,179.48	1,348.00	1,516.49	1,853.50	2,190.48	2,527.49	3,032.98
Wincle	996.70	1,162.80	1,328.93	1,495.04	1,827.28	2,159.50	2,491.74	2,990.08
Wistaston	1,008.67	1,176.76	1,344.89	1,512.99	1,849.22	2,185.43	2,521.66	3,025.98
Worleston, Poole, Aston Juxta Mondrum	1,002.21	1,169.23	1,336.28	1,503.31	1,837.39	2,171.45	2,505.52	3,006.62
Wrenbury-cum-Frith	1,005.44	1,173.00	1,340.58	1,508.15	1,843.30	2,178.44	2,513.59	3,016.30
Wybunbury	1,012.49	1,181.23	1,349.99	1,518.73	1,856.23	2,193.72	2,531.22	3,037.46

CHESHIRE EAST COUNCIL

Council

Date of Meeting:	25th February 2016
Report:	Head of Strategic Human Resources
Subject/Title:	Pay Policy Statement 2016/17
Portfolio Holder:	Cllr Paul Findlow

1.0 Report Summary

- 1.1 Section 38 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement by 31 March on an annual basis. Regard is to be given to any guidance from the Secretary of State in producing this statement and the Local Government Transparency Code 2015.
- 1.2 The Pay Policy Statement for 2016/17, which reflects the expected position as at 1st April 2016, is attached as **Appendix 1**. Significant changes since last year's Statement are outlined in Section 12 of this summary report.

2.0 Recommendations

- 2.1 That the significant changes since the 2015/16 Pay Policy Statement be noted as outlined in Section 12.2 of this report.
- 2.2 That the attached Pay Policy Statement for 2016/17 recommended by Staffing Committee, be approved by full Council and published accordingly.

3.0 Reasons for Recommendations

- 3.1 A Pay Policy Statement has been required to be produced annually since 2012/2013 under Section 38 of the Localism Act 2011. Local Authorities must have their Pay Policy Statement approved by full Council and published on their web site no later than the 31st March, prior to the financial year to which it relates.

4.0 Background

- 4.1 The purpose of the Pay Policy Statement is to increase accountability, transparency and fairness with regard to the Councils approach to pay, with particular focus on its Chief Officers.

5.0 Wards Affected

- 5.1 Not applicable.

6.0 Local Ward Members

6.1 Not applicable.

7.0 Policy Implications

7.1 Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and, whilst the Statement can be amended during the year, should the need arise, changes are subject to the approval of full Council.

8.0 Implications for Rural Communities

8.1 Not applicable.

9.0 Financial Implications

9.1 There are no direct financial implications associated with approving the updated Pay Policy Statement 2016/17 and no budgetary adjustments are proposed in relation to this report.

10.0 Legal Implications

10.1 The Council is required to produce and publish a Pay Policy Statement, agreed by Council each year, under Section 38 of the Localism Act.

10.2 In addition, the Local Government Transparency Code 2015 requires information on organisational structure, senior salaries and pay multiples to be published annually each year.

10.3 This report and accompanying Pay Policy Statement, with associated links in Annex 1, once approved and adopted, ensures that the Council complies with these requirements.

11.0 Risk Management

11.1 If the Council does not follow specific aspects of the guidance issued by DCLG and therefore not achieve appropriate levels of openness and accountability, it can take steps to require the Council to adapt particular policies.

12.0 Key updates to the Pay Policy Statement

12.1 The Pay Policy Statement 2016/17 follows a similar style and format to the statement published in 2015/16. The statement focuses on the broad principles and policies regarding pay and has links to further information and statistical data available on the Councils website and associated policies. The Pay Policy Statement has been designed to be user friendly for public consumption and should require minimal updates each year. The links to further information will be updated as appropriate.

12.2 An outline of the main changes since the last pay policy statement is that:

- Section 3.2 notes the introduction of inclusive salaries for a small number of the Council's most senior managers (as agreed at Council on 23.07.15).
- Section 3.5 outlines Chief Officer Remuneration.
- Section 4 covers the Council's commitment and introduction of a "Living Wage" for lower paid employees.
- Section 7 refers to the annual review of the Council's voluntary redundancy enhancements and outlines the Governments proposals for capping of exit payments in the public sector once legislation is passed.

13.0 Access to Information

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

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Appendix 1

Pay Policy Statement 2016/17

1. Introduction and Purpose

Under Section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38-43 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013 and recent guidance issued under the Local Government Transparency Code 2014.

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

- The methods by which salaries of all employees are determined;
- The detail and level of remuneration of its most senior employees i.e. ‘Chief Officers’, as defined by the relevant legislation;

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

Once approved by full Council this policy statement will come into immediate effect, superseding the 2015/16 statement and will continue to be reviewed on an annual basis.

2. Background

In determining the pay and remuneration of all of its employees, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees who are able to deliver the Council’s residents first commitment and meet the requirements of providing high quality services, which are delivered effectively and efficiently and at times at which those services are required.

The Council complies with all relevant employment legislation and codes of practice. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the

use of job evaluation mechanisms and the application of key criteria, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

A recent Equal Pay analysis on the Council's pay structure, including senior managers determined that no major issues exist between men and women's pay in the workforce. The analysis was based on the Equality and Human Rights Commission guidance concerning pay variances. This will be kept under review by the Head of Strategic HR.

3. Pay Structure

Senior Management

3.1 Principles

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

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

3.2 Reward components

For the majority of senior posts, reward will comprise basic salary, an annual performance related pay incentive and a range of benefits.

The components are described as follows:

- **Basic salary (Achieving Rate):** this is guaranteed fixed cash remuneration, paid monthly. The level of basic salary is contractual.
- **'Exceeding' Performance Award:** this is paid as a lump sum annually with basic salary for the previous year's performance. After the year, it is withdrawn unless re- earned. This element is pensionable.
- **Benefits:** the Council provides a range of benefits, some of which are guaranteed and form a part of the contract of employment. Generous holiday and access to the Local Government Pension Scheme are principal benefits.

A small number of the Council's most senior managers no longer receive a performance related pay incentive. This has been replaced by an inclusive salary which comprises basic pay, plus a market supplement where appropriate.

3.3 Job Evaluation and Banding

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

3.4 Senior Manager Pay Structure

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

Each grade within the senior management population has an achieving rate and the potential for a defined exceeding performance award, within each role. The defined pay structure which determines the salaries of senior managers who are on JNC conditions of service can be seen by accessing the [senior manager pay and grading structure](#).

In addition a number of public health employees transferred to the Council on 1/4/2013. Those employees who have transferred including the Director of Public Health remained, after transfer, on the terms and conditions of their previous employer under TUPE Regulations.

3.5 Chief Officer remuneration

When applying the senior manager pay structure, for the purposes of this statement the definition of Chief Officers is as set out in Section 43 of the Localism Act.

The posts falling within the statutory definition are set out below, with details of their salary package as at 1st January 2016.

Chief Executive – Tier 1

- The salary package of the post is within the range of £150,000 to £160,000

Chief Officer – Tier 2 (direct reports to the Chief Executive, plus Monitoring Officer)

- The salary package of these posts fall within a range of £90,000 to £135,000

Deputy Chief Officer – Tier 3 (direct reports to Tier 2 managers)

- The salary package of these posts fall within a range of £54,060 to £101,451

3.6 Pay and grading structure for staff

The [pay and grading structure for staff](#) on NJC (National Joint Council) is also available.

4. Commitment to the Living Wage

The Council implemented on the 1st November 2015 a “local” Living Wage of £7.85 an hour for directly employed staff (excluding apprentices, work placements and traineeships, which have been created to enable access to work place training and job opportunities).

The rate will be paid by adding a clear supplement to the NJC pay scale points up to and including spinal column point 10 rates. Enhancements for working unsocial hours will continue to be calculated on the NJC pay rates.

All employers are expected and required to pay the Minimum Wage, and also the new national Living Wage which is being introduced at £7.20 from 1st April 2016 and is due to rise to £9 an hour in 2020. The Council will monitor the development of the new National Living Wage as this may mean that it is no longer necessary to add the supplement to the NJC rates which will need to rise to equal the new National Living Wage rates as they increase over the period from 2016 to 2020.

5. Recruitment of Chief Officers

The Council’s policy and procedures with regard to recruitment of Chief Officers is set out in the Council’s Constitution and Scheme of Delegation and is undertaken by an appointment panel made up of members of the Staffing Committee in accordance with Constitutional arrangements. Full Council approval will be sought for the establishment of a role on a salary package exceeding £100,000.

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

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and in line with this Pay Policy Statement. New appointments will normally be made at the achieving rate for the grade, although this can be varied on an exceptional basis to attract and retain the talent required and will take into account the appointee’s existing pay and their relevant experience and qualifications taking account of equal pay within the Council.

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear

and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Any such payments will be reviewed at regular intervals to ensure their ongoing suitability and appropriateness.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a contract for services. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate maximum value for money, in securing the relevant service. In assessing such, it should be noted that in respect of such engagements, the Council is not required to make either pension or national insurance contributions for such individuals.

6. Additions to Chief Officer's Salaries

The following payments can be applied to Chief Officers' salaries:

- Returning and Deputy Returning Officers' Fees
- Travel Allowances and Expenses
- Green Salary Sacrifice Lease Car Scheme
- Relocation Expenses
- Professional Fees and Subscriptions

Further details of [additions to Chief Officers salaries](#), are published in the Councils Transparency Data and in the Statement of Accounts. A link to these documents is included in Appendix 1 of this Statement

Public health employees who have transferred to the Council and have remained on NHS terms and conditions receive additional allowances such as clinical excellence award, Directors of Public Health supplement, extra programmed activities and on call availability supplement.

7. Local Government Pension Scheme

Details of the [Local Government Pension Scheme](#), the discretions exercised, contribution bands, actuarial rates, and discretions policy application are available.

8. Redundancy Payments and Payments on Termination

The Council has a Redundancy Scheme which is applicable to all employees and is based on the statutory formula, and payment for any leave for employees leaving the Council's employment with accrued leave which by agreement is untaken at the date of leaving.

The Voluntary Redundancy Scheme is also applicable to all employees. Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the statutory formula but based on the employee's actual week's pay plus an additional

severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 week's pay. This was reviewed in 2015 and the formula has not been changed. Further reviews will be undertaken annually to ensure these payments remain appropriate and meet the Councils needs. The Council reserves the right to change all discretionary elements.

The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within the Redundancy Policy and Procedure and for those eligible for retirement, in the Retirement and Severance Policy and are in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Local Government Pension scheme Regulations 2007.. All payments under this section are subject to the approval process set out in the Redundancy Policy and Procedure.

The Government has confirmed it will proceed in April 2016 with proposed legislation setting a legal capping limit for public sector exit payments of £95,000. This may have implications for the Councils current Redundancy Scheme which will be considered once the legislation is passed and the details have been assessed.

9. Severance and Retirement on Grounds of Efficiency

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

10. Settlement Agreements

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

11. Pay Multiples

The Council publishes a range of information to meet the Transparency Code requirements and has used the recommended formulae in the code guidance and LGA guidance to calculate the relationship between the rate of pay for the lowest paid, median and Chief Officers, known as [pay multiples](#). This has been updated to reflect the introduction of the Living Wage into the Council in November 2015. See also section on the Living Wage in 3.4

12. Re-employment or re-engagement

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

In particular, the Voluntary Redundancy Scheme provides that former Cheshire East/ Legacy Authority employees who left their employment on grounds of voluntary retirement or severance will not be re-employed or re-engaged in any capacity, except in truly exceptional circumstances and subject to the agreement of the Head of Strategic HR in consultation with the Leader and the relevant Portfolio Holder. Re-engagement includes all types of contractual relationships whether they are a contract of employment, contract of service etc. and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

13. Publication and access to information

Upon approval by Full Council, this statement will be published on the Council's website. Additionally, in line with Code of Practice and Accounts and Audit Regulations, salary, allowances and bonus compensation and employers pension contributions will be published for:

- Senior employees whose salary is £150,000 or more (who will also be identified by name)
- Senior employees whose salary is £50,000 or more.

Additionally, as required by the Local Government Transparency Code the Council makes available further staffing information via the Council's website.

Prepared by: HR Strategy and Policy Team
Date: February 2016
Review date: February 2017

Annex 1 – Links

All of the relevant policies and information as referred to in the Pay Policy Statement can be found using the links in section 1 below. Please contact HREnquiries@cheshireeast.gov.uk or telephone 01270 686424 should you have any difficulties accessing this information.

Section 1 Additional information

Link 1 – [Pay and grading structure for senior managers and staff](#)

Link 2 – [Additions to Chief Officer's salaries](#)

Link 3 – [Local government pension scheme](#)

Link 4 – [Pay multiples](#)

[Statement of Accounts for 2014/15](#)

[Open Data and Transparency](#)

Section 2 Internal intranet links to the further associated policies

[Payment of Market Supplements](#)

[Pay and Allowances Policy](#)

[Pensions Discretions Policy](#)

[Redundancy Policy *and* Procedure](#)

[Retirement and Severance Policy](#)

[Recruitment Policy *and* Procedure](#)

[Disability at Work Commitment](#)

[Mindful Employer](#)

[Redeployment Policy *and* Procedure](#)

[Equality in Employment Policy](#)

[Relocation Expenses Policy](#)

For those seeking to access copies of policies externally via www.cheshireeast.gov.uk please contact HREnquiries@cheshireeast.gov.uk or telephone 01270 686424 to request copies of the policies.

Cheshire East Council

Constitution Committee

Date of Meeting: 18th February 2016

Report of: Constitution Member Working Group

Subject: Proposals to Further the Council's Efforts to be More Open

1. Report Summary

- 1.1. This report of the Constitution Member Working Group makes recommendations to the Constitution Committee upon a range of proposed measures which will further the Council's efforts to be more open.

2. Recommendation

- 2.1. Audio-recording of committee meetings: it is recommended that, with effect from the beginning of the new municipal year, subject to the availability of appropriate equipment, the proceedings of all decision-making meetings should be audio-recorded; further that such recordings should be retained for use by officers only in order to resolve any disagreement as to the accuracy of the draft minutes of the meeting, and that after formal agreement of the draft minutes, the audio recording should be deleted. It is further recommended that the Director of Legal Services and Monitoring Officer makes such appropriate addition to the Access to Information Procedure Rules as he considers is necessary to give effect to the wishes of the Committee.
- 2.2. Publication of Member attendances: the Committee is asked to consider whether the question of publicly recording Member attendance at non-formal decision-making meetings of Cheshire East Council, joint bodies and outside organisations, should be pursued.
- 2.3. Contract Procedure Rules: the Committee is recommended to agree that all notices of waiver, which are used when consent is sought to depart from the requirements of the Council's Contract Procedure Rules, and notices which are used to record any non-adherence to the Rules, should be retrospectively published for information on the next appropriate Audit and Governance Committee agenda.
- 2.4. Member Job Descriptions: the Committee is recommended to recommend to Council the approval and adoption of the job description for committee chairmen attached as Appendix 1 to this report, and to consider the

development of a job description for councillors, taking into consideration the model set out at Appendix 2.

- 2.5. Chairmanship of Overview and Scrutiny Committee meetings: that the Committee consider whether it wishes to recommend to Council that one or more Overview and Scrutiny Committee chairmanships should be required to be allocated to the Council's opposition groups.
- 2.6. Ombudsman findings: that subject to the requirements referred to in paragraph 5.2.4 of this report, it is recommended that the terms of reference of the Audit and Governance Committee be expanded to include responsibility for considering all findings of the Local Government Ombudsman, and for making recommendations as to actions that may be necessary in connection with the Ombudsman's findings; this also to include reports resulting in a finding of maladministration against the Council.

3. Background

- 3.1. The Constitution Member Working Group is an informal cross-party group of Members, chaired by Councillor David Marren, which meets periodically to develop proposals for constitutional and related changes, for decision or recommendation by the Constitution Committee.
- 3.2. The Working Group met on 21st December to consider a range of issues, and made appropriate recommendations to the Constitution Committee, which are now included within this report.

Audio recording of committee meetings

- 3.3. The Working Group considered the question of whether the proceedings of Committees and other decision-making meetings should be audio-recorded. It was felt that, on occasion, the ability to refer to an audio-recording would assist officers in correctly minuting the proceedings of meetings.
- 3.4. Examples were given by Members of occasions upon which there had been disagreement over the minuting of a previous meeting.
- 3.5. In law, the draft minutes of a meeting are required to be agreed by the next meeting of the body in question, after which they are regarded as the definitive and accurate record of the proceedings of the meeting. The Working Group was of the view that keeping an audio recording of the meeting until the draft minutes of that meeting had been formally approved would be a helpful measure which would assist officers in circumstances where the accuracy of the draft minutes was questioned.
- 3.6. It is therefore proposed that, with effect from the beginning of the new municipal year, subject to the availability of appropriate equipment, the proceedings of all decision-making meetings should be audio-recorded; further that such recordings should be retained for use by officers only in

order to resolve any disagreement as to the accuracy of the draft minutes of the meeting, and that after formal agreement of the draft minutes, the audio recording should be deleted.

Publication of Member attendances

- 3.7. The Working Group discussed the existing automated arrangements which make a public record of Member attendances at meetings. Some Members were concerned that the current record of attendances at meetings did not reflect the full range of activities carried out by Members.
- 3.8. The automated record, which operates through the Council's *Modern.gov* system, keeps a record only of attendance at the Council's formal decision-making meetings, whereas Members attend a range of other bodies too eg working groups (such as the Constitution Committee Working Group), outside bodies (of which there are approaching 100), informal briefing meetings, Parish Council meetings, meetings of other bodies such as the Fire Authority, meetings of ASDVs etc.
- 3.9. It would not be possible to centrally record details of attendances at meetings of these other bodies without creating a burdensome administrative process.
- 3.10. Ultimately, any arrangements which might be adopted to publicly recognise the range of other meetings which Members attend would be dependent upon those Members submitting some form of regular return to officers. Not all members of the Working Group were in favour of creating additional burdens for themselves, for other Members, or for officers and the report author has doubts as to whether all Members would be likely to provide regular returns. The Committee's views are therefore sought upon whether this issue should be pursued.

Contract Procedure Rules

- 3.11. The meeting of the Audit and Governance Committee on 15th December considered the question of publication of notices of waiver, which are used when consent is sought to depart from the requirements of the Council's Contract Procedure Rules. The Committee decided that all such notices, and also notices which are used to record any non-adherence to the Rules, should be retrospectively published for information on the Audit and Governance Committee agenda.
- 3.12. The Working Group discussed the matter and concluded that the Council's Contract Procedure Rules should be amended appropriately to make this a formal constitutional requirement.

Member Job Descriptions

- 3.13. The Constitution Member Working Group at its meeting on 25th August 2015 considered a draft job description for committee chairmen which is

attached as Appendix 1 to this report. The Working Group agreed to recommend the job description to the Constitution Committee.

- 3.14. At its subsequent meeting on 21st December 2015, the Working Group considered whether a job description should also be developed for Members in general. It was felt that this would encourage and assist new Members by clarifying their roles and responsibilities, as well as assisting with Member allowances and Member development. It would also provide a helpful guide to individuals thinking of becoming local councillors. The Working Group agreed that a report should be submitted to the next meeting of the Constitution Committee with proposals for a Member job description.
- 3.15. Officers have previously undertaken some research into member job descriptions at other authorities, as a result of which the job description attached at Appendix 2 has been developed.
- 3.16. The Committee is recommended to recommend to Council the approval and adoption of the job description for committee chairmen attached as Appendix 1 to this report, and to consider the development of a job description for councillors, taking into consideration the model set out at Appendix 2.

Chairmanship of Overview and Scrutiny Committee meetings

- 3.17. At its meeting on 21st December, the Working Group discussed the allocation of Overview and Scrutiny Chairmen positions to the Council's political groups. Historically, the Council's opposition groups have asked that opposition Members be allocated one or more of the Overview and Scrutiny Committee Chairmanships.
- 3.18. In the normal course of events, the allocation of Chairmanships to committees would be an issue for discussion within and between the Groups. Unless there is a desire to see a formal requirement that one or more Overview and Scrutiny Committee chairmanships should be allocated to the opposition Groups, there is no need to make any constitutional change. However, if a formal requirement is sought, then the Committee should make an appropriate recommendation to Council.

Ombudsman findings

- 3.19. At the meeting of Council on 17th December 2015, consideration was given to a finding of the Local Government Ombudsman, against the Council, of maladministration. This finding had to be reported to Council as a matter of law.
- 3.20. Following on from the report to Council, the Working Group considered whether Full Council needs to see any further maladministration findings, or whether this obligation might be delegated to a Council committee, and whether any other decisions of the Local Government Ombudsman should also be considered by that committee.

- 3.21. The view of the Working Group was that all Local Government Ombudsman decisions should be reported for information to the Audit and Governance Committee. In considering this proposal, Members should have regard to the legal advice in paragraph 5.2.4.
- 3.22. It is recommended that subject to the requirements referred to in paragraph 5.2.4 of this report, the terms of reference of the Audit and Governance Committee should be expanded to include responsibility for considering all Local Government Ombudsman decisions, and for making such recommendations as to actions as may be necessary in connection with those decisions; this also to include reports resulting in a finding of maladministration against the Council.

General issues

- 3.23. At the meeting of Council on 22nd October 2015, Council agreed that the Constitution Committee would have delegated authority to make all changes to the Council's Constitution which are not major, subject to the Head of Legal Services and Monitoring Officer, and the Chief Operating Officer, agreeing that the proposed changes are not major, and to Council subsequently being informed of such changes.
- 3.24. With the exception of the proposals in respect of Overview and Scrutiny Committee Chairmen, those relating to Member Job Descriptions, and those relating to Ombudsman findings, which are considered to be major, the Director of Legal Services and Monitoring Officer and the Chief Operating Officer are content that the recommendations of this report, if agreed, will not result in major changes to the Constitution, and the Committee is therefore empowered to formally agree them without recommendation to Full Council. With regard to those changes which are considered to be major, the Committee is asked to make an appropriate recommendation to Council.
- 3.25. As required by the resolution of Council on 22nd October 2015, the proposed minor changes will be reported to Council for information in due course.

4. Wards Affected and Local Ward Members

- 4.1. There are no direct impacts upon individual Wards.

5. Implications of Recommendation

5.1. Policy Implications

- 5.1.1. Any changes to the Constitution, which arise from this report, will form the constitutional policy of the Council, and must be followed in the future work and operation of the Council.

5.2. Legal Implications

- 5.2.1. In respect of the audio recording proposals, whilst the approved minute constitutes the legal record of the meeting and any decisions taken, the audio recordings themselves will constitute “information” kept by the Council (whilst they are kept by the Council) for the purposes of the Freedom of Information Act 2000, and so will be subject to requests for copies or transcripts of the same under that regime. The Council ought to be alert to that and factor those considerations into its FOI policies and practices in the round.
- 5.2.2. There are no legal issues arising in respect of the proposals for recording member attendances as set out above.
- 5.2.3. In respect of the proposals relating to notices of waiver, depending on the level of detail that is to be provided to the Audit and Governance Committee, there may from time to time be a need for that committee to meet in private if circumstances arise where it is called upon to consider notices that give rise to or contain confidential information that is exempt from publication.
- 5.2.4. In respect of the proposals relating to the Ombudsman’s findings, there are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council. Whilst the Audit and Governance Committee could have within its terms of reference responsibility to consider findings and make recommendations as a result, ultimately the Council’s internal arrangements could not circumvent those statutory requirements. Similarly, the Ombudsman operates certain protocols in relation to the timing of the publication of its findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee’s agenda in that regard.

5.3. Financial Implications

- 5.3.1. Whilst some of the proposals contained in this report will result in increased demands upon staff, these are not thought to be significant. The proposed audio-recording of meetings will result in the need for recording equipment, but it is felt that this can be obtained at a relatively modest cost.

5.4. Human Resources Implications

- 5.4.1. There would appear to be no direct human resources implications.

5.5. Equality Implications

- 5.5.1. There would appear to be no direct equality implications.

5.6. Rural Community Implications

5.6.1. There would appear to be no direct implications for the Borough's rural communities.

5.7. Public Health Implications

5.7.1. There would appear to be no direct public health implications.

6. Risk Management

6.1. The proposals in this report would, if implemented, appear not to result in any risks for the Council; rather they would create opportunities which would benefit the public, Members, and the organisation.

7. Background Papers

7.1. In writing this report, the report-author has had regard to the Council's Constitution.

8. Contact Information

Contact details for this report are as follows:

Name:	Brian Reed
Designation:	Head of Governance and Democratic Services
Tel. No.:	01270 686670
Email:	brian.reed@cheshireeast.gov.uk

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The Role of Chairman

Responsibilities include:

Preparation for the meeting

- To inform himself/herself of the business and objects of the meeting, familiarising him/herself with the content of reports and, in all other respects ensuring that he/she is properly prepared for the meeting.
- To determine that the meeting is properly constituted, that there is a quorum present, and that the meeting can continue to proceed lawfully.
- To be familiar with the rules of debate, as contained in the Council's Constitution
- To guide officers in the administration of committee business eg where meeting arrangements need to change, such as time and venue changes

During the meeting

- Regulation of the conduct of the meeting he/she chairs, including by adopting measures to aid debate:
 - To make the business of the meeting efficient and effective
 - Encouraging members of the committee not to repeat points already made in debate
 - Ensuring that all those participating keep to their allocated speaking time and are succinct in making contributions, always ensuring that appropriate opportunity is given for those entitled to speak to do so
 - Taking appropriate advice from officers prior to, and in attendance at, the meeting.
- To confine discussion to ensure that it is within the scope of the meeting and within reasonable limits of time
- To decide whether proposed motions and amendments are in order, taking legal advice where necessary
- To formulate for discussion and decision, questions that have been moved for consideration of the meeting
- To decide points of order and other incidental questions that require decision at the time
- To seek to ensure that Members of the Council who are visiting planning committee meetings to speak are permitted to do so, if necessary delaying the consideration of the item in question in order to facilitate this, only insofar as it is practicable to do so within the meeting.
- To ascertain the sense of the meeting by putting relevant questions to the meeting and taking a vote thereon
- Where appropriate, to summarise the outcome of the debate
- To declare the result of each vote

- To determine when to take a vote upon the proposed adjournment of the meeting when circumstances justify or require that course
- To exercise a second or casting vote where there is an equality of votes cast

Preserving order at the meeting

- To call upon any disorderly person to behave properly and to ask that person to withdraw from the meeting if they fail to do so
- To direct that such person be removed from the meeting; provided that only such force as is reasonable may be used in doing so
- To determine whether to call for the meeting to be suspended or adjourned in circumstances where there is disorder
- To determine whether to propose that a Member “be not further heard” in circumstances of misconduct and, where such misconduct continues after the vote:
 - to propose that the Member “do leave the meeting”
 - to order that such Member be removed from the meeting, provided that only such force as is reasonable may be used in doing so
- To determine whether to order, where general disturbance occurs, that the appropriate part of the meeting room be cleared

At the end of the meeting

To declare the meeting closed when its business has been completed

APPENDIX 2

**Elected Member Role Profile:
Ward Member**

1. Accountabilities

- To full Council
- To the electorate of their ward and to the residents of Cheshire East

2. Ward Member Role*Representing and Supporting Communities*

- To represent ward interest by providing a voice for all sectors of the community
- To be an advocate for the Council in the ward and communities they serve
- To hold ward surgeries on a regular basis where appropriate
- To be a visible and recognisable presence in the community
- To be a channel of communication to the community on Council strategies, policies, services and procedures
- To represent individual constituents and local organisations, undertaking casework on their behalf and serving all fairly and equally
- To interface with the community at Local Area Partnerships/Forums raising local concerns within the Council
- To liaise with executive members, other council members, council officers and partner organisations to ensure that the needs of the local communities are identified, understood and supported
- To promote the principles of equality, tolerance and local democracy in local communities
- To encourage community participation in the Council's decision making processes by helping people understand how they work
- To support local partnership organisations
- To balance different interest within the ward fairly and constructively

Making Decisions and Overseeing Council Performance

- To participate in full Council meetings, reaching and making informed and balanced decisions and overseeing performance
- To participate in informed and balanced decision making on Committees and Task Groups to which they might be appointed (including attending site visits or undertaking other statutory visits and tasks as may be required)
- To contribute to the policy making process through a role on Scrutiny/G&C Committee/Cabinet and thereby helping to shape the development and review of policy and strategy
- To undertake quasi-judicial roles e.g. licensing and planning, following any special procedural rules

- To provide a check on the activities of the Cabinet through the call-in procedure
- To adhere to the principles of democracy and collective responsibility in decision making
- To promote and ensure efficiency and effectiveness in the provision of council and other public services

Representing the Council

- To represent the Council on local Outside Organisations as an appointee of the Council and provide two way communication between the organisation(s) and the Council
- To represent the Council on local partnership bodies, promoting common interest and co-operation for mutual gain
- To represent and be an advocate for the Council on national bodies and at national events
- To provide community leadership and promote active citizenship

Internal Governance, Ethical Standards and Relationships

- To promote and support the good governance of the Council and its affairs
- To promote and support open and transparent government
- To promote and maintain appropriate and effective relationships with employees of the Council
- To adhere to the Members; Core of Conduct, Member/Officer Protocols and the highest standards of behaviour in public office

Personal and Role Development

- To take an active interest in identifying personal development needs for their role as a Member
- To participate in opportunities for development provided by the authority
- To make effective use of electronic communication including email, internet/intranet to aid efficient communication between officers, members and the community
- To provide support and encouragement to new Councillors

3. Values

To be committed to the Aspire values of the Council and the following values in public office:

- Openness and transparency
- Honesty and integrity
- Tolerance and respect
- Equality and fairness
- Appreciation of cultural differences
- Sustainability

**Elected Member:
Personal Specification**

Representing and Supporting Communities

Good advocacy skills
Interpersonal skills
Integrity
Ability to set aside own views and act impartially
Present relevant and well reasoned arguments
Good communication skills
An understanding of Community Leadership and empowerment and working in partnership

Making Decisions and Overseeing Council Performance

Knowledge and understanding of meeting law, rules and conventions
Understanding of delegated powers
Reasoned decision making
Understanding of strategic, policy and service contexts for decisions
Ability and willingness to challenge ideas and contribute positively to policy development
To pay particular attention to the need to avoid predetermination and bias when participating in the decision-making of regulatory committees

Representing the Council

Good public speaking skills
Good presentation skills
Ability to persuade others and act with integrity

Internal Governance, Ethical Standards and Relationships

Understanding of the role of officers, members and different agencies
Respect for and desire to work with different groups and individuals
Knowledge and understanding of and commitment to the Code of Conduct and Member/Officer Protocol
Knowledge and commitment to the values of the Council

Personal and Role Development

Ability to assess personal and role development needs
Desire and skills to participate in development

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COUNCIL – 25 February 2016**NOTICES OF MOTION****Submitted to Council in Accordance with Procedure Rule 12****1 Potential Effects of Transatlantic Trade and Investment Partnership on Local Authorities**

Proposed by Councillor J Jackson and seconded by Councillor A Harewood

This Council notes:

1. That the EU and USA launched negotiations in July 2013 on a Transatlantic Trade and Investment Partnership (TTIP).
2. That negotiations are underway to determine which goods and services TTIP will apply to and if new rules can be agreed to protect investors, harmonise standards, reduce tariffs and open new markets throughout the EU and USA.
3. That there has been no impact assessment about the potential impact on local authorities.
4. That there has been no scrutiny of the negotiating texts by local government and no consultation with local government representatives
5. That MPs are also unable to scrutinise the negotiating documents.

This Council wishes to express a concern that:

1. TTIP could have a detrimental impact on local services, employment, suppliers and decision-making.
2. A thorough impact assessment of TTIP on local authorities has not been undertaken and this needs to happen before the negotiations can be concluded.
3. The proposed Investor State Dispute Settlement (ISDS) mechanism has been used by corporations to overturn democratic decisions by all levels of governments at significant public cost. Local decision-making must be protected from ISDS.
4. Sourcing supplies and employment locally is important to strengthening local economies and meeting local needs and TTIP must not impact on local authorities' ability to act in the best interests of its communities.

This Council resolves:

1. To write to the Secretary of State for Communities and Local Government, our local MPs and the North-West region MEPs raising

our serious concerns about the potential impact of TTIP (and especially the proposed ISDS mechanism) on local authorities.

2. To call for an impact assessment on the potential impact of TTIP on local authorities.

2 Ethical Investment Guidelines

Proposed by Councillor S Corcoran and seconded by Councillor L Jeuda

Council notes with alarm the recent statement from the Department for Communities and Local Government (DCLG) confirming that new guidelines will be introduced in 2016 which will curb councils' powers to divest from or stop trading with organisations or countries they regard as unethical.

Council recognises that the focus of these new measures may be on procurement and investment policies and that they may have profound implications for councils' ethical investment policies more generally.

Council believes that the proposed measures now being outlined by the DCLG will seriously undermine the Council's ability to commit to ethical procurement and investments.

Council also notes that the new guidelines represent an attack on local democracy and decision-making through a restriction on councils' powers. This is directly contrary to the government's own stated commitment to the principle of localism, given a statutory basis by the Localism Act of 2011, which holds that local authorities are best able to do their job when they have genuine freedom to respond to what local people want, not what they are told to do by government.

Council therefore requests Cabinet takes action to oppose these new measures, including writing to the Secretary of State for Communities and Local Government to express Council's opposition to the proposed changes.

CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL, CABINET & STRATEGIC PLANNING BOARD

Date of Meeting: 18 February 2016 Strategic Planning Board

23 February 2016 Cabinet

26 February 2016 Council

Report of: Director of Planning & Sustainable Development.

Subject/Title: Cheshire East Local Plan Strategy – Proposed Changes

Portfolio Holder: Cllr Rachel Bailey

1.0 Report Summary

- 1.1 This report requests that Council approves Proposed Changes to the Local Plan Strategy, alongside the Habitats Regulations Assessment (HRA) and Sustainability (Integrated) Appraisal (SA) Addendums for public consultation. This follows the approval by Council on 28 February 2014 of the submission version of the Local Plan Strategy.
- 1.2 Cabinet and the Cabinet Portfolio Holder have previously endorsed suggested revisions to Chapters 1-8 and 9-14 of the plan at meetings on 21 July and 24 September 2015. The Changes attached to this report incorporate these previous revisions and also now include new and amended strategic sites in Chapter 15 of the Strategy. The SA and HRA Addendum reports consider the outcomes of the suggested revisions to Chapters 8 – 15 of the plan.
- 1.3 If approved, the Proposed Changes, alongside the SA and HRA, will be subject to a period of six weeks of consultation between 4 March and 19 April. All responses received will then be considered and submitted to the Local Plan Inspector before further Examination hearings are held later in the year.
- 1.4 The Proposed Changes are supported by a comprehensive suite of evidence. This includes the additional evidence endorsed by Cabinet of 21 July 2015. Added to this is further evidence to justify the selection of new and amended strategic sites - alongside the rationale for the retention of any sites unchanged from the Submitted Local Plan Strategy.
- 1.5 The Proposed Changes take account of the Further Interim Views published on 11 December 2015 which follow the second set of Examination Hearings held between 21 and 30 October 2015.

2.0 Recommendations

- 2.1 That the Strategic Planning Board recommends to Council that the Proposed Changes to the Local Plan Strategy (Appendix 1) and the Sustainability (integrated) Appraisal and Habitats Regulation Assessment Addendums (Appendix 5) be approved for public consultation and submission to the Inspector.
- 2.2 That the Cabinet recommends to Council that the Proposed Changes to the Local Plan Strategy (Appendix 1) and the Sustainability (integrated) Appraisal and Habitats Regulation Assessment Addendums (Appendix 5) be approved for public consultation and submission to the Inspector.
- 2.3 That Council approves the Proposed Changes to the Local Plan Strategy (Appendix 1) and the Sustainability (integrated) Appraisal and Habitats Regulation Assessment Addendums (Appendix 5) for public consultation and submission to the Inspector.
- 2.4 That Council delegates to the Executive Director of Growth & Prosperity in consultation with the Cabinet Portfolio Holder, Party Group Leaders and the Chairman & Vice-Chairman of Strategic Planning Board authority to approve any further proposed changes to the Local Plan Strategy that may be necessary or appropriate following consultation.

3.0 Reasons for Recommendations

- 3.1 The Local Plan Strategy document approved by Council on 28 February 2014 was submitted to the Secretary of State on 20 May 2014 and subject to Examination in September of that year. Following three weeks of hearings, the Examination hearings were adjourned in October 2014 and, on 6 November 2014, the Inspector published his Interim Views. In December 2014 the Examination was formally suspended to allow further work to be carried out on key areas of evidence to address the shortcomings in the soundness of the submitted Local Plan Strategy which the Inspector identified. That additional work was undertaken by 31 July 2015 and submitted to the Inspector to address and rectify his criticisms.
- 3.2 The Inspector held two weeks of additional hearings to consider this additional evidence between 21 and 30 October 2015. At the end of those hearings it was agreed with him that, subject to satisfactory Further Interim Views, the next step would be to prepare a consolidated document which incorporated all of the revisions suggested to date alongside new and amended strategic sites. This document would then be subject to full public consultation.
- 3.3 With the receipt of the Inspector's Further Interim Views on 11 December 2015, it is now appropriate to seek Council's authority to approve Proposed Changes to the Submitted Local Plan Strategy. These Proposed Changes will be subject to full public consultation for a period of six weeks.

- 3.4 The Proposed Changes to the submitted Local Plan Strategy have been supported by SA and HRA at appropriate stages. This included an assessment of suggested revisions to the Planning for Growth chapters at the end of July, followed by the consideration of suggested revisions to other policies (chapters 9-14 of the LPS) in September 2015. These documents are included in the examination library (RE B006 and RE B007 respectively). Furthermore, SA and HRA work has been undertaken to support the site selection methodology and its implementation. The outcomes of all of the SA and HRA work will be subject to full public consultation for a period of six weeks, alongside the proposed changes to the LPS.
- 3.5 Following the consultation, the Council will need to log, analyse and assess all of the comments made. Accordingly, it may be appropriate to make further changes to the Local Plan Strategy as a consequence of these representations, alongside changes to the SA and HRA. Thereafter the next step will be to send all of these responses and the Council's response to the Inspector. He will then hold further hearings to consider the soundness of the Proposed Changes – most notably the strategic sites, which have yet to be examined thus far.
- 3.6 The Secretary of State has signalled that he expects local planning authorities to make every effort to get a Local Plan in place by 2017. Consequently, it is clearly in the public interest to deal diligently yet expeditiously with the analysis of representations and any further proposed changes that might arise. Accordingly, it is recommended that Council delegates this responsibility to the Director of Growth & Prosperity to undertake this task, in consultation with the Portfolio Holder, Leaders of Party Political Groups and the Chairman & Vice Chairman of Strategic Planning Board.

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. Whilst it will form the benchmark for considering planning applications it will also feed into numerous other agendas such as infrastructure, transport, economic development, recreation, public health, education and adult social care.

7.0 Implications for Rural Communities

- 7.1 The Local Plan Strategy provides a planning framework for all areas of the Borough outside the Peak District National Park. Consequently, it covers much of the rural area of the Borough in a geographic sense – but also it addresses numerous matters of importance to rural areas within its policies and provisions.

Importantly, the Local Plan Strategy will facilitate the drawing up of more detailed policies for rural areas, via either Site allocations or Neighbourhood Plans.

8.0 Financial Implications

- 8.1 The cost of the Local Authority officers' time involved in the Local Plan is covered by the existing revenue budget for Planning & Sustainable Development. The Examination process prompts exceptional costs for which particular provision is made within the Planning Reserve budget.

9.0 Legal Implications

- 9.1 The Planning and Compulsory Purchase Act 2004, as amended, requires local planning authorities to prepare Local Plans. The Town and Country Planning (Local Planning) (England) Regulations 2012, as amended, ("the Regulations") set out the procedures to be followed in the preparation of such Plans.
- 9.2 The Regulations do not specifically deal with consultation at the post-Submission stage and as such the conduct of the consultation is a matter for the Council's discretion. However, in order to ensure that the Proposed Changes are subject to the 'formal and unfettered' consultation referred to by the Local Plan Inspector (at paragraph 96 of his Further Interim Views), it will be conducted in a manner which is consistent with that required under Regulation 19, albeit that the Regulations do not strictly apply.
- 9.3 As the Regulations do not strictly apply, any responses received will not have the status of Regulation 20 representations and it will therefore be a matter for the Local Plan Inspector to determine who should appear at any further resumed examination hearings. The Council will, however, consider all consultation responses received prior to submitting the Proposed Changes and consultation responses to the Local Plan Inspector in due course

10.0 Risk Management

- 10.1 An adopted Local Plan has many benefits for the Council, local communities and business. It provides certainty over future growth, infrastructure and a secure framework for investment. Accordingly delay in the planning process poses risks for the Council with potential uncertainty over the decision making framework continuing in the short term. To mitigate this, the Council has implemented rigorous project management to the preparation of the Local Plan – to ensure completion of the process within an open yet timely manner.

11.0 Background and Options

The Context

- 11.1 Following approval by Full Council in February 2014 the Council published its Local Plan Strategy in March 2014 and submitted the document to the Secretary

of State on 20 May 2014. In September 2014 hearings opened for the Examination of the Strategy.

- 11.2 Hearings continued for three weeks and proved unusually intensive in character. Hearings were adjourned on 3 October 2014 to allow for the consideration of a large volume of material linked to strategic sites. The Inspector used this period of adjournment to provide his interim views on the matters considered in the first 3 weeks of hearings.
- 11.3 The Inspector considered matters of legal compliance and soundness. Overall he identified several important shortcomings with the plan as submitted, whilst also agreeing that other key issues were satisfactory.
- 11.4 On 16 December 2014 the Inspector agreed to suspend the Examination pending the completion of further evidence on the following workstreams:
 - Clarify and revise the Economic & housing strategies
 - Revise the calculation of Objectively assessed Need
 - Update the green belt assessment
 - Revise the spatial distribution of development.
- 11.5 The Council completed this work and submitted the updated evidence to the Inspector on 31 July 2015. On 14 August 2015 the local Plan Inspector agreed to lift the suspension of the examination and on 28 August 2015 set out a timetable for the re-commencement of hearings, starting on 6 October 2015.

Local Plan Strategy Policies – Suggested Revisions

- 11.6 The updated evidence completed during the suspension of the Examination necessitated revisions to the main strategic policies relating to housing, economic growth, development and green belt. The wording of policies was amended to reflect the outcome of the new evidence. The key points included:
 - Revisions to Reflect a revised Housing Requirement of 36,000 homes
 - Increased employment land requirement, to reflect the stronger anticipated jobs growth rate of 0.7% pa.
 - Revised Spatial Distribution of development, incorporating both the uplift in overall development and the need for additional growth in the northern towns.
 - Increase in the quantum of safeguarded land within green belt areas to 200 ha
 - Replacement of the new green belt between Crewe & Nantwich with a revised strategic green gap policy.

These revisions were endorsed by Cabinet at a meeting on 21 July 2015 and supported by SA and HRA addendum screening reports (PS E042 and PS E043 respectively).

- 11.7 At the Examination hearings held in the autumn of 2014, all policies aside from strategic sites were subject to scrutiny. The Inspector's Interim Views focused mainly on the principal strategic issues within Chapter 8 – namely housing and jobs growth, the distribution of development and green belt. The Policies of

Chapters 9-14 and the appendices were not covered in any great detail by the Inspector; instead he signalled that they did not raise such significant concerns. Furthermore, he considered that the policies could, for the most part, be satisfactorily amended by taking account of changes proposed and discussed at the examination hearings. The policies have therefore been amended accordingly and were endorsed at a meeting of the Cabinet Portfolio Holder on 24 September 2015 and supported by SA and HRA addendum reports (RE B006 and RE B007 respectively).

Inspector's Further Interim Views

- 11.8 On 11 December, the Inspector issued his Further Interim Views in a detailed letter to the Council. Although the Inspector is careful to emphasise the interim nature of any conclusions, the letter is overwhelmingly supportive of the additional evidential work undertaken by the Council. The Inspector commented that *"there is no doubt that CEC has produced an impressive and comprehensive set of additional evidence within a relatively limited amount of time during the suspension of the examination"*. He also added that *"the additional evidence and studies produced during the suspension of the examination seem to have addressed most of the main concerns about the adequacy of the original evidence set out in my Interim Views"*.
- 11.9 However he also signalled that *"the nature, extent, content and conclusions of this additional evidence will have significant and wide-ranging implications for the submitted Local Plan Strategy"*. Furthermore, he stressed that any views given in his interim report *"are entirely without prejudice to my final conclusions on the soundness and legal compliance of the submitted or any amended Plan"*. Accordingly the endorsements he provides are by their nature, limited in scope – and they inevitably also prompt important changes to the Plan. Never the less, given the circumstances, the Further Interim Views are perhaps as positive as they are able to be at this juncture. The detailed conclusions and their implications for each area of policy are outlined below.
- 11.10 One of the Inspector's key concerns in 2014 was the alignment of economic and housing strategies. In particular, there was felt to be a lack of ambition in the employment growth forecast of 0.4%. This time around debate has focussed on whether a predicted employment rate of 0.7% was sufficiently robust – as opposed to other forecasts suggesting 0.9% jobs growth or higher. After considering all of the evidence, the Inspector concluded that the Council *"seems to have adopted a balanced and rational approach to economic and jobs growth, which is both ambitious and aspirational, yet realistic and with a reasonable prospect of success"*. The prediction of 0.7% employment growth therefore directly informs housing need. It should be noted that this level of job creation is predicated on significant increases in in-migration to the Borough.
- 11.11 The combination of new employment and additional migration points towards a need for a greater number of homes in the Borough. The additional evidence prepared by the Council looked at a wide range of factors – and included, for the first time, an allowance for older persons' accommodation within the overall total

need of 36,000 homes. The Inspector commented that the Council *“seems to have reached a reasonably balanced judgement about the relationship between new jobs and houses, which is supported by the evidence and would result in sustainable levels of migration and commuting and patterns of development, in line with the guidance in the NPPF and PPG”*

- 11.12 Having reviewed the need for housing, the Inspector went on to consider the ‘housing requirement’. This is a related but distinct exercise from the calculation of housing need; it requires that housing numbers are further refined in the light of other policy objectives. This may serve to elevate, or in some cases, suppress, the overall number of homes. The Inspector supported the principle of the housing requirement of matching the OAN of 36,000. However, he noted that delivery of 1800 homes per year would be *“challenging”* and that the detailed sites required had not yet been identified or examined.
- 11.13 In terms of Green Belt, the Council undertook a revised assessment which looked more comprehensively at Green Belt parcels around the main towns and local service centres. In particular, this involved a finer grain of assessment and consideration of urban regeneration and heritage issues. The Inspector commented that the updated assessment *“seems to reflect national policy and address most of the shortcomings of the previous Green Belt assessment. It provides a set of more comprehensive and proportionate evidence to inform, rather than determine, where the release of Green Belt land may be necessary at the site-selection stage”*
- 11.14 Associated to the Green Belt is the identification of safeguarded land – that is land that is taken out of the Green Belt now, but remains undeveloped so that it can meet development needs after 2030. National guidance on the approach to safeguarded land is fairly limited – and therefore the Council had to adopt its own methodology to derive an overall safeguarded requirement for 200Ha of land. Notwithstanding these uncertainties, the Inspector considered that the Authority had *“taken a balanced and cautious approach to the issue of Safeguarded Land, which seems logical, rational, effective and justified by the supporting evidence”*.
- 11.15 Turning then to the spatial distribution of development, the Council commissioned consultants AECOM to re-assess the pattern of growth across the Borough. This work drew on the Urban Potential, Edge of Settlement and Green Belt studies undertaken by the Council, plus a wide range of other influences and factors. The Spatial Distribution Update Report grappled with the contentious issue of the balance of development between the north and south of the Borough. Overall the Inspector was satisfied that the additional evidence seemed to represent *“a realistic, rational and soundly-based starting point for the spatial distribution of development;”*. However, he was also careful to record that he could not firmly endorse the revised distribution of development until site specific matters had been concluded.
- 11.16 The Inspector acknowledged the SA and HRA undertaken to support the proposed changes to the LPS. The iterative and ongoing nature of both SA and HRA was noted alongside a suggestion that the Council should consider the jobs growth rate of 0.9% as a reasonable alternative for Plan making purposes. The Council's

independent consultants have now undertaken this appraisal and this, alongside the outcomes of all the SA and HRA work will now be subject to public consultation, alongside the proposed changes to the LPS.

- 11.17 The Inspector also considered other related matters in his Interim views – such as the additional highway studies undertaken by the Council. These include the Impact of Spatial Distribution of Development on Cross-boundary Highway Networks, the Local Plan Strategic Highways Assessment, the North Crewe VISSIM, and the Alsager Highway Study. The Inspector was broadly content with the scope and findings of these studies, however he expressed disappointment that differences remained between the Cheshire East and Stockport Councils. Since the conclusion of the Examination further meetings have been held between the authorities and a revised Memorandum of Understanding is being drawn up between the Councils.
- 11.18 Finally, the Inspector commented briefly on green gaps. Although this is a long standing policy in successive local plans around Crewe, in the Local Plan Strategy strategic green gaps replace the previous proposal for a green belt between Crewe & Nantwich. Accordingly the Inspector was circumspect in his comments, preferring to reserve judgement until the revised policy has been subject to consultation. Never the less, the separation of Crewe & Nantwich remains a fundamental spatial objective of the plan – and a principle that remains threatened by numerous development proposals in this vicinity. Consequently the amended policy will now be subject to consultation and the Council will further pursue the issue through the later stages of the Examination.

Site Selection Process

- 11.19 The Council published a Site Selection Methodology in July 2015 and subsequently elaborated on its contents within the hearing statements prepared for the Examination in October 2015. This has now been consolidated into a revised approach which is summarised in the diagram at Appendix 2. The full Selection methodology is set out within the supporting documents at Appendix 6. Sites are selected to meet the development requirements in each Principal Town and Key Service Centre. These requirements, together with current commitments (to 30 September 2015) are set out in the Table in Appendix 3.
- 11.20 The Methodology looks comprehensively at the factors that influence the suitability of land for development. This includes a combination of economic, environmental and social factors. The Inspector commented that *The SSM formalises the site-selection process and, subject to further detail about the later stages of the process, seems to represent a reasonably consistent, objective and comprehensive methodology to identify and select strategic and other site allocations without retro-fitting the evidence. As such, this evidence seems to be appropriate, consistent, objective, comprehensive, justified and effective, providing a soundly based framework of evidence for identifying and selecting strategic and other site allocations, in line with the guidance in the NPPF and PPG.*
- 11.21 An important component of the Methodology is that it is applied to ALL sites in the Plan – both those that were allocated in the 2014 Submission document and new

or amended sites that may be required now to meet the uplift in development across the Borough. The revised evidence gathered through the suspension of the Examination could clearly impact on the relative merits of any given site; consequently, it is important that every site is reviewed and assessed in a consistent manner, based on the latest available evidence.

- 11.21 Having established a clear methodology, the next step is then to apply that to the choice of sites across the main settlements. The objective will be to try and identify a suitable selection of sites so that the requirements of the spatial distribution is fulfilled. It should be noted that the Inspector indicated that the distribution could not be fully endorsed until the final site selection is made. Consequently, the distribution should not be met 'at any price' – rather it is viewed as the optimum distribution to be met if possible. If it were to be found that in attempting to meet the distribution, the Council had to rely on unsuitable sites with significant adverse impacts, then it might have been appropriate to revisit the overall balance of growth
- 11.22 Having now completed the detailed assessment of site, this situation does not arise. The Council is confident that the spatial distribution considered and endorsed by the Inspector can be met without undermining the principles of sustainable development. The distribution established in the AECOM report took account of the very detailed Edge of Settlement Analysis and Urban Potential work which suggested that the proposed distribution was realistic and achievable. The further comprehensive site assessment of individual sites has since confirmed this is the case. Accordingly, the selection of sites follows the distribution endorsed by the Council's Cabinet in July 2015 and subsequently supported in principle by the Inspector in December 2015.
- 11.23 A 'Town Report' has been prepared for each of the Principal Towns and Key Service Centres (see Appendix 6). These make a comparative evaluation of all potential strategic sites in each settlement – carefully considering their respective planning merits and fully informed by the outcomes of the HRA and SA. This analysis then leads to a recommended selection of sites for inclusion in the Local Plan Strategy. A summary of the findings of the reports is attached as Appendix 4.

Safeguarded Land

- 11.24 Paragraph 85 of the NPPF advocates the designation of safeguarded land to avoid the need for regular re-drawing of green belt boundaries. The Inspector endorsed the principle of providing such land and the overall quantum of around 200Ha across the north of the Borough. Since then further work has been carried out on distributing the 200ha of Safeguarded Land between the settlements inset within the North Cheshire Green Belt.
- 11.25 Firstly, Safeguarded Land has been distributed proportionately by settlement, based on the Revised Spatial Distribution of Development. This Revised Spatial Distribution of Development allows for some of the development needs of the northern towns to be met by the North Cheshire Growth Village during this plan period (up to 2030). This approach may not continue post 2030 so the distribution of Safeguarded Land to Handforth is based on its proportion of population

instead. The remaining amount of Safeguarded Land (the difference between Handforth's share based on population and its share based on the Revised Spatial Distribution of Development) has then been re-distributed proportionately to the Principal Town and Key Service Centres inset within the North Cheshire Green Belt.

- 11.26 This results in Safeguarded Land being required in Macclesfield (95 ha), Handforth (10 ha), Knutsford (28 ha), Poynton (19 ha), Wilmslow (24 ha) and North Cheshire Green Belt Local Service Centres (24 ha). Having undertaken this exercise, the green belt boundary in the north of Cheshire East should not now need changing until at least 2045.

Deliverability and Five Year Supply.

- 11.27 Facilitating the delivery of housing is one of the key roles of the Local Plan. The NPPF advises councils *"to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area"*. This objective is subject to the proviso that meeting housing need is consistent with the policies set out in the Framework. There is also a need to identify key sites which are critical to the delivery of the housing strategy over the plan period.
- 11.28 To ensure that there is every prospect that identified housing need is met and the requisite number of homes are actually built at the end of the Plan period, it is normally considered prudent to allocate sufficient sites to slightly exceed the housing requirement. This approach was taken in the submitted plan – and it is proposed to continue this within the Proposed Changes.
- 11.29 Paragraph 47 of the NPPF also advises Councils to identify sufficient land annually to meet a 5-year supply of deliverable sites against their housing requirement. The NPPG similarly advises that "local planning authorities should have an identified five-year housing supply at all points during the plan period." Consequently the Local Plan must be able to show a 5-year supply of land – and has the means to do this through the allocation of sufficient housing sites. Five-year supply is a critical determining factor in the consideration of planning applications involving housing.
- 11.30 The challenge facing the Council is the fact that we are already 5½ years into the plan period. Over this time the housing requirement has increased significantly from 1,150 homes pa as set out in the (now defunct) Regional Spatial Strategy, through to the 1,350pa in the submitted plan and the 1,800 homes pa now proposed. Unsurprisingly, especially with the after effects of recession, the Borough has not built the 9,000 homes needed in the first five years of the plan period – and in fact faces a backlog equivalent to over three years' housing requirement.
- 11.31 The PPG advises that Local Planning Authorities should aim to deal with any undersupply within the first 5 years of the plan period *"where possible"*. Where this cannot be met, the advice is to work with neighbouring authorities under the duty to cooperate. This latter approach is not an option since no adjoining

Council can take any of the Borough's housing. Consequently, the Council should seek to recover the backlog within its own means, so far as that remains consistent with the Inspector's views and the policies of Framework.

- 11.32 It is therefore proposed to allocate additional land in each settlement to boost housing supply. Deliverability is also a consideration in site selection and the Plan contains a mix of (generally smaller) sites that deliver quickly and those that bring strategic benefits (sometimes over a longer period). The Council has consulted with home builders over the appropriate lead in times and build rates to employ. By taking a reasoned and proportionate approach, this means that most sites will only yield a relatively modest proportion of the homes within 5 years.
- 11.33 It is apparent therefore that to catch up the whole of the backlog within 5 years will require the allocation of sites significantly in excess of the Spatial Distribution considered by the Inspector. It would also require significantly more Green Belt release – not least because Green Belt often coincides with the highest housing demand and highest likely delivery. The Inspector has recognised the issue of backlog as *“a challenging situation”* given past and current build rates. He also added though that *“clearly CEC will have to set out the specific reasons if it wishes to depart from the normal 5-year time period of meeting any backlog”*.
- 11.34 The significant deviation from the spatial distribution and the impact on the Green Belt are considered to constitute those specific reasons. Accordingly, it is proposed that the plan takes a 'half-way approach' between 'Sedgefield' (5 years) and 'Liverpool' (15 years). The Cheshire East approach is therefore to recover backlog within 8 years - and to adopt the 20% buffer employing the PAS guidance, as recommended by the Inspector. The full details of housing supply issues are set out in the Housing Supply Topic Paper.

12.0 Summary of Site Specific Recommendations

- 12.1 This section summarises the recommended selection of sites in each town. Although a comparison is made with the submitted plan is made for ease of reference, all sites have been assessed on the same equal basis. A table of the recommended sites is found at Appendix A and B of the attached Local Plan document (Appendix 1 of this report)

Principal Towns – Crewe

- 12.2 The Spatial Distribution proposes that 7,700 homes be provided in Crewe along with 65 ha of Employment land (an increase from 7,000 homes in the submitted plan). As at 30 September 2015, there had been 890 net housing completions within the plan period and commitments totalled 1,857 units.
- 12.3 It is proposed to allocate 400 homes to the strategic location in central Crewe – effectively capturing redevelopment opportunities within the main urban area. There then follow a series of allocations on the periphery of the town. Basford East & Basford West are maintained as mixed housing and employment allocations, with 370 dwellings at Basford West and the housing numbers reduced to 850

homes at Basford East to take account of more recent information. The allocation at Leighton West is maintained and the previous Leighton Strategic Location is replaced by a new allocation of 500 homes located adjacent to the current Parkers Road housing scheme.

- 12.4 The boundaries of the housing allocation at Sydney Road are amended to reflect updated ownership information – and a new second phase is proposed, capable of accommodating around 275 homes. To the North West, a new allocation is now proposed off Broughton Road for 175 homes, part of which already has planning permission. Meanwhile the housing allocation at Crewe Green is maintained – providing for around 150 homes.
- 12.5 To the south of Crewe it is proposed to maintain the allocation at South Cheshire Growth village, but to reduce the likely capacity to around 650 homes – to reflect updated information on heritage and landscape matters. The allocations at East Shavington (275 dwellings) and the Triangle both now have planning permission. However it is proposed to increase the capacity of the latter to 400 homes in recognition of the opportunity for a more effective use of the site.
- 12.6 In terms of employment land, provision for 24 ha will be made at Basford East and a further 22ha at Basford West. The site at Leighton West will include a further 5ha of land for business.

Principal Towns - Macclesfield

- 12.7 The Spatial Distribution proposes that 4,250 homes be provided in Macclesfield along with 20 ha of Employment land (an increase from 3,500 homes and 15 ha in the submitted plan). As at 30 September 2015, there had been 512 net housing completions within the plan period and commitments totalled 847 units.
- 12.8 It is proposed to allocate 500 homes within the Central Macclesfield Strategic location, effectively capturing redevelopment opportunities within the main urban area. It is then proposed to maintain South Macclesfield as a major site for mixed use development. This area represents the only significant undeveloped land outside of the Green Belt within the Macclesfield area. The capacity of the site has been re-appraised, but remains as before at 1,050 homes / 5 ha employment.
- 12.9 The remainder of development needs can only be accommodated by taking land out of the Green Belt. It is proposed to identify South West Macclesfield as the main area for future growth and development in the town. It is proposed to allocate 300 homes and 10 ha of Employment Land at Congleton Road and a further 200 homes south of Chelford Road. Each site will require a new access suitable of accommodating a new distributor road. Whilst not a bypass as such, this road will be a principal route through the urban area capable in due course of linking Chelford Road and Congleton Road. The greater part of South West Macclesfield (around 103 ha) will not be available for development in the plan period but rather safeguarded for construction after 2030. Accordingly, the new through route would only be completed after the current plan period.

- 12.10 In addition to this, it is proposed to allocate three further sites around the periphery of the town. Land at Fence Avenue is proposed for allocation, as before, and could accommodate some 250 homes, linked to the potential relocation of Kings School. Land at Gaw End Lane is also proposed for the development of around 300 homes – an increase on the previous proposal. Finally, a new development site is proposed at Chelford Road / Whirley Road which will enable the construction of around 150 homes.

The Key Service Centres

Alsager

- 12.11 The Spatial Distribution proposes that 2,000 homes be provided in Alsager along with 40 ha of Employment land (an increase from 1,600 homes and 35 ha in the submitted plan). As at 30 September 2015, there had been 98 net housing completions within the plan period and commitments totalled 530 units. It is proposed to once again allocate the major brownfield site at the former MMU campus – capable of accommodating around 400 new homes, alongside the retention of key sporting facilities. The large Brownfield site at Twyford / Cardway is also proposed for allocation – with capacity for around 550 units. Finally, the site at White Moss Quarry is once again proposed for allocation – the site already has planning consent for 350 homes.
- 12.12 In terms of employment land, it is proposed once again to support the redevelopment of areas within the existing Radway Green site. Alongside this a new allocation of some 12 ha is proposed to the north to allow for localised business expansion. To the south it is also proposed to remove 25 ha of land from the green belt for larger scale expansion. The exceptional circumstances for this allocation rest on the specific characteristics of this site – the potential for large footprint development, the opportunity to improve the access of the existing Radway Green site and the chance to reach an improved M6 Junction 16 without crossing the railway line.

Congleton

- 12.13 The Spatial Distribution proposes that 4,150 homes be provided in Congleton along with 24 ha of Employment land (an increase from 3500 homes in the submitted plan). As at 30 September 2015, there had been 610 net housing completions within the plan period and commitments totalled 1,122 units. More recently developments have since been resolved to approved or granted consent on large sites at Tall Ash Farm and Lamberts Lane.
- 12.14 The significant feature of development in Congleton remains the proposal for a link road across the north of the town allied to significant new development. Since the publication of the Submission Plan the route of the road has been consulted upon and is now the subject of a planning application. This provides the greater certainty to translate the previous strategic locations into clearly defined strategic sites. These provide firm allocations for housing, employment, commercial and recreational uses.

- 12.15 The strategic site at Back Lane is expected to yield around 750 homes, spread across several parcels, combined with just over 7ha of employment land and related community uses. The extension to Congleton business park will deliver at least 15 ha of employment land and around 625 homes once completed. When combined with existing commitments of 3.8ha these two sites will fulfil the future employment needs of the town. Further to the east, strategic sites are maintained at Giantswood Lane (around 650 homes) and Manchester Road (450 homes).

Handforth

- 12.16 The Spatial Distribution proposes that 2,200 homes be provided in Handforth along with 22 ha of Employment land. As at 30 September 2015, there had been 63 net housing completions within the plan period and commitments totalled 322 units. Employment land Commitments total nearly 10Ha.
- 12.17 The Council has re-assessed the merits of providing a large-scale stand-alone development in Handforth. NPPF advice at paragraph 52 suggests that new settlements may provide the best way of achieving sustainable development. It is the principles of sustainable development that underpin the continued case for the North Cheshire Growth Village. By planning comprehensively, it is possible to better mitigate the impact of new development and address local infrastructure issues. Accordingly it is proposed to maintain the allocation of some 1650 homes, plus up to 12 ha of employment land.
- 12.18 In addition, a further new site is proposed west of the town. Land at Sagars Road is recommended for allocation – and it is capable of accommodating around 250 homes. 14ha of land south of the Growth Village is also proposed for safeguarding – for development after 2030.

Knutsford

- 12.19 The Spatial Distribution proposes that 950 homes be provided in Knutsford along with 15 ha of Employment land (an increase from 650 homes and 10Ha in the submitted plan). As at 30 September 2015, there had been 25 net housing completions within the plan period and commitments totalled 50 units.
- 12.20 Knutsford has a variety of development options around the town. Factors including green belt, transport, landscape and heritage have featured in the site assessments. Land at Parkgate forms the only sizeable area outside of the green belt – and has planning permission for 200 homes. In addition, it is proposed to allocate 500 homes on three parcels on the North west side of Knutsford – around 250 homes east of Manchester Road and 175 homes on Northwich Road. A further 75 homes and 7.5 ha of employment land is proposed on the western side of Manchester Road.
- 12.21 It is further proposed to allocate 150 homes on land south of Longridge. The remainder of this area will be safeguarded for future development. Additional safeguarded land will be provided in North West Knutsford (22ha) and adjacent to Booths Hall (8.7ha).

Middlewich

- 12.22 The Spatial Distribution proposes that 1950 homes be provided in Middlewich along with 75 ha of Employment land (an increase from 1,600 homes in the submitted plan). As at 30 September 2015, there had been 335 net housing completions within the plan period and commitments totalled 352 units
- 12.23 It is proposed to retain the allocation at Glebe Farm to the south of the town; this will accommodate around 525 new homes and affords the opportunity to link Warmingham Lane with the main A533 Booth Lane. This will be supplemented by a new allocation for around 225 homes to the west of Warmingham Lane. This will adjoin recently approved development to the north and east.
- 12.24 It is also proposed to retain the strategic location at Brooks Lane as an area of mixed development including around 400 homes. This site has potential to capitalise on the adjoining canal, but will require the relocation of a number of existing businesses. To the East of Middlewich, it is recommended that the significant employment area at Midpoint 18 be retained and expanded. It is anticipated that some 75 ha will be developed within the plan period – but with further phases available for after 2030. This area has potential access to the railway line as well as good links to Junction 18. It will also incorporate the route of the Eastern Bypass.

Nantwich

- 12.25 The Spatial Distribution proposes that 2,050 homes be provided in Nantwich along with 3 ha of Employment land (an increase from 1,900 homes in the submitted plan). As at 30 September 2015, there had been 394 net housing completions within the plan period and commitments totalled 687 units.
- 12.26 It is proposed once again to allocate significant development on land at Kingsley Fields, to the North West of the town. This area will provide for around 1,100 new homes, new employment and community facilities. Outline Planning permission was granted for the site in January 2016 and a reserved matters application is now being prepared. A further strategic site is located at Snow Hill, identified for mixed use development.

Poynton

- 12.27 The Spatial Distribution proposes that 650 homes be provided in Poynton along with 10 ha of Employment land (an increase from 200 homes and 3 ha of Employment in the submitted plan). As at 30 September 2015, there had been no net additions to the housing stock within the plan period. This unusual situation is brought about by primarily by the demolition of sub-standard flats in the village and a corresponding very low level of house building. Housing commitments totalled 39 units.
- 12.28 In the Submission Local Plan Strategy no Strategic Sites were proposed in Poynton. It is now recommended that three small sites be allocated on the edge of the village; each will require a revision to the green belt boundary. It is proposed to

allocate land at Sprink Farm on Dickens Lane for around 150 homes, this site is closely related to the existing built up area and near to the High school. Land off Hazelbadge Road is also proposed for around 150 homes. This site is very close to the Station and town centre. It also adjoins Lower Park Primary school, and accordingly improvements to parking, turning and access are integral to the scheme.

- 12.29 The final residential site is land off Chester Road. This area is located on the western edge of Poynton and particular care will be required to avoid coalescence with housing in Stockport. The site is closely defined by existing buildings and other features; it is near to Lostock Hall Primary School, but just over a mile from the town centre. It will accommodate approximately 150 houses
- 12.30 The planned construction of the Poynton Relief Road provides the opportunity to expand Adlington Industrial Estate. Land east of the current employment area is no longer required for the route and can now be allocated, for business use, whilst land to the south and west, between the current buildings and new road alignment is also earmarked for development. In all this accounts for 10Ha of new business land. To the north, between the village and the relief road it is proposed to allocate 20 ha of safeguarded land for future development. This is located at the eastern end of the former airfield.

Sandbach

- 12.31 The Spatial Distribution proposes that 2,750 homes be provided in Sandbach along with 20 ha of Employment land (an increase from 2,200 homes in the submitted plan). As at 30 September 2015, there had been 624 net housing completions within the plan period and commitments totalled 1,877 units. Sandbach more than any other town has a significant proportion of its development already approved across a variety of sites on the edge of town.
- 12.32 It is proposed to maintain the Strategic Site known as Capricorn off Old Mill Road. This will provide for 20 ha of new employment land and 450 homes. The housing is specifically intended to support the development of land for business through the provision of new infrastructure, particularly a bridge through the wildlife corridor. Some 300 homes and about 4 ha of business space already have consent on the site.

Wilmslow

- 12.33 The Spatial Distribution proposes that 900 homes be provided in Wilmslow along with 10 ha of Employment land (an increase from 400 homes and 8 ha in the submitted plan). As at 30 September 2015, there had been 87 net housing completions within the plan period and commitments totalled 312 units.
- 12.34 The one area of safeguarded land from previous Local Plans (land at Adlington Road) has now obtained consent and is under construction. Therefore to meet future needs additional allocations are proposed, all of which require amendment of the Green Belt boundary. It is proposed to maintain the allocation at Royal London for mixed use but to include land west of Alderley Road within the

developable area. This will now provide for around 175 homes and 5 ha of employment land.

- 12.35 Further housing allocations are now proposed at Little Staneylands and Heathfield Farm. The former will accommodate around 150 homes on land off Stanneylands Road, situated adjacent to the Dean Valley. This site is located close to existing facilities and provides the opportunity for improved public access to open land along the valley. Heathfield Farm at Dean Row Road is located on the eastern edge of the town and can accommodate around 150 homes. It will be accessed by the existing large roundabout. The remainder of this land; extending to some 9 ha towards Cross Lane will be safeguarded for future development after the end of the plan period.
- 12.36 A further area of safeguarded Land is proposed between Upcast Lane and Cumber Lane. This extends to approximately 15 ha and is closely related to the urban area on the south western side of Macclesfield. Finally, it is proposed once again to allocate land west of the A34 close to Wilmslow High School for employment use. This will provide business space in a prominent location with good rail and road connections.

Other Development

- 12.37 Economic Prosperity is a key objective of the Plan – whilst the increased housing requirement follows directly from a revised employment growth projection of 0.7% pa. Accordingly, it is important that the Local Plan Strategy makes suitable provision for economic development.
- 12.38 The plan therefore contains three distinct stand alone proposals linked to current and future employment opportunities. Each are very much derived from the site specific circumstances at each location.
- 12.39 It is proposed to once again allocate land at Wardle for employment purposes. This former airfield already includes a variety of industries – and further land will consolidate and improve this as a business location. Meanwhile at Alderley Park it is recommended that the particular opportunities at this site be continue to be recognised in the Plan. The site will remain in the Green Belt, but revisions are proposed to the site policy which take account of the Alderley Park Development Framework and recognise the redevelopment opportunities for both employment and supporting housing, having regard to the exceptional qualities of the site.
- 12.40 Alderley Park exemplifies the type of site which collectively form the north Cheshire Science Corridor. This grouping of specialist technology and science orientated business sites are a vital component of the local and regional economy. Looking to the future, it's important that sites are available to maintain growth within this sector. The construction of the new A556 route between the M6 and M56 presents a site specific opportunity for land to be reserved for this future development. Land known as the Cheshire Gateway, ringed by the new road at its junction with the M56 is entirely contained by the new infrastructure and has potential to form a specialist science and technology park. The site specific characteristics of this site are considered to create the Exceptional circumstances

necessary to justify removing 9ha of land from the green belt and reserving it as safeguarded land.

- 12.41 Aside from those above, Strategic Sites are not identified at this stage within Local Service Centres or the villages and rural areas. Sites for development, plus safeguarded land (in Green Belt areas, where necessary) will be allocated in the second part of the Local Plan. It is however proposed in the Local plan strategy that the scale of development be increased in these areas. Local Service Centres will accommodate 3,500 homes and Other Settlements / Rural Areas will accommodate 2,950 homes (an increase from 2,500 and 2,000 respectively).

13.0 Next Steps

- 13.1 Once approved, it is recommended that the 'Cheshire East Council Proposed Changes to the Local Plan Strategy' be subject to full public consultation for a period of six weeks. This is provisionally set between 4 March and 19 April 2016, depending on the decision made on 26 February 2016.
- 13.2 All responses received will then be logged and assessed following the close of consultation. Once analysed, consideration will be given as to the need for further proposed changes to be made to the Local Plan Strategy as a consequence of the representations made. After this assessment is complete, all consultation responses, together with the Proposed Changes will be submitted to the Local Plan Inspector, Mr Stephen Pratt. It is then anticipated that the Examination Hearings will resume in September 2016.
- 13.3 Given the need to make timely progress with the Local Plan Strategy, it is not proposed to refer any further proposed changes to a meeting of Council at this stage. It is suggested that the decision on this matter be delegated to the Executive Director of Growth & Prosperity in consultation with the Portfolio Holder, party leaders and the Chairman and Vice Chairman of Strategic Planning Board. On that basis, Council will next consider the Local Plan Strategy following receipt of the Inspector's Final Examination Report.

14.0 Access to Information

- 14.0 The background papers relating to this report can be inspected by contacting the report writers:

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Appendix 1 – Proposed Changes to the Local Plan Strategy February 2016

Appendix 2 – Site Selection Methodology Summary

Appendix 3 – Table of Housing and Employment Requirements & Commitments

Appendix 4 – Town Reports – summary of site recommendations

**Appendix 5 – The Habitats Regulations Assessment and Sustainability (Integrated)
Appraisal Addendums:**

<http://cheshireeast-consult.limehouse.co.uk/portal/planning/cs/hs/sahra>

Appendix 6 – Supporting Documents:

Documents providing context and support for this report are uploaded here:

<http://cheshireeast-consult.limehouse.co.uk/portal/planning/cs/hs/reports>

Further Evidence and Documentation is uploaded in the Examination Library:

<http://cheshireeast-consult.limehouse.co.uk/portal/planning/cs/library>

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