

Cabinet Agenda

Date: Tuesday 29th September 2015
Time: 2.00 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

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

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

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

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

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

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relevant to the work of the body in question. Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

Please contact Paul Mountford on 01270 686472
E-Mail: paul.mountford@cheshireeast.gov.uk with any apologies or requests for further information or to give notice of a question to be asked by a member of the public

4. **Questions to Cabinet Members**

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

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

5. **Minutes of Previous Meeting** (Pages 1 - 14)

To approve the minutes of the meeting held on 21 July 2015.

6. **First Quarter Review of Performance 2015/16** (Pages 15 - 78)

Cabinet is asked to consider and comment on the first quarter review of 2015/16 performance, including supplementary capital estimates and virements.

7. **Treasury Management Annual Report 2014/14** (Pages 79 - 98)

To consider the Treasury Management Annual Report for 2014/15.

8. **Agency Worker Contract Procurement** (Pages 99 - 106)

To consider arrangements for the re-tendering of this contract on a collaborative basis with Cheshire West and Chester Council, ANSA, and CoSocius.

9. **Recycling of Food Waste Through Anaerobic Digestion** (Pages 107 - 114)

To consider the development of a dry anaerobic digestion plant.

10. **Integrated Lifestyle and Wellness Support System** (Pages 115 - 134)

To consider a short and medium term approach to securing integrated lifestyle and wellness support services for the residents of Cheshire East.

11. **Peter Mason Leisure Centre Redevelopment Update** (Pages 135 - 146)

To consider a report on the progress in redeveloping the leisure centre in Congleton.

12. **Crewe Town Centre Royal Arcade Redevelopment Scheme** (Pages 147 - 162)

To consider the procurement of a development partner for the redevelopment of all or part of the Royal Arcade site, and the process to be followed.

13. **Council Support for Cheshire Neighbours Credit Union** (Pages 163 - 168)

To consider future financial support for the Credit Union.

14. **Policy for the Support to Infrastructure Organisations for 2015/16**
(Pages 169 - 180)

To consider the Policy for the Support to Infrastructure Organisations and to pay the funding grants to the organisations listed.

This page is intentionally left blank

CHESHIRE EAST COUNCIL

Minute of a meeting of the **Cabinet**
held on Tuesday, 21st July, 2015 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors A Arnold, Rachel Bailey, J P Findlow, L Gilbert, P Groves,
D Stockton and S Gardiner (deputising for Cllr J Clowes in a non-voting
capacity)

Members in Attendance

Councillors Rhoda Bailey, P Bates, C Browne, S Carter, T Dean, S Edgar, R
Fletcher, D Hough, J Macrae, R Menlove, B Moran, D Newton, J Rhodes and
G Williams

Officers in Attendance

Mike Suarez, Caroline Simpson, Heather Grimbaldeston, Anita Bradley,
Brenda Smith, Judith Tench and Rachel Graves.

All present stood for a minutes silence in respect of the tragic events at
Bosley Mill.

14 APOLOGIES FOR ABSENCE

Apologies were received from Councillor J Clowes.

15 DECLARATIONS OF INTEREST

Councillor D Brown and Councillor J P Findlow declared a pecuniary
interest in relation to Item 6 – Outside Organisation Arrangements 2015-
2019. Both declared that they would take no part in the discussion on that
item and would also abstain from voting.

16 PUBLIC SPEAKING TIME/OPEN SESSION

A number of speakers spoke in relation to the Local Plan Strategy. Peter
Yates spoke about the arrangements whereby Cabinet, and not Council,
was taking the decision in question, and commented on the scale of
growth proposed in the Plan. The Leader responded to the effect that legal
advice had confirmed the decision was a responsibility of Cabinet.

Sue Helliwell spoke about development at Alsager, and the Leader
responded.

Sylvia Dyke welcomed the highways report and requested that a report be made on the Valley Brook area. The Leader noted her comments.

Mr Roden and Patricia Moody spoke in relation to the Gypsy and Traveller Transit Site at Cledford Lane and the use of s106 money to develop the site. The Leader invited both to meet with him to discuss these issues.

17 **QUESTIONS TO CABINET MEMBERS**

There were no questions to Cabinet Members.

18 **MINUTES OF PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting held on 30 June 2015 be approved as a correct record.

19 **OUTSIDE ORGANISATION ARRANGEMENTS 2015-2019**

Cabinet considered a report on nominations to Category 1 outside organisations.

Category 1 appointments had been allocated to Cabinet to make. These appointments were to top level strategic organisations at national, regional and local level. Details of the appointments being considered were detailed in the Schedule attached to the Report.

Appointments would be made for the duration of the Council, which was 2015-2019, although it may sometimes be necessary or desirable for them to be reviewed during that time in order to take into account changes for vacancies that may arise.

The three stock Transfer Housing Associations – Peaks & Plains, Plus Dane and Wulvern, were seeking approval to a range of proposed rule changes. The details of these changes were set out in the Appendix to the Report.

RESOLVED: That

- 1 the current approach to appointing to outside organisations be continued and the casual vacancy procedure be used in event of changes in the mid-term period.
- 2 the Schedule of Appointments attached to the Report be approved, and that the appointments run until such time as the Council's representation is reviewed following the election of the new Council in 2019.
- 3 the appointments take immediate effect;

- 4 notwithstanding (1) above, the Council retain the right to review the representation on any outside organisations at any time, for any reason.
- 5 an appropriate arrangement be prepared by officers, in consultation with the Leader of the Council, which will enable nominated Members to provide feedback in respect of their work on key outside organisations, and in respect of the organisations in question.
- 6 the changes to the governance arrangements at the three stock transfer housing associations be approved.

Note: Councillors D Brown and J P Findlow took no part in the debate and did not vote in relation to this item.

20 DEALING WITH PSYCHOACTIVE SUBSTANCES/LEGAL HIGHS

Cabinet noted the report on Dealing with Psychoactive Substances/Legal Highs, which had been considered by the Cabinet Member for Communities at a meeting on 20 July 2012.

The Council was working closely with partners to look at the powers available to assist in the control of these substances, including the new tools and powers within the Anti-Social Behaviour Crime and Policing Act 2014.

It had been recommended that the Council contact retailers who had been identified as selling legal highs or alleged to have sold them. As a follow up to a number of visits already made by Trading Standards to these retailers, it was proposed that a formal letter, signed by the Council and Cheshire Constabulary, be served in person on the relevant premises. The letter would remind them of their obligations around the sale of these products with various warnings attached.

At the meeting the Cabinet Member for Communities had resolved:

- “1 that approval be given to continued joint work with partners to develop a joint approach using current tools and powers, to tackle the supply of legal highs and address any community impacts.
- 2 that the Head of Communities, as Chair of Safer Cheshire East Partnership, sends out a joint letter with the Police to premises believed to be selling legal highs, as exemplified in Appendix 2
- 3 that Cabinet notes the commitment to dealing with this issue”.

RESOLVED:

That the decisions of the Cabinet Member for Communities be noted.

21 ANTI-SOCIAL BEHAVIOUR CRIME AND POLICING ACT 2014

Cabinet noted the report on the Anti-Social Behaviour Crime and Policing Act 2014, which had been considered by the Cabinet Member for Communities at a meeting on 20 July 2012.

The report sought approval for the procedures for Public Space Protection Order and Community Protection Order, which were detailed in Appendix 1 to the report, as there was a current demand for these two powers. Fines for breach of both of these powers could entail a Fixed Penalty Notice of up to £100, which once paid would discharge the individual of the offence. It was suggested that the maximum fine of £100 be set without a lower rate for earlier payment

At the meeting the Cabinet Member for Communities had resolved:

- “1 That approval be given to the procedures set out in Appendix 1 of the report to enable the Council to use these powers effectively and swiftly.
- 2 That approval be given to the setting of Fixed Penalty Notice for breaches of these two powers (Public Space Protection Order and Community Protection Order) at a set fee of £100 (maximum fine).
- 3 That Cabinet be asked to note the decision.”

RESOLVED:

That the decisions of the Cabinet Member for Communities be noted.

22 CHESHIRE EAST LOCAL PLAN STRATEGY

Cabinet considered a report on the Cheshire East Local Plan Strategy.

In November 2014, the Inspector appointed to examine the Local Plan Strategy provided the Council with interim views on the soundness and legal compliance of the submitted Local Plan Strategy. On 15 December 2014, the Inspector formally suspended the examination of the Local Plan Strategy to allow the Council to undertake the additional work to address the concerns he raised about the soundness of the Local Plan Strategy in his interim views.

Further work had been carried out within a tight timescale set by the Inspector. The Council established a taskforce of Councillors and officers

to oversee the necessary work, under the leadership of former Councillor Peter Raynes.

The report presented the output of the additional work undertaken during the suspension period which supplemented Local Plan evidence base and requested Cabinet to endorse the suggested revisions to be submitted to the Local Plan Strategy for the Inspector's consideration.

The proposed revisions reflected the changing economic context of Cheshire East and the impact on housing requirement. The suggested revisions did not involve any change to the overall Local Plan Strategy and therefore, fundamentally, it was the same Local Plan supported by an updated evidence base.

At the start of the Local Plan period the nation remained in the grip of the deepest recession for decades. This inevitably coloured the critical assumptions about future growth, development and migration. By 2015 the economic climate had changed and this enabled the Council to move forward with greater assurance of future prosperity.

The additional evidence reflected the changing context with the economic projection moving from 0.4% to 0.7% growth rate. As the economy continued to recover the Council was better able to gauge future potential. In turn the latest demographic data, combined with more optimistic projections for in-migration created a fuller picture of the likely pattern of the workforce and population. It could be said that the Council had not set the target high enough and should have aimed for 0.9% growth or higher. The Council believed that the projections should be based on growth in the private sector and in the context of more efficient public sector and therefore was set at a realistic deliverable position which was 0.7%.

This then drove the need for an uplift in housing numbers – 36,000 homes over a 20 year period, importantly incorporating accommodation for the Borough's ageing population. Additional work to update the Green Belt Assessment and additional highway studies then informed an amended spatial distribution of development.

The updated evidence basis justified the suggested revisions to the submitted Local Plan Strategy. These revisions, along with the full suite of evidence would be submitted to the Inspector by the end of July.

RESOLVED:

That Cabinet endorse the additional evidence and the suggested revisions to the submitted Local Plan Strategy for publication, additional stakeholder engagement and submission, as set out in Appendices 1-9 to the Report.

23 CHESHIRE EAST DOMESTIC ABUSE COMMISSION

The Cabinet considered a report on the Cheshire East Domestic Abuse Commission.

The Council was committed to tackling the cause of harm and had a zero tolerance approach to domestic abuse and did everything that it could possibly do to prevent, protect and provide for those people affected in Cheshire East. The Council worked with partners to move towards a vision of safer families, relationships and communities, as set out in the multi-agency three year Domestic Abuse Strategy developed through the award winning multi-agency Cheshire East Domestic Abuse Partnership.

Currently the Council separately commissioned services for adults and child victims and funds some support for perpetrators to change their behaviour. The end of two major contracts provided an opportunity to streamline funding to procure a service which would deliver an accessible, integrated and co-ordinated whole family response.

It was proposed to tender out this service as there were many organisations in the community, voluntary and faith sector in particular who had great knowledge and experience in these issues. As part of the procurement process the market would be asked to engage in a competitive dialogue procedure to explore what they were able to offer. A service specification had been developed for this more comprehensive and integrated service, including contributions from Adults and Children's Services already agreed, with a small steering group established to oversee the procurement process. Stakeholders had been consulted and had provided input into the procurement process and would work alongside the commissioned services and refer into it. However, the work being commissioned by and the contract would be in the name of the Council.

RESOLVED: That

1. approval be given for a competitive dialogue procurement process of a whole family domestic abuse service and delegated authority be given to the Director of Children's Services to enter into a contract with the preferred supplier.
2. authorisation be given for the permanent virement of £550,000 (full year effect) from Adults to Children's to align all of the financial resources for this procurement into one place.

24 ADULT SOCIAL CARE - CARE ACT POLICY REVIEW

Cabinet considered a report on the Adult Social Care - Care Act Policy Review.

The Director of Adult Social Care and Independent Living stated that the report had been written before the Government's announcement that the cap on care costs would now not be implemented until 2020. Whilst the report did mention the cap on care costs, the recommendations in the report were not affected by this announcement.

The Council had implemented the Care Act in April 2015. The Act brought together multiple guidance, advice and statutory duties into a single piece of legislation. One of the underlying themes was 'fairness' to local residents.

The principle of fairness was one which the Council had carried through into a review of fees and charges for care and support. Care and support included help for adults of all ages with things like washing, dressing, eating, getting out and about and keeping in touch with friends and family as well as technology solutions (referred to as Telecare) to keep people safe.

A consultation had been held between December 2014 and 25 January 2015 on 9 key areas of proposed changes to the charging policy. The proposed changes including the rationale and impact were detailed in Appendix 1 to the Report and a summary of the consultation responses were attached at Appendix 2.

Following analysis of the responses, Cabinet approval was sought to implement eight of the proposals in August 2015 and that the proposal to implement charging for carers be rejected.

RESOLVED:

That the proposed changes to charging policy, as set out in Appendix 1, be approved.

25 DEVELOPMENT OF A CHESHIRE EAST GYPSY AND TRAVELLER TRANSIT SITE

Cabinet considered a report on the development of a Cheshire East Gypsy and Traveller Transit Site.

The absence of transit provision in Cheshire East was preventing the Police from using their powers under section 62 of the Criminal Justice and Public Order Act 1994 to direct Travellers to a more suitable site. This was resulting in Cheshire East experiencing unprecedented levels of unauthorised encampments across the authority, with 81 recorded in 2014, a significant increase on previously levels recorded.

On 15 April 2015 planning permission was granted to develop Cledford Hall, Middlewich as a transit site, which would allow the Police to make use of their powers and deliver significant benefits to the community including reducing the number of unauthorised encampments; dealing with

unauthorised encampments more quickly and effectively; improving health outcomes by providing safe, clean facilities for the Gypsy and Traveller community, and reducing anti-social behaviour resulting in improving relationships with the environment for local communities and businesses.

Whilst Cledford Hall provided the Council with the opportunity to develop a much needed transit site, it also enabled the preservation of the listed barn, bringing it back into use, preserving its heritage and providing offices and meeting room facilities for wider community benefit.

To enable the transit site to be ready by August 2016 Cabinet approval was sought to progress to the construction stage of the project.

RESOLVED: That

- 1 approval be given for the progression of the project to enable the scheme to be developed in line with the capital budget identified within the 2014-18 capital programme.
- 2 delegated authority be given to the Executive Director of Economic Growth and Prosperity, in consultation with the Portfolio Holder for Housing and Planning, to enter into a construction contract with the preferred bidder and make related decisions to deliver the Cledford Hall project.

26 **SKILLS & GROWTH COMPANY - ASDV**

Cabinet considered a report on the creation of a Skills and Growth Company.

A full review of the Council's skills and growth services was proposed with a view to creating an arms-length Alternative Service Delivery Vehicle that would improve services to residents and businesses, grow income and reinvest profits. It was considered that, linked with Cheshire East's strong economic potential, a Council-owned company could improve the labour market function and business productivity, maximise growth in high value employment and enable more residents to access jobs, reducing long term unemployment and NEETS.

By bringing employers closer to training and skills providers at a local level, it would be possible to realise economies of scale, address skills shortages and develop employment opportunities, ensuring every resident had the opportunity to work, and every business had the opportunity to thrive.

The Borough was already home to a highly skilled workforce, strong labour demand, employment rates that were significantly above regional and national averages, and low levels of unemployment. However, there remained pockets of deprivation and high levels of unemployment in defined areas where there was a need to deliver targeted intervention

programmes. Establishing a collaborative and integrated skills and growth gateway would help tackle long-term unemployment and increase the productivity of businesses.

Cabinet approval was sought to proceed with a review of the skills and growth services in the Council with a view to establishing a council owned company.

RESOLVED: That

- 1 approval be given for a service review and options appraisal to deliver an integrated Skills and Growth vehicle.
- 2 delegated authority be given to the Portfolio Holder for Regeneration and Assets, in consultation with the other relevant Portfolio Holders, the Head of Legal Services and the Chief Operating Officer, to implement the outcomes of the options appraisal included but not limited to the creation of an skills and growth company, authority to enter into all necessary governance arrangements and arrangements with other Council owned and controlled companies, subject to a detailed business case being endorsed by both TEG and EMB in accordance with the Council's Constitution.
- 3 such authority also to include entering into all necessary contractual arrangements including but not limited to operating agreements, buy back agreements, leases, licences and guarantees, and all TUPE provisions, together with undertaking the necessary staff engagement.
- 4 delegated authority be given to the Chief Operating Officer as Section 151 Officer and the Head of Legal Services to undertake all necessary and consequential action arising from the above recommendations including but not limited to entering into any necessary documentation.

27 STRATEGIC ASSET MANAGEMENT PLAN

Cabinet considered a report on the Strategic Asset Management Plan.

The Council had a land and property portfolio worth over £485m; a net asset management budget of £17m and an annual capital building programme of approximately £15m-£20m. It was also one of the largest business rate payers in the Borough. It was a priority that an assets review reduced this liability, to enable funds to be diverted back into front line services. The Council had already reduced its business rate liability over the past 18 months through a strategic review of the estate and land building disposal, by over £500k, and the accelerated rationalisation programme would challenge this even further.

It was essential that the Council continued to drive value for money into its use of assets and provide innovative solutions for reducing the total spend on running costs of buildings and holding costs of properties.

Through the newly created Regeneration and Growth Team, assets would be used to increase business rates into the Borough, creating inward investment and growth opportunities. The asset rationalisation would also make a significant contribution to finding suitable housing sites for the Borough. The development company Engine of the North also had a significant role in rationalisation of the Council's estate and would bring strategic sites to the market to encourage economic growth.

The current Strategic Asset Management Plan was produced shortly after the creation of Cheshire East Council and was now in need of thorough revision in order to reflect the changed circumstances in which the authority was now operating.

Independent consultants Montagu Evans were commissioned in May 2014 to deliver a fully refreshed strategy and delivery plan. Cabinet approval was sought for the new Strategic Asset Management and Delivery Plan.

RESOLVED: That

- 1 the new Strategic Asset Management and Delivery Plan be approved; and
- 2 officers be authorised to implement the Plan subject to the need to get Members authority for key and other major decisions.

28 **WINTER SERVICE FLEET**

Cabinet considered a report on the Winter Service Fleet.

The Winter Service Fleet was one of the Council's most visible front line services that significantly enhanced the safety of the roads during adverse weather events. The Highway Winter Service treated approximately 40% of the total highway network throughout the winter period to ensure that residents and businesses could continue to utilise the transport network even during extreme weather events. To achieve this the service used the Council's dedicated gritting fleet of 20 bulk gritters to treat 17 pre-defined gritting routes, leaving 3 spare gritters to provide resilience for the service.

The fleet management function had been transferred as part of a range of services to ANSA. Following success in other areas which had transferred the responsibility for fleet management, the Council was giving further consideration to the Authority's previous stance on whether ownership of the winter service fleet should remain with the Council or whether it should become a matter for the service provider.

The Highways Service Contract specifically stated that the Council retained ownership of the fleet and therefore for this to change, within the service period of the contract, it would require a formal amendment to the contract.

The highways service provider Ringway Jacobs had proposed that if the management of the fleet was to be transferred in to the contract, they would provide a full replacement fleet for Cheshire East Council and using this procurement route would enable the Council to benefit from the relationships Ringway Jacob, and the wider Eurovia Group had with the suppliers of this specialist equipment.

Allowing Ringway Jacobs to procure a new fleet would eliminate the need for the existing fleet to receive a summer maintenance overhaul, saving the Council £470k and in also in-season maintenance costs during the 2015/16 season, which based on the previous season's costs was likely to be in the region of £330k.

RESOLVED:

That the option of transferring the winter service fleet into the Highway Services Contract, including allowing the Service Provider to lead on the procurement of a new fleet, subject to confirmation of obtaining best value for money compared to alternative options, be supported, with the final decision delegated to the Chief Operating Officer in consultation with the Finance Portfolio Holder.

29 2014/15 FINAL OUTTURN REVIEW OF PERFORMANCE

Cabinet considered a report on the 2014/15 Final Outturn Review of Performance.

The final outturn showed an underspend of £0.7m (0.3%) against a budget of £253.8m.

A number of Alternative Service Vehicles had been established in 2013 and 2014. This would result in the Council publishing its first set of Group Accounts for 2014/15 to consolidate the accounts of the Council with the accounts of the wholly or partly owned companies of the Council.

In addition to a strong financial performance the Council could reflect on a large number of operations successes throughout 2014/15 – these included

- Creating a wholly owned company to provide Transport Services
- Significant investment to develop the local economy including roads and broadband infrastructure
- Construction of Crewe Lifestyle Centre
- Moving forward the University Technical College scheme
- Exploring options to develop Macclesfield Town Centre

- Continuing to have over 93% of schools classified as Good or Outstanding
- Creating an Alternative Service Delivery Vehicle to provide a range of professional services such as Building Control and Structural Appraisal.
- Maintaining the highest recycling rates in the North West
- Implementation of the Care Act
- Achieving a record number of adopters and being recognised for a national award.

Annex 1 to the report set out further details of how the Council had performed in 2014/2015. It was structured into three sections:

- Section 1 Summary of Council Performance
- Section 2 Financial Stability
- Section 3 Workforce Development

The Corporate Scrutiny Committee at its meeting on 9 July 2015 had considered the 2014/15 Final Outturn Review of Performance and the Committee's observations were reported at the meeting.

RESOLVED: That Cabinet

- 1 notes the final outturn review of 2014/15 performance, in relation to the following issues:
 - the summary of performance against the Council's 5 Residents First Outcomes (Section 1)
 - the 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 196 to 207 and Appendix 4)
 - fully funded supplementary capital estimates and virements up to £250,000 in accordance with Finance Procedure Rules (Appendix 5)
 - reductions to Capital Budgets (Appendix 8)
 - treasury management investments and performance (Appendix 9)
 - the Council's invoiced debt position (Appendix 11)
 - use of earmarked reserves (Appendix 12)
 - the workforce development and staffing update (Section 3)
- 2 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)
- 3 recommends that Council approve:

- fully funded supplementary capital estimates and virements above £1,000,000 in accordance with Finance Procedure Rules (Appendix 7)
- the creation of earmarked reserves of £4.9m as set out in Appendix 12.

The meeting commenced at 2.00 pm and concluded at 3.20 pm

Councillor M Jones (Chairman)

This page is intentionally left blank

CHESHIRE EAST COUNCIL

CABINET

Date of Meeting:	29 September 2015
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	2015/16 First Quarter Review of Performance
Portfolio Holder:	Cllr Peter Groves, Cllr Paul Findlow

1. Report Summary

- 1.1. This report sets out the Council's financial and non financial performance at the first 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. Permanent savings of £5m in management costs have been achieved from 2013/14 to 2014/15.
- 1.2. The first 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 efficiency, removing any duplication of effort, making reductions in management costs, 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 first quarter review the Council's reserves strategy remains effective, with a modest overspend of £0.9m being forecast. This represents a variance of only 0.4% against the net budget of £246.6m. This is the nearest forecast position to budget ever reported for the Council at this stage in the financial year, and as in previous years work is underway to achieve a balanced position by the end of the financial year.
- 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. The complexity of customer demands and the size of the organisation make it very important to manage performance and control expenditure to ensure the best outcomes for residents and businesses. The Council's response to these issues has seen the development of Alternative Service Delivery Vehicles since 2013. In Quarter One, examples of good performance were:

- Managing the efficient delivery of local and national elections in May
- Over 78,000 homes and businesses (96%) now covered by fibre broadband
- Over 2,000 customers now signed up to Fairerpower energy scheme

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 in the first quarter 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. Recommendation

2.1 Cabinet is asked to consider and comment on the first 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 170 to 179 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**);
- the establishment of a new earmarked reserve for Early Intervention Initiatives by a transfer of £0.5m from general balances (**Section 2, paragraph 197**)

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 first quarter stage, the Council's reserves strategy remains effective with a modest forecast overspend of £0.9m (0.4%) 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 will be fed into the assumptions underpinning the 2016/19 medium term financial strategy.

7.2. Legal Implications

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

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 1 and predicts the year end position. Any equality implications of the issues and activities being reported on will be managed by the relevant service.

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 1 and predicts the year end position. Any HR implications of the issues and activities being reported on will be managed by the relevant service.

7.7. Public Health Implications

7.7.1. This report is a backward look at Council activities in Quarter 1 and predicts the year end position. Any public health implications of the

issues and activities being reported on will be managed by the relevant service in consultation with the Public Health Team.

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 will be used to inform 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 2015/16 financial scenario, budget and reserves strategy.

9. Contact Information

Contact details for this report are as follows:-

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

This page is intentionally left blank



First Quarter Review of Performance 2015/16

September 2015

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 first quarter, the Council's reserves strategy remains effective, with a modest forecast overspend of £0.9m (0.4%) against a budget of £246.6m. This is the nearest 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 changes to the Original Budget.
- **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.

PJ Bates

Peter Bates CPFA CIPD MBA

Chief Operating Officer (Section 151 Officer)

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

Contents

Introduction.....	- 1 -
2015/16 Revenue Forecast – First Quarter Review Summary.....	- 4 -
Overview	- 5 -
Section 1 Summary of Council Performance	- 7 -
Section 2 Financial Stability	- 22 -
Section 3 Workforce Development	- 31 -
Appendices	
Appendix 1 – The Three Year Council Plan	- 34 -
Appendix 2 – Changes to Revenue Budget 2015/16 since Original Budget	- 35 -
Appendix 3 – Corporate Grants Register	- 36 -
Appendix 4 – Summary Capital Programme and Funding	- 39 -
Appendix 5 – Approved Supplementary Capital Estimates and Virements up to £250,000.....	- 41 -
Appendix 6 – Request for Supplementary Capital Estimates and Virements over £250,000	- 44 -
Appendix 7 – Request for Supplementary Capital Estimates and Virements over £1m.....	- 45 -
Appendix 8 – Capital Budget Reductions.....	- 46 -
Appendix 9 – Treasury Management	- 47 -
Appendix 10 – Requests for Allocation of Additional Grant Funding	- 51 -
Appendix 11 – Debt Management	- 54 -
Appendix 12 – Earmarked Reserves	- 55 -

2015/16 Outturn Forecast at First Quarter Review - Financial Position

2015/16 First Quarter Review (GROSS Revenue Budget £611.0m)	Revised Budget (NET) £m	Emerging Pressures £m	Remedial Actions Identified to Date £m	Current Forecast Over / (Underspend) £m	For further information please see the following sections
Children & Families	43.3	1.8	-1.4	0.4	Section 1 - Paragraphs 82 - 84
Adult Social Care & Independent Living	95.1	7.3	-6.3	1.0	Section 1 - Paragraphs 134 - 137
Public Health	0.0	0.0		0.0	Section 1 - Paragraphs 115 - 116
Commissioning Services:				0.0	
Leisure	2.1	0.0		0.0	Section 1 - Paragraph 117
Environmental	28.8	0.2		0.2	Section 1 - Paragraphs 102 - 103
Bereavement	-1.3	0.0		0.0	Section 1 - Paragraph 104
Highways	11.1	0.0		0.0	Section 1 - Paragraph 57
Transport	14.7	0.5		0.5	Section 1 - Paragraphs 54 - 56
Building Control etc	1.7	0.0		0.0	
Communities	9.2	0.9	-0.6	0.3	Section 1 - Paragraphs 15 - 19
Economic Growth & Prosperity	6.4	-0.1		-0.1	Section 1 - Paragraphs 37,53,64-66,90
Chief Operating Officer	39.2	-1.4		-1.4	Section 1 - Paragraphs 138 - 139
Total Services Net Budget	250.3	9.2	-8.3	0.9	
CENTRAL BUDGETS					
Specific Grants	-18.9	0.0		0.0	Section 2 - Paragraphs 146 - 150
Capital Financing	14.0	0.0		0.0	Section 2 - Paragraphs 180 - 188
Transfer to Earmarked Reserve	0.2	0.0		0.0	Section 2 - Paragraph 200
Corporate Contributions	1.0	0.0		0.0	Section 2 - Paragraph 189
Total Central Budgets	-3.7	0.0	0.0	0.0	
TOTAL NET BUDGET	246.6	9.2	-8.3	0.9	
		Planned Contribution	Forecast Variance	Impact on reserves	
		2015/16	Quarter 1	Quarter 1 Forecast	
		£m	£m	£m	
Impact on Reserves		-2.2 *	-0.9	-3.1	
	*Increased from £1.7m by in-year transfers to earmarked reserves				
General Reserves Balance		2015/16 Budget		Quarter 1 Forecast	
		(estimated) £m		£m	
Opening Balance April 2015		14.2	Actual	14.7	
2015/16 Impact on Reserves (see above)		-1.7	Forecast	-3.1	Section 2 - Paragraphs 194-199
Closing Balance March 2016		12.5	Forecast	11.6	

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 Best Place to Live in the Northwest

1 ~ Our local communities are strong and supportive

- Continuing to be an enforcing Council through:
 - Successful prosecutions of rogue traders and those selling fake goods
 - Tackling youth crime.
- Commemorating the First World War.
- Promoting volunteering.
- Managing the national and local elections in May 2015.
- Low school absence levels compared to the national average.

2 ~ Cheshire East has a strong and resilient economy

- Supporting the creation of 212 jobs, continuing to attract businesses to the area and promoting expansion of those already in the borough.
- Promoting tourism and continuing the success of Tatton Park.
- Taking forward change and improvement in Macclesfield Town Centre.
- Working on Crewe Town Centre Regeneration and asking for the views of residents. Pushing ahead with construction of Crewe Lifestyle Centre.
- Maintaining green space.
- Increasing apprenticeships and progressing the University Technical College scheme.
- Significant investment to develop the local economy including roads and broadband infrastructure. Supporting HS2.
- Reviewing rural transport provision.

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

- Continuing to have over 93% of primary and 90% of secondary schools classified as Good or Outstanding.
- Successful focus on reducing NEETs (best in the North West) including cared for children.
- Improving feedback methods for clients and making information available on mobile devices.
- Managing a month-long service-wide Ofsted inspection.

4 ~ Cheshire East is a green and sustainable place

- Driving forward the production of an updated Local Plan.
- Progress in determining major planning applications but scope to improve for minor applications. However, volumes remain an issue.
- Pushing forward the Waste Strategy, reducing landfill and exploring options around food waste to maintain strong recycling rates.
- Investing in renewable technologies to reduce carbon emissions.
- Introducing cheaper energy deals for every resident that takes part in the scheme. Investigating geothermal energy options.

5 ~ People live well and for longer

- Maintaining a range of services, and working with Health partners, to help people stay independent through technology, adaptations etc.
- Helping to increase the number of affordable homes and to reduce homelessness.
- Developing a joint service approach to vulnerable people.
- Managing an expected reduction in public health funding while continuing to establish new contracts and fund transformation projects.
- Organising local accommodation for cared for children.
- Promoting and improving leisure facilities.

FINANCIAL STABILITY

- **Investment income** is £112,000 higher than budget at Quarter 1. The average rate earned on investments (0.92%) is higher than the London

1. Summary of Council Performance

Introduction

- 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:

	Cheshire East	Rural East Riding of Yorkshire	Urban Liverpool
	£	£	£
Grants	335	391	838
Council Tax	453	387	252
Total	788	778	1,090

- 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.
- This report reflects activity that has taken place mostly in the period April 2015 to June 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

- The Regulatory Services and Health service supported a nomination for the Trading Standards Institute (TSI) Hero award after a local care work stepped in to help an elderly resident who was targeted by a rogue trader. As a result of swift action and involvement by the Investigations team the trader was arrested and the case file passed for prosecution. The care worker won the 2015 Hero Award which was presented at the TSI conference in June.
- The Environmental Health, Licensing and Investigations team supported police action to request a review of a premises licence in Alsager as a result of noise, anti-social behaviour and under age sales. Following a Licensing review hearing the premises' licence was revoked.
- Operation Hebe was a joint venture with various enforcement agencies during June 2015 and included a police stop of traders travelling the Cheshire East area. The event afforded the opportunity to provide trader advice packs, check trader assurance claims, identify traffic offences and gather a wide range of intelligence to support national networks.
- Cheshire East had a successful prosecution of a local businessman who had set up a side-line business from his tanning shop for the sale of fake goods. Officers removed 74 items from the shop including fake Barbour, Chanel and UGG products. The prosecution led to fines of £8,500 and 150 hours of unpaid work.

8. The Children's Survey to monitor attitudes and behaviour of young people in relation to alcohol and cigarettes has been completed for the North West region. The cut down version for Cheshire East is now awaited and will be used for programming work. The findings will also be shared with other relevant services within the authority who may have use of the data.
9. Figures released during quarter one indicate a very slight increase (five young people) in the number of first time entrants to the youth justice system. However, this figure was at an all-time low in the previous quarter and remains a significant reduction against the baseline of 177 in June 2012. This is due to the excellent early intervention of the multi-agency Youth Engagement Team preventing youth crime.
10. Targeted work has been undertaken in schools where there are high incidences of persistent absenteeism, and where there are pupils receiving alternative provision. Persistent absenteeism in Cheshire East primary schools has fallen significantly since 2011 from 4.3% to 2.8% in 2015 and is better than the national figure. In Secondary schools, persistent absenteeism is 5.7%, which is also better than the national figure.

Communities

11. The First World War commemorations continue through the Cheshire East Reflects (CER) programme, and prize-givings have been held at all winning schools for the CER schools writing competition.
12. A wreath laying ceremony took place in Congleton to commemorate Gallipoli. The Battle of Waterloo was also marked by the Council by staging a walk / run up to White Nancy in Bollington, in addition to providing support to the Bollington Waterloo Festival. Victory in Europe was commemorated at three events taking place at Tatton, Macclesfield and Crewe.

13. The Public Rights of Way (PROW) team are working with East Cheshire Ramblers to increase the number of countryside volunteer days with a long term project in the Kettleshulme area. 284 volunteer days have been worked with the Countryside Rangers. 133 volunteers are signed up with and carry out work with the PROW team. Up to and including mid July 2015 there have been 1,436 volunteers days worked across all sites at Tatton Park.
14. There were 1,380 leisure services volunteer hours recorded during the first quarter. Although slightly down on last year, there was a significant contribution in volunteering during 2014/15 arising from the Commonwealth Games Baton visit to the Borough.
15. There is an overall budget pressure forecast for Communities of £0.3m.
16. £0.1m of the pressure relates to 2015/16 business planning proposals for Pest Control and Trading Standards Investigations. These may not be met fully in year due to potential restructuring costs and a delay in implementing the pest control options.
17. There is a further pressure of £0.1m on 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.
18. There continues to be pressures on car parking income this year of £0.1m mainly due to reduced levels of fines income from previous years and lower pay and display income resulting from issuing refunds to customers at Nantwich pool. There is also an anticipated cost pressure in car parking of £0.1m resulting from additional gritting costs.
19. These pressures have been partially offset by a forecast underspend of £0.1m in Local Community Services. This arises mainly from additional court cost income from council tax and reduced spend within the Benefits fraud team.

Civic Pride

20. The Council supported efficient delivery of local and national elections in May 2015, with overall Cheshire East voter turnout for Parliamentary elections at 69.27%, an increase from 68.03% in 2010.
21. Social media presence continues to increase, engaging with over 11,400 Twitter followers by the end of the first quarter; more than twice the number who followed the @CheshireEast account at the start of the Council's 3-year plan.

2 ~ Cheshire East has a strong and resilient economy

Business and Visitor Economy

22. To date, the Investment service has supported the creation of 212 new jobs through the Business Engagement and Inward Investment programme with the potential to deliver a £18.4m up lift in Gross Value Added (GVA) output. The existing pipeline of prospects suggests that the service is on track to reach its job creation target for 2015/16 of 800 new high value jobs.
23. 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).
24. Silk Heritage Trust transition programme is ongoing. Consultants have been appointed. Interim reports are due in September.
25. The Macclesfield Heritage and Culture Strategy group is progressing. A meeting was due to be held on the 4th August with

Heritage Lottery Fund to discuss a whole town approach to heritage projects in the town, in order for individual applications to be progressed.

26. The Tatton Vision programme of investment is ongoing and will result in a continued increase in a sustainable income base. In quarter one work has been ongoing in particular around the Stableyard area, completion of the Tenants Hall refurbishment work as well as preparing a strategy to deal with Phase 2 of the Tatton Vision through consultants due to deliver a report by November 2015. Green Flag awards achieved for Brereton Heath, Teggs Nose and Tatton Park. In addition Tatton Park has been awarded Green Heritage accreditation.
27. The bid to the Heritage Lottery Fund for second round funding of Tatton Dale farm's 'Field to Fork' project will be submitted by the end of August 2015. A decision is due at the end of November 2015. If successful this three year, £1.4m project will start early 2016, with the new proposition opening to the public in 2017.
28. Tatton Park has been awarded with the prestigious Sandford Award for the eighth consecutive time. This award is given as a reflection of the high standard of education provision at Tatton Park.
29. Cabinet approved the draft Crewe Town Centre Regeneration Delivery Framework as the basis for consultation at their meeting in April, which sets out plans for the regeneration of a number of key sites across the town centre.
30. Informed by the Regeneration Delivery Framework, the Council also completed on the acquisition of the Royal Arcade site and have invited Expressions of Interest from interested developers for the redevelopment of all or part of the Royal Arcade site to further support the regeneration of the town centre.
31. The Council embarked on a major consultation with local residents and businesses seeking views on the future of Crewe Town

Centre. Due to close on 31st July, 'Your Town, Your Choice – Crewe' is seeking input on a range of key issues vital to the future of the town centre.

32. Smarter shop fronts boost trade for dozens of Macclesfield businesses, and the Council is now planning to initiate Phase 2 of the successful Shop Front Improvement Scheme, to concentrate on Lower Mill Street and Park Green area properties.
33. Macclesfield Waters Green / Middlewood Way improvements are now underway (from £300,000 of capital funding) to improve this area of anti-social behaviour.
34. Macclesfield Sparrow Park improvements scheme to restore and enhance this town centre green space that has suffered from years of neglect (from £300,000 of capital funding) is underway.
35. Benchmarking studies are being undertaken on Macclesfield car parks, empty shop units in the town centre and Grosvenor Centre car park and market.
36. Work is currently underway to develop an iBrochure for Macclesfield town centre to publicise vacant shop units to businesses looking to locate in the area. Aimed at reducing vacancy rates in the town, this initiative is jointly funded by the Council, property agents and owners of town centre retail properties in Macclesfield town centre.
37. Visitor Economy service is predicting a £0.1m budget pressure due to the level of risk in delivering their savings target in 2015/16.

Workforce

38. Further work is being commissioned and expansion of our partnership approach is being implemented, to increase the number of apprenticeships on offer.
39. A review of how the skills and growth agenda is being delivered is currently underway. This will ensure the way these services are delivered moving forward will enable Cheshire East to have a better skilled and qualified workforce to meet the needs of our current and future employers.
40. Work continues with adult skills providers to increase the number of adults with NVQ Level 3 qualifications.
41. In collaboration with Manchester Metropolitan University (MMU) and Bentley, a Headteacher has now been successfully appointed for the University Technical College (UTC). Transfer of buildings is in process with an expected handover date of 4th December 2015.

Infrastructure

42. The 'Connecting Cheshire' Project has now passed over 78,000 homes and businesses with fibre broadband, taking overall coverage to 96%.
43. Fibre Guys campaign has continued to successfully drive take-up which has now risen to 21% by the end of June, one of the highest and fastest in the country. The campaign has been recognised by Broadband Delivery UK as an exemplar and the campaign assets have been offered to other programmes to adopt.
44. As part of the widening of the scope of the Fibre Guys engagement campaign, a Connecting Cheshire Garden was commissioned for the RHS Flower Show at Tatton Park in July and won a Silver medal and featured in the BBC coverage of the show.

45. The Connecting Cheshire Superfast Business programme completed delivery at the end of June, exceeding targets by 12.7%. The programme provided a minimum of 12 hours business support to 935 local companies to improve their digital knowledge; equating to over 13,800 hours of active business support.
46. The Connecting Cheshire project has been successful with a funding bid into the Women and Broadband Digital Challenge Fund of £87,000. The funding will enable a joint project, in partnership with the Greater Manchester Combined Authority, which will offer support to female entrepreneurs and business owners. The project will commence delivery before September 2015.
47. Strong progress has been made on the Council's major transport schemes. The Strategic Highways Infrastructure Team continues to plan, develop and deliver major highway and transport infrastructure improvements, in conjunction with partner organisations.
48. Current Delivery Schemes include:
- Poynton Relief Road - Work is now progressing to work up a planning application with a public consultation and exhibition planned for October 2015 in preparation for the planning application to be submitted in February 2016.
 - Congleton Link Road – work is also progressing towards a planning application planned for the autumn.
 - Sydney Road Bridge – There is risk of slippage to the programme. The sign off of the Design Service Agreement (DSA) is still awaited and there are further queries to resolve with Network Rail.
 - Crewe Green Link Road - Final government funding approval has been granted and work has now commenced on site. Problems around the bridge structure are now coming to a conclusion and the contractor is still showing planned completion by December.
- A6 SEMMMS – Under construction. Discharge of Cheshire East Council planning conditions in Disley and Handforth, sketch designs are now complete. These will require public consultation in early 2016.
 - A500 J16 Pinch Point Scheme - The alleviation of congestion on the A500 at J16 of the M6 through the addition of a lane to make the section a dual carriageway. Works are now complete at J16.
 - 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 scheduled to open during summer 2015.
 - 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) – 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 and the scheme is due to complete in winter 2016/17.
49. The Council is developing an ambitious pipeline of highway and transport infrastructure schemes for future delivery. The schemes under development including:
- Middlewich Eastern Bypass
 - Crewe Bus Station – option appraisal underway
 - Crewe Green Roundabout
 - Leighton West Spine Road
 - King Street Public Realm Scheme (Knutsford)
 - Congleton Public Realm Scheme
 - M6 Junction 16-19 SMART Motorway (Highways England scheme)
50. In October 2014 there was a strong recommendation from Sir David Higgins, Chairman of HS2, that Crewe should be a North West hub for HS2 with delivery brought forward to 2027. A full

integrated station would provide 360 degree connectivity to North Wales, Liverpool and Merseyside, routes to Scotland, Greater Manchester and beyond into the Northern Powerhouse and south to Stoke, Staffordshire and on to the East Midlands and Birmingham and finally into Shropshire and Mid Wales becoming an even greater node of the national rail network linked to London and all the UK's major Airports. During quarter one the Council worked in partnership with Network Rail and Government to explore options to improve the current station and determine the next stage of the project.

51. A series of transport strategy documents have been started for Cheshire East, including input to the Cheshire and Warrington Sub Regional Transport Strategy (Phase 1), beginning a refresh of the Cheshire East Local Transport Plan, as well as continuing the drafting of more detailed documents including a Cycling Strategy and Rail Strategy.
52. The Council has received a £450,000 funding boost for rural transport in Cheshire East. This will fund the cost of undertaking feasibility studies and other groundwork to identify what scope there is for integration across passenger transport services commissioned by the public sector.
53. Strategic Infrastructure is predicting a favourable variance of £0.2m this year. Two new strategic roles in respect of the Crewe High Growth business case are now included in the staffing costs, which will be offset by the provision of some external funding and an increase in the level of Section 38 income expected in 2015/16.
54. The Transport commissioning service is currently reporting a potential pressure of £0.5m. This relates to a number of budget pressures and additional funding requested by Transport Services Solutions Limited, the Council's wholly owned company.
55. There is potential non-achievement of £0.2m of commissioner-led savings related to reduced demand from Special Education Needs (SEN) of £50,000 and Available Walking Routes of

£150,000. In addition, there are also pressures from increased demand in SEN of £238,000 and the outcome of the Arriva concessions appeal of £61,000.

56. There are ongoing discussions between the s151 Officer, Transport commissioner and the company to resolve the situation and formally agree the 2015/16 management fee. This resolution will be reported back at the next quarterly report.
57. The Highways service is reporting a balanced position against a £11.1m net budget. The Highways commissioning team continue to manage and monitor the Cheshire East Highways contract and no pressures are currently identified at this early stage of the year.

Inward Investment

58. The Business Engagement Service has identified growth opportunities with 22 of Cheshire East's top 100 accounts. Should all convert this would lead to the creation of over 600 new skilled jobs and a capital investment in plant, machinery and equipment of over £30m.
59. The Business Engagement Service also has an intensive programme of support with high growth SMEs and is dealing with 97 active opportunities to support increases in productivity and growth in job numbers.
60. The Inward Investment service is managing an active pipeline of interest from companies outside the area. This is expected to deliver 200 new skilled jobs for the area. To date the service has responded to 48 new investment enquiries.
61. Think+, an Australian technical textile manufacturer, is establishing an operation in Macclesfield. In addition, the service is working with a number of Bentley's suppliers considering relocation to the area. To promote the area Cheshire East has commissioned The

Times to coordinate a supplement positioning the area's key strengths.

62. The service is responsible for increasing income generated from Business Rates through enabling development. The service is working intensively with Cheshire Green Employment to secure finance to fund the infrastructure phase of the development which would generate additional income.
63. Estimated inward investment within Cheshire East for filming has increased from £0.6m and 61 filming days in 2012 to £2.3m and 140 filming days in 2014.
64. The Economic Growth and Prosperity Directorate is anticipating a small underspend of £0.1m for 2015/16.
65. The Growth and Regeneration Service is anticipating a balanced budget position in 2015/16. This includes the funding of strategic asset management and facilitating work associated with asset disposals.
66. The Investment Service is projecting a favourable outturn in the region of £0.2m, which is largely due to vacancy management. Funding for the Manchester Growth Fund is included in this service area for 2015/16 which is expected to be fully utilised by the year end.

Responsible Business

67. Business and Customer satisfaction with regulatory services remains high with 97% of respondents expressing satisfaction with the service they had received.
68. The Regulatory Services and Health service responded to 92% of its 1,800 service requests within five working days during the first quarter.
69. At the beginning of the year 94% of our food businesses that had been scored against the Food Hygiene Rating System scored 3

or above out of 5. Only 0.4% of business had a 0 score. 89% of all food businesses met the definition of 'Broadly Compliant' in relation to food hygiene.

70. Cheshire East now has ten Primary Authority relationships with business and two further businesses have expressed an interest in signing up. Primary Authority relationships nominate one local authority to be the Single Point of Contact for named regulatory aspects of a business irrespective of where they operate. This is a formal arrangement aimed to provide consistency of advice for regulators nationwide.
71. Cheshire East has entered into a Service Level Agreement with Stockport Metropolitan Borough Council for the third year running for the provision of animal health functions for Stockport.

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

Securing the Best Start in Life

72. The Council continued support to targeted schools and settings focussing on using and interpreting two year-old and Early Years Foundation Stage Profile (EYFSP) data.
73. The first quarter saw continued embedding of the Early Learning Development Programme and the Raising Early Achievement Literacy Programme. Pre-visit clusters were held prior to targeted (EYFSP) moderation visits.
74. Take up of the two-year-old offer continues to increase. 869 accessed the offer in the summer term. This equates to 70% of eligible two year olds compared with the national average of 63%. The higher than average take up in Cheshire East reflects the intensive support provided to parents and childcare providers.

Highest Achievements for All Learners

75. Cheshire East continues to maintain a high profile of Primary schools judged as Good or Outstanding, with over 93% falling into these categories. Recent inspections for Secondary schools has seen the percentage rise from 86% in last quarter to 90% with two further Inspections moving up from Requires Improvement (RI) to Good.
76. Work by the monitoring and intervention team has continued to focus on reducing the number of schools judged RI or Inadequate. This is now at a three year low, reducing from 15.4% of schools in October 2013, to 6.9% of schools in June 2015. Cheshire East is currently third in the national league table of schools with the highest proportion of schools that are Good or better.
77. Analysis of the pupils' achievement and progress given by Key Stage 2 tests and Key Stage 1 assessments taken in June is underway. Data for Key Stage 4 and Key Stage 5 will be available in August and will be compared with national data following its release in quarter three.

Achieve Aspirations

78. Cheshire East continues to be the best in the North West for the lowest number of young people not in education, employment and training (NEET), currently 2.8% or 315 young people. Intensive support is provided for young people through the Youth Support Service through one to one or targeted project based work. Cheshire East also has a very low number of young people whose destination is not known (currently 0.4% or 45 young people) - the best the North West. The Youth Service input around Education Health and Care has been a major development over the last 12 months, meaning increased partnership working, training, networking and statutory systems. It continues to be an area for development and challenge.
79. Cultural Economy have commissioned a programme of training and experience in Creative Industries for young people in Crewe

identified as being at risk of becoming NEET. This will be delivered through a partnership between Cheshire East Youth Theatre, Total People and HQ Theatres. Delivery will begin in September. Young people involved will gain an accredited qualification equivalent to a GCSE.

Inclusion

80. Increasing the number of cared for children in education, employment and training continues to be a priority. All destinations are currently known for cared for children; there are currently 36 cared for young people who are not in education, employment or training. New projects currently being developed include a new multi-agency NEET project and tailored career advice for the borough's cared for young people.
81. Further improvements have been made to the Cheshire East Local Offer, in order to improve residents' access to information on good quality local provision. The information Cheshire East (iCE) directory containing the Local Offer is now fully mobile responsive, meaning that residents can easily access information on local provision on the go. This also ensures that the site features highly on search engines such as Google. In addition, the iCE directory has undergone several version updates, which has increased the functionality of the site (e.g. separating service records and information pages) and improved the search function, thereby responding to feedback from local residents. Work is continuing with several other local authorities to further improve the search functionality via the introduction of a comprehensive thesaurus of search terms.
82. A £0.4m overspend is currently projected in Children and Families, which will be reduced by further ongoing remedial actions and new measures to be introduced following the end of the current service-wide, month-long Ofsted inspection. The budget is under pressure due to a number of factors, with the dominant issue being a growth in the Cared for Children population. The latest

number for this cohort is 379 which represents a 10% increase on the same point last year. The budget for 2015/16 anticipated a reduction in numbers. In addition, the issue is further exacerbated by the complexity being faced and the cost implications that this brings. This is best illustrated by the fact that one child alone cost almost £100,000 during the first quarter of 2015/16, the weekly cost being over £7,700, being the highest cost placement incurred during the lifetime of Cheshire East.

83. There remains pressure on the staffing budget with resources needed to meet the Ofsted Improvement Plan, and there also being ongoing recruitment and retention issues with the professional support cohort. As a result expenditure on Agency staff is leading to a predicted overspend on staffing budgets at this point. Further work is ongoing to increase the success of ongoing recruitment activity and, in turn, to reduce the reliance and budgetary impact of agency work. Initiatives such as Project Crewe should contribute in this area by helping social worker caseloads to reduce.
84. Whilst further remedial actions are developed ahead of Mid-Year Review to work downwards towards a balanced outturn, progress to date should be acknowledged with £2m of savings taken out, with numbers up by 10% and an overspend of only £0.4m (less than 1%) still to be resolved at this point.

4 ~ Cheshire East is a green and sustainable place

Development Management

85. The Local Plan Task Force has overseen the completion of the updated evidence for the local plan and the inspector's timetable of the end of July will be met for its submission. At its meeting on

21st July Cabinet endorsed the fresh evidence alongside suggested revisions to the Plan itself. The stage is now set for a resumption of the examination in the autumn.

86. The new building control and planning support company has successfully completed its first quarter of trading. Efforts are ongoing to improve market share for building control and overall performance for the planning support team.
87. Planning application performance for quarter one has continued with a strong and improved performance on 'Major' applications reflecting a clear focus on the high volume of large strategic schemes. 'Others' have seen a slight improvement while 'Minors' remain a priority for improvement over the coming quarters:
- N157a (majors within time) - 68%
 - N157b (minors within time) - 55%
 - N157c (others within time) – 78%
88. Application volumes remain high and given resource pressures coupled with the continued high number of appeals, performance as a whole remains very strong.
89. Backlog of older applications may still impact on overall performance, as may further work for the Local Plan but improved resources over the coming quarters should provide a positive upward trend.
90. Strategic and Economic Planning Service has undertaken 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 £1.7m are expected to be incurred this year in respect of this activity. 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. These costs will be largely funded by the Planning Reserve and vacancy management overall within the directorate.

Waste Management

91. Quarter one shows a continuation of good results in recycling and residual waste levels following on from the Council's best ever year in 2014/15.
92. The re-use of waste through our partnership working with the charitable sector has shown an increase up from 280 tonnes in quarter one last year to 310 tonnes in quarter one of this year.
93. A key part of the Council's Waste Strategy is the ending of landfilling and the use of waste as a resource in the generation of energy. Last year saw a significant move away from landfilling black bin waste, with waste from the north of the Borough utilised for energy production resulting in an overall drop of 35% in waste sent to landfill. This continued through quarter one, with levels of landfill disposal and energy production likely to remain constant this year.
94. In the longer term the Council is investing in the infrastructure through the proposed Environmental Hub project to dramatically change levels of landfill diversion and energy production from 2016/17.
95. The Council is also currently undertaking feasibility work into dry anaerobic digestion, which has the potential to allow Cheshire East to collect food waste as part of our garden waste recycling scheme, creating energy, in addition to high quality recycled compost.

Carbon Management

96. 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. The reduction of the Baseline emissions of 16,531 tCO2 has been reduced by 40% to

a current level of 9,918 tCO2 which is excess of the original 2016 target level of 12,401 tCO2.

97. The Council is progressing major investment in renewable technologies to complement heating plant upgrades in five of its top energy using buildings.
98. An extensive street lighting refurbishment programme has started to replace existing lamps with LED fittings that will reduce CO2 emissions by 30%.

Environmental Management

99. There have been 11 electric vehicle charge points successfully installed around the Borough using grant funding from the Office of Low Emission Vehicles; work is now underway to complete supporting administrative requirements for staff usage.
100. A random survey of rights of way indicates an ease of use statistic of 75%.
101. Satisfaction with Cheshire East Country Parks is currently at 93.4%. The Team are currently working with the Research and Consultation Team to improve the quantity and quality of collected data.
102. The Environmental Hub project is on track to be determined at the Strategic Planning Board meeting on 26th August and subject to approval will deliver a new facility opening in August 2016. The project is key in delivering the waste strategy and releases land to enable major expansion and investment in the motor industry in Crewe.
103. 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. Overall, Environmental Operations is projecting a potential budget pressure of £0.2m against a net budget of £28.7m. This is a relatively small variance against budget and

there is potential for it to be mitigated by savings on the household waste recycling centre contract, re-letting of other contracts and positive income variances. At the next quarterly report it will be clearer if this pressure can be absorbed within the service.

104. Bereavement Services are currently projecting a balanced budget based on the first quarter income forecast against a net income budget of £1.2m.

Sustainable Energy

105. The Fairerpower energy scheme has now passed its 2,000th customer and numbers are rising month on month. The project continues to receive good media coverage and saving residents on average £229 per annum.

106. A series of schemes are being developed to progress the delivery of the Council's Energy Framework, which has set about the vision to create affordable energy, grow energy businesses and create independent energy. This includes renewable technology application for Cheshire East's own stock assets and community energy schemes.

107. Business plans have been produced and preparations for submission to the Council's Technical Enabler Group / Executive Monitoring Board are underway for the Cheshire East Energy Ltd Alternative Service Delivery Vehicle. The project is on target to present a full report to Cabinet in autumn 2015, with a full feasibility report.

108. A planning application is currently being assessed for the single well geothermal project at the Manchester Metropolitan University campus in Crewe. A bidder information session for the deep geothermal district heating partner procurement was scheduled for July 2015. A procurement process will shortly be commenced to appoint a partner by December 2015.

109. Levels of landfill disposal and energy production are likely to remain constant this year. In the longer term the Council is investing in the infrastructure through the proposed Environmental Hub project to dramatically change levels of landfill diversion and energy production from 2016/17.

5 ~ People live well and for longer

Facilitating people to live independent, healthier and more fulfilled lives

110. During the first quarter, the Council successfully supported people to be independent by delivering 446 home adaptations (87 major adaptations; 359 minor adaptations), exceeding its quarterly target of 425.

111. At this early stage in the new Homes and Communities Agency 3-year affordable housing programme, 66 affordable homes were delivered during the first quarter, slightly under target, though starts / completions are always slower at the beginning of the programme, and it is anticipated to be back on target by year end.

112. The Council continued its proactive work to reduce levels of homelessness, achieving its target of 210 interventions during the first quarter.

113. Work has continued focusing on empowerment of individuals to manage a range of conditions and become more engaged in activities. The scoping meeting has been held with colleagues from Cheshire West. It has been agreed to commission the culture change training that has recently taken place in Wigan for those who attended the meeting, to test its validity for Cheshire. Work to determine the use of the Patient Activation Measure is also ongoing to establish whether or not to commission this locally.

114. The Council identified the needs of people who misuse substances (thus putting their accommodation at risk), in the Vulnerable People's Housing Strategy and the specification for Substance Misuse services recently recommissioned. In addition council members and elected politicians from Macclesfield particularly have expressed concern about the needs of this client group. As a result a specification for a pump-priming project has been jointly developed by public health and housing for a response from providers working in this specialist area. This is due to go to the market at the end of July and through a process of co-production with a number of providers it is hoped to have a service fully operational by January 2016. The specification covers provision of beds, housing support and access to specialist substance misuse services.
115. Public Health is expecting to have its ring fenced budget reduced in year from £14.3m to £13.3m, before the new responsibilities for 0-5 year olds are accounted for. This is the only specific in year reduction announced to date by the Chancellor, George Osborne. Public Health has developed and is implementing its agreed investment plan which targets resources on evidenced need. The financial plan remains to grow this investment whilst holding sufficient funds in its earmarked reserve. The investment in Public Health activities is fully funded using the existing ring fenced grant which has remained constant since the service transferred from the Health service to the Council (once the initial allocation was corrected).
116. New contracts have been successfully procured, for example, Drugs and Alcohol and Sexual Health where expenditure will decrease year on year, in turn, funding the targeted interventions now being implemented down to an individual ward level.
117. The Leisure commissioning service is currently forecasting a net nil variance against a net £2.1m budget, with the main element of the budget being the management fee paid to the Leisure Trust.

Early Intervention, Help and Prevention

118. The number of early help assessments carried out in Cheshire East continues to increase, with an increasing number led by partner agencies.
119. A draft Alcohol Harm Reduction Strategy has been prepared and will be circulated for comment shortly. Updated data has been sought to include, but further work is required to interpret this and allow for prioritisation of interventions.
120. Work has progressed on the mental health commissioning review with the Public Health Teams in Cheshire East and Cheshire West and Chester jointly undertaking the needs assessment currently. There is also ongoing work in relation to workforce development and culture change. The Shared Care Record implementation project is also underway.
121. Thirteen Public Health Transformation Fund projects are now underway. These are:
- Catch 22 (MyChoice - Holistic Sexual Health Education, Advice and Guidance) - project proceeding to plan. Pebblebrook, Underwood West, Mons Coppenhall, Sir William Stanier, Kingsgrove schools identified for initial training sessions.
 - Cheshire East CAB (Advice on Prescription) - Waters Green and Eagle Bridge selected as locations for project. Measures adopted to boost referrals as uptake initially slow.
 - Cheshire East Council Public Rights of Way and Countryside Management Service (Walking to Wellbeing) - Two walking routes have been developed around Maw Green, Crewe. Ten week period of short ranger led walks running from July-Sept.
 - Cheshire Without Abuse (Safer and Healthier Families) - working with 16 families in Crewe and Macclesfield (including two families where fostering would have been initiated without the intervention).
 - End of Life Partnership (Cheshire Living Well, Dying Well) -

currently asset mapping available resources for End of Life planning in the local community.

- Food Dudes (Food Dudes in our Schools) - project completed. Evaluation report being produced.
- NHS SCCCH (Diagnose Cancer Early – campaign) - preliminary work completed to agreed timescale included production of communications material for use in campaign.
- Peaks and Plains Housing Trust (Keeping Warm, Living Well) - Two Energy Champions have now been recruited, with referrals taken for the last two and a half months.
- Royal Voluntary Service (Staying Home Community Support) - project has made use of 680 volunteer hours already with 996 interactions completed with members of the public. Has been linking with Macclesfield Hospital over supporting discharge via befriending service.
- St. Luke's Hospice (Volunteer Befriending in Crewe and Nantwich) - volunteer coordinator now recruited, project proceeding to plan.
- The Reader Organisation (Reader in Residence Project) - project funding was delayed until beginning of April so still in its infancy. Project to focus resources particularly on Crewe but will also look to run reading based sessions in other parts of the Borough.
- CVS (social prescribing project) - project was funded in Round 4 so still in its infancy.
- YMCA (healthy conversation project) - project was funded in Round 4 so still in its infancy.

122. Public Health are developing a project which will introduce a single integrated assessment for lifestyle and wellness services. This will provide access to services that increase physical activity, improve diet, reduce alcohol usage and stop smoking etc thereby improving the health outcomes of local people in the Borough. This will also have the effect of increasing value for money and choice, with services focussed at a community level. A Market Engagement Event was successfully held on 16th July (which saw over 60 organisations attend) allowing us to gauge market

interest. A public consultation on the model has now also been launched (including continued engagement with stakeholders). The goal is to introduce the new support system (dependent on feedback and the view of Cabinet) by the end of March 2016.

123. The new Sexual Health service will commence on 1st October 2015 and provide a change of emphasis in the delivery of services, providing the majority of Sexual Health, genitourinary medicine (GUM) services and health promotion and prevention advice in local settings, whilst continuing to ensure access to specialist GUM care for those who need it.
124. These will complement other primary care commissioned services with GP practices and pharmacies. This approach is consistent with the direction of travel of both local integration programmes, and is what the public and other stakeholders asked for in the extensive pre-tender consultation work that was undertaken.
125. These plans have also been informed by research conducted for the Joint Strategic Needs Assessment. This identified that:
- The rate of sexually transmitted infections in Cheshire East is low compared to England, but attendances in our GUM commissioned services is high
 - There is a rising trend in the use of open access GUM services for sexual health screening in people without any symptoms of an STI (at both Leighton and East Cheshire Trust sites). In 2013 there were over 5,000 attendances that required no treatment. This is much higher than the regional norm across Cheshire and Merseyside
 - Our specialist hospital based GUM services are being used to meet the general sexual and reproductive health needs of residents that could be met more appropriately in other settings such as community sexual health clinics
 - There has been a significant rise in the number of patients attending GUM services for contraceptive advice (2,636 in 2013). Some of this activity could be delivered more cost-effectively and appropriately in family planning clinics or primary care in line with patient choice.

126. As a result of the contract change, expectations are to see:
- Continued low levels of sexually transmitted diseases in Cheshire East
 - Reduced rate of teenage pregnancy
 - Greater access to contraception and sexual health advice for priority groups (in particular young people and men)
 - An increase in chlamydia screening and HIV testing for 15-24 year old age group
 - Wider sexual health services that are commissioned by others working well with our new services (as explained within a Public Health England publication 'Making it Work – a guide for commissioners', September 2014).
127. Cheshire East Council and East Cheshire Trust will update stakeholders about the changes in services as the contract mobilisation phase progresses towards the launch of the service on the 1st October 2015. Current services remain the same until this point.

Accessible Services, Information and Advice

128. Our target to deliver 'Bikeability' Level 2 or 3 cycle training to young people in the Borough had another successful quarter, with 62 schools visited between April and June 2015, and training delivered to 1,949 young people (ahead of the quarter one target of 1,436).
129. Leisure facility attendances were recorded at 672,253 during quarter one. Whilst membership numbers are up considerably there has been a drop off in attendances in the under 16 category and those swimming. The Leisure Trust is currently reviewing a range of options to increase attendances in this area.
130. Quarter one audience figures for the Crewe Lyceum Theatre were 17,128, an increase on the same period in 2014/15.

Public Protection and Safeguarding

131. The number of cared for children who are in accommodation that is 20 miles beyond their original home address has reduced in the last two years and now stands at 59 (15.7% of the cared for children population). A stretching target of 10% has been set for 2015/16 within the Annual Sufficiency Statement for cared for children accommodation. The Sufficiency Statement includes an action plan to improve local accommodation, with the main steps being as follows:
- Improved recruitment and retention of our own fostering and adoptive carers
 - Re-design of our three Children's Homes to ensure effective use which is also complementary to the external market
 - Shaping and managing the external agency market
 - Ensuring the school offer supports the ability to place our children locally.
132. The implementation of the 15 days assessment completion target is evidencing sustained improvement in the timeliness of completion of all assessments. This is ensuring that only the most complex cases take longer than 35 days to complete. The percentage completion rate for 45 days has steadily improved and for quarter one has increased from 77% in April to 96% in June. This continues to remain a focus of fortnightly challenge sessions with teams.
133. Cheshire East continues to monitor the attendance of 11+ year olds at their child protection conference and also sustained evidence of child participation in conference through either clear articulation of their wishes and feelings in collective reports and through discussions at visits. In quarter one there was evidence of child participation in 92% of cases. Training is currently being sourced for staff for the Strengthening Families model for child protection conferences, designed around better engagement with families.

134. Adult Services is projecting a £1m overspend. The budget continues to reflect financial pressure due to both the level and complexity of demand being faced. In addition, the funding of complex cases involving an element of health related support needs resolution with Clinical Commissioning Group colleagues. Investment in a number of initiatives alongside Health colleagues is being undertaken in pilot areas such as support for dementia sufferers and rapid response domiciliary care in order to improve the service for residents whilst also delivering financial efficiencies.

135. Work is currently underway to bring forward remedial actions to move the budget back into balance, including the fast tracking of Care Fund Calculator assessments and revised efficiency in-year targets across the directorate.

136. The Chancellor's recent announcement on the increase in the National Living Wage over the lifetime of this parliament will also bring financial pressure on all Social Service Departments nationally as providers will inevitably need assistance in terms of fee increases in order to meet these revised government requirements. Fee levels going forward are currently under consideration and detailed proposals will shortly be brought forward for member consideration.

137. The impact of the announcement with regard to the delay of the implementation of the Care Cap limits from 2016 to 2020 is being assessed both in terms of the financial impact and the operational considerations that the change brings.

6 ~ A Responsible, Effective and Efficient Organisation

138. At this early stage of the year, the overall budget for Chief Operating Officer Services is forecast to be underspent by £1.4m. Corporate Resources & Stewardship is forecasting an underspend of £1.3m, with the majority of the underspend (£1m) within the energy budget in Facilities Management. The

remaining underspend of £0.4m is due to predicted savings from staff vacancies across the service.

139. Small underspends against budget are being reported by Organisational Development (£51,000), Monitoring Officer & Head of Legal Services (£20,000), and Communications (£31,000). Balanced positions are being reported by Governance and Democratic, and Commissioning.

2. Financial Stability

Introduction

140. 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.
141. 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.
142. **Table 1** provides a service summary of financial performance at quarter one. For further details please see Section 1 and the notes below the table. Changes to service net budgets since Original Budget are analysed in **Appendix 2**.

Table 1 - Service Revenue Outturn Forecasts

	Revised Net Budget	Emerging Pressures	Remedial Actions	Current Forecast Over / (Underspend)	Outcome Number 1 - 5
	£000	£000	£000	£000	
Children & Families	43,366	1,829	-1,394	435	3,5
Adult Social Care & Independent Living	95,080	7,435	-6,450	985	5
Public Health	0	0	0	0	5
Commissioning Services	57,113	685	0	685	2,4,5
Communities	9,187	899	-601	298	1,2
Economic Growth & Prosperity	6,290	-130	0	-130	2
Chief Operating Officer	39,182	-1,414	0	-1,414	
TOTAL SERVICE OUTTURN	250,218	9,304	-8,445	859	

143. The impact of the projected service outturn position at this early stage of the financial year is to decrease balances by £0.9m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.
144. 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.

145. 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

146. 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.

147. 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. Further announcements have revised this figure down to £263.9m due to eight schools converting to academy status. Spending in relation to specific use grants must be in line with the purpose for which it is provided. General purpose grants were budgeted to be £96.2m, but further in-year grant announcements increased this figure to £96.7m at first quarter review.

148. Since the original budget was set, specific use grants have decreased by £6.7m. This is due to a reduction of c1,900 pupils due to eight academy conversions since the original budget was estimated.

149. Additional general purpose grants of £0.9m have been received during the first quarter of 2015/16. These include for example an additional £0.3m for Tackling Troubled Families, £0.1m for Individual Electoral Registration, and £0.1m for Extended Rights to

Free Transport. These increases have been partly offset by reductions in allocations for the Independent Living Fund (£0.2m) and Local Reform and Community Voices (£0.1m). Service spend will be in line with these reductions so no risk has been associated with these reduced allocations. Requests for the allocation of the additional grants received are detailed in **Appendix 10**.

150. **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

	Original Budget	Revised Forecast FQR	Change
	2015/16 £m	2015/16 £m	2015/16 £m
SPECIFIC USE			
Held within Services	270.6	263.9	-6.7
GENERAL PURPOSE			
Central Funding	77.8	77.8	0.0
Service Funding			
Children & Families	0.5	0.9	0.4
Adult Social Care & Independent Living	3.5	3.3	-0.2
Environment	0.0	0.1	0.1
Communities	2.2	2.2	0.0
Economic Growth & Prosperity	0.6	0.8	0.2
Chief Operating Officer	11.5	11.6	0.1
Total Service Funding	18.4	18.9	0.6
TOTAL GENERAL PURPOSE	96.2	96.7	0.6
TOTAL GRANT FUNDING	366.8	360.6	-6.2

Collecting Local Taxes for Local Expenditure

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

Council Tax

152. 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.

153. 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.

154. 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 & Crime Commissioner	21.7
Cheshire Fire Authority	9.8
Town & Parish Councils	5.5
Total	205.8

155. 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.

156. 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 £210.0m.

157. **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	98.1*
After 3 years	99.5	99.1*	**

* year to date

**data not yet available

158. The Council Tax in-year collection rate for 2015/16 shows a small increase at 30.2% compared to 30.1% for the same period in 2014/15.

159. Council Tax support payments (including Police and Fire) were budgeted at £18.6m for 2015/16 and at the end of the first quarter the total council tax support awarded was £15.8m. 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.

160. Consultation on proposed changes to the Council Tax Support Scheme for 2016/17 will be launched in August / September 2015, with the final scheme to be agreed by full Council later in the year when the results have been reviewed.

161. Council Tax discounts awarded are £18.7m which is broadly in line with the same period in 2014/15.

162. Council Tax exemptions currently awarded total £3.2m which is broadly in line with the same period in 2014/15.

Non-Domestic Rates (NDR)

163. 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%.

164. 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.

165. 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.

166. 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.

167. 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. Early estimates forecast that rates income should be in line with this baseline level.

168. **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	98.6*
After 3 years	99.4	99.4*	**

* year to date

**data not yet available

169. The business rates in-year collection rate for 2015/16 is currently 29.4% compared to 28.7% for the same period in 2014/15.

Capital Programme 2016/19

170. Since the reporting of the Capital Programme for the Budget Book in February 2015 the overall forecast expenditure for the next three years has increased by £15.5m as shown in **Table 6**.

Table 6 – Summary Capital Programme

	Original Total Forecast Budget 2015/19 £m	Amendments to Original Forecast Budget 2015/19 £m	Amended Original Forecast Budget 2015/19 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2015/19 £m
Children & Families	61.1	1.8	62.8	-0.7	0.3	62.4
Adult Social Care & Independent Living	3.4	0.0	3.4	0.0	0.1	3.5
Leisure	18.2	1.0	19.2	-0.1	0.0	19.1
Environment	16.5	3.4	20.0	0.0	0.0	20.0
Highways	62.2	0.8	63.0	0.0	3.8	66.8
Communities	1.8	0.6	2.4	0.0	0.0	2.4
Economic Growth & Prosperity	237.4	20.9	258.3	0.0	0.5	258.8
Chief Operating Officer	54.9	-17.2	37.7	0.0	0.2	37.9
	455.5	11.3	466.8	-0.8	4.9	471.0

Table 7 – Capital Funding Sources

	Original Budget £m	FQR Total Forecast Budget £m	Change £m
Grants	209.9	210.7	0.8
External Contributions	67.7	57.7	-10.0
Cheshire East Resources	177.9	202.6	24.7
Total	455.5	471.0	-15.5

Capital Budget 2015/16

174. At the First Quarter review stage the Council is forecasting expenditure of £153.3m in 2015/16. The in-year budget for 2015/16 has been revised from the budget book position of £146.3m to reflect the forecast expenditure for the financial year and any slippage reported at Outturn.

175. 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 £89.3m 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**.

171. The amendments to the original budget set at Council on 26th February 2015 are due to slippage from the 2014/15 capital programme and budget changes that have been approved since setting the budget totalling £11.3m. The slippage has now been included in the forecasts for this financial year as well as slipping in to future years.

172. The programme has also been revised to reflect budget reductions of £0.8m and Supplementary Capital Estimates of £4.9m contained in **Appendices 5 to 8**.

173. 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 8 – Changes to the 2015/16 Capital Budget

	Original Budget	Revised FQR Budget	Forecast Exp	Current Forecast Over / Under Spend
	£m	£m	£m	£m
Children & Families	9.8	10.1	9.8	-0.3
Adult Social Care & Independent Living	0.0	0.8	0.8	0.0
Leisure	10.4	10.3	9.3	-1.0
Environment	3.1	3.1	3.1	0.0
Highways	24.4	27.7	27.7	0.0
Communities	1.4	1.4	1.4	-0.1
Economic Growth & Prosperity	22.6	22.6	22.0	-0.6
Chief Operating Officer	15.1	15.3	15.3	0.0
Total	86.7	91.3	89.3	-2.0

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

180. 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.

181. Investment income to June 2015 is £162,000 which is higher than the budgeted income of £50,000 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 covered bonds and increasing 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 June 2015 is £70.8m.
- The average annualised interest rate received on in house investments up to the end of June 2015 is 0.62%.
- The average annualised interest rate received on the externally managed property fund up to the end of June 2015 is 4.85%.

182. The Council's total average interest rate for 2015/16 up to the end of June is 0.92%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.48%. The Council

176. **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.
177. **Appendix 6** lists requests for supplementary capital estimates and virements above £250,000 up to £1,000,000 to be approved by Cabinet.
178. **Appendix 7** lists one request for a supplementary estimate of £3.3m in respect of the Salix Loan funding received in 2015/16 to help the Council replace the existing traffic signals with LED technologies. A Virement has also been requested for £2.0m in respect of a new Pupil Referral Unit to be built on an existing Cheshire East site and is fully funded by Government Grants.
179. **Appendix 8** lists details of reductions of £0.8m in Approved Budgets where schemes are completed, will not be monitored as

does have a target in 2015/16 of aiming to achieve a return of Base Rate + 0.50% on investments provided investment activity is carried out in accordance with the Treasury Management Strategy and security is prioritised over yield. The base rate remained at 0.50% for the quarter so the target for average investment rate is 1.00%. Actual returns are currently slightly below this although additional investment at the end of June in the property fund should help to achieve this target in future months.

Table 9 – Interest Rate Comparison

Comparator	Average Rate to 30/06/15
Cheshire East	0.92%
LIBID 7 Day Rate	0.48%
LIBID 3 Month Rate	0.49%
Base Rate	0.50%
Target Rate	1.00%

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.

187. Covered Bonds provide security as they are backed up by collateral and still provide a good level of return. The Council has three investments in covered bonds totalling £7.5m due to mature between March 2016 and November 2016.

188. 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 June the Council had two investments in Corporate bonds totalling £5.8m and has since invested a further £5m in two more corporate bonds. Full details are shown in **Appendix 9**.

183. At the First Quarter Year Review, the capital financing budget for interest charges and debt repayment remained on target.

184. 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**.

185. At the end of the 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 has demonstrated consistently high returns over the last few years and underlying capital growth has been 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.

186. In the last 6 months, 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

Central Contingencies and Contributions

189. A budget of £1.0m 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

190. 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

191. The balance of outstanding debt has increased by £4.3m since quarter 4 of 2014/15. 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

192. The impact of the projected service outturn position could reduce balances by up to £0.9m as reported above (**para 143**).

193. Taken into account with the central budget items detailed above and the approved / requested use of general reserves below (**paras 196-197**), the financial impact described in this report could decrease balances by £3.1m as summarised in **Table 10**.

Table 10 – Impact on Balances

	£m
Service Net Budget Outturn	0.9
Central Budgets Outturn	0.0
Use of Reserves approved by Council	1.7
Use of Reserves for Council approval	0.5
Total	3.1

Management of Council Reserves

194. 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.

195. The opening balance at 1st April 2015 in the Council’s General Reserves as reported in the draft Statement of Accounts for 2013/14 is £14.7m.

196. 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.

197. Following the positive outturn position for 2014/15, Cabinet are asked to recommend to Council that £0.5m be transferred from balances to an earmarked reserve for Early Intervention Initiatives. The reserve will support projects to promote children and young people’s emotional health, reduce self-harm, improve physical wellbeing in primary schools, and provide support to young parent families and parents of looked after children, working with our partners where appropriate.

198. 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 April 2015	14.7
Impact on Balances at Quarter 1	-3.1
Forecast Closing Balance at March 2016	11.6

199. The projected balance of £11.6m reflects the current forecast that risks associated with budget achievement in 2015/16 may not actually materialise and this is slightly below 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.

200. 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. This report contains a request to transfer a further £0.5m in 2015/16 to an earmarked reserve for Early Intervention Initiatives.
201. During 2015/16, an estimated £30m will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding.
202. A full list of earmarked reserves at 1 April 2015, and estimated movement in 2015/16 is contained in **Appendix 12**.

3. Workforce Development

203. 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.
204. A series of Big Event colleague conferences took place in early June held at the Crewe Lyceum Theatre to update staff on the direction and priorities of the Council and provide the opportunity for colleagues to ask questions. The conferences were well received and plans are being developed for further engagement events later in the year.
205. The Council has continued 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. These payments are exempt from tax and National Insurance (NI) contributions. A further benefit is a reduction in our carbon footprint. Work is underway to develop this offering further.
206. Work is continuing to implement the Living Wage for directly employed staff with effect from 1 November 2015. This involves amending the Council's pay structure to add a scale point which equates to the Living Wage (£7.85 per hour) . As this change could affect the benefits payable to some people, the Council's Benefits team have offered to run confidential surgeries around the time of implementation to help individual staff understand the potential impact on their household.
207. Towards Excellence, the learning, development and staff improvement corporate training programme continues to grow its offering for all employees comprising of statutory, mandatory, vocational and professional themes and topics. 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.

208. The delivery of City and Guilds accredited vocational courses in Health and Social Care supporting Adult Services, Business Administration and ATE (Adult Teaching) continues to support teams across the organisation with Level 2, 3 and 4 qualifications, with the addition this year of Advocacy, Information and Advice NVQ being added to the Council's in-house further education college prospectus.
209. An awards ceremony was recently held to recognise and celebrate the learning and qualifications achievements of colleagues across the Council. Colleagues were presented with awards including the A* Apprentice of the Year 2015.
210. 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.
211. A new Health & Safety Audit programme has commenced which targets Service Managers supporting corporate services. Responses are monitored to identify where to target health and safety resources and support. The buy-back period for schools to purchase a Health and Safety Service for the forthcoming academic year is open and runs until September 2015. Currently buy-back stands at 85.5%.
212. 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 sixty schools and academies signing up. There are a number of schools who have yet to confirm their intentions.

Staffing Changes

213. The employee headcount at the end of June 2015 was 3,810, a 1.68% reduction from March 2015, predominantly as a result of employees transferring to Civicance on 1st April 2015.

Table 12 - Corporate core CEC employee headcount and FTE figures for April, May and June 2015

Directorate/Service (excludes ASDVs and Schools)	Apr-15		May-15		Jun-15	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Public Health	23	20.3	26	21.3	24	21.3
Media (Communications and PR)	8	7.9	8	7.9	8	7.9
Strategic Commissioning	2,834	2,079.5	2,829	2,077.6	2,843	2,084.5
Adults Social Care & Independent Living	1,144	873.9	1,142	871.1	1,145	874.1
Children's Services	1,162	764.0	1,161	766.1	1,169	769.3
Commissioning and Client Support	25	23.8	25	23.8	24	23.2
Communities	500	414.8	498	413.7	502	414.9
Chief Operating Officer	589	482.1	588	477.1	592	479.3
Commissioning	51	46.3	50	45.9	50	45.9
Corporate Resources & Stewardship	309	249.1	314	249.9	317	253.1
Democratic Services & Governance	87	56.1	88	57.1	88	56.1
Legal Services	36	31.9	36	31.9	37	31.9
People and OD	61	54.7	60	53.3	60	53.4
Apprentices	44	43.0	39	38.0	39	38.0
Economic Growth & Prosperity	365	292.7	355	283.0	355	281.6
Assets	29	28.0	26	25.0	26	25.0
Crewe – High Growth City	1	1.0	2	2.0	2	2.0
Investment	92	83.8	86	78.3	85	77.1
Strategic and Economic Planning	65	63.3	65	63.3	63	61.2
Strategic Infrastructure	9	8.5	8	7.5	8	7.5
Visitor Economy, Culture & Tatton Park	164	103.4	163	102.2	166	104.1
Cheshire East Council Total	3,812*	2,883.5	3,794*	2867.8	3,810*	2,875.6

214. **Table 13** demonstrates that over the first quarter in 2015/16 the cumulative average days lost to sickness was initially higher than 2014/15, however by the end of the quarter absence levels overall had dropped below the cumulative absence days lost to sickness in

2014/15 (2.61 days compared to 2.91 days lost per FTE employee) during the first quarter of the financial year.

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

	Apr	May	Jun
Q1 2015/16	1.04	1.71	2.61
Q1 2014/15	1.02	1.62	2.91

Voluntary Redundancies

215. 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.

216. Seven people have left the Council under voluntary redundancy terms in quarter 1, two of whom held posts within the management grades (Grade 10 or above). The total severance cost, for all seven employees was £200,000, inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1.26m (which is the combined accumulated costs of the deleted posts).

Appendices to First Quarter Review of Performance 2015/16

September 2015

Appendix 1 – The Three Year Council Plan



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

Appendix 2 – Changes to Revenue Budget 2015/16 since Original Budget

	Original Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Other Virements £000	Quarter 1 Net Budget £000
Children & Families	42,923	443			43,366
Adult Social Care & Independent Living	95,331	-251			95,080
Public Health	0				0
Commissioning Services:					
Leisure	2,301		-171		2,130
Environmental	28,807	82	-120		28,769
Bereavement	-1,292				-1,292
Highways	11,046		62		11,108
Transport * see note			14,683		14,683
Building Control, Land Charges and Planning Support * see note			1,715		1,715
	40,862		16,169	0	57,113
Communities	9,187				9,187
Economic Growth & Prosperity * see note	22,205	156	-15,975	-96	6,290
Chief Operating Officer	39,275	101	-194		39,182
TOTAL SERVICE BUDGET	249,783	531	0	-96	250,218
Central Budgets					
Specific Grants	-18,363	-531			-18,894
Capital Financing	14,000				14,000
Corporate Contributions	912			96	1,008
Contribution to / from Reserves	241				241
	-3,210	-531	0	96	-3,645
TOTAL BUDGET	246,573	0	0	0	246,573

* Since February 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 First Quarter Review		Original Budget	Revised Forecast	Change	SRE / Balances
		2015/16	2015/16	2015/16	(Note 2)
	Note	£000	£000	£000	
SPECIFIC USE (Held within Services)					
Schools					
Dedicated Schools Grant	1	160,635	154,136	-6,499	
Pupil Premium Grant	1	6,795	6,795	0	
Sixth Forms Grant	1	4,408	4,164	-244	
Total Schools Grant		171,838	165,095	-6,743	
Housing Benefit Subsidy		84,518	84,518	0	
Public Health Funding		14,274	14,274	0	
Restorative Justice Development Grant		8	8	0	
TOTAL SPECIFIC USE		270,638	263,894	-6,743	
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 First Quarter Review	Original Budget	Revised Forecast FQR	Change	SRE / Balances (Note 2)
Note	2015/16 £000	2015/16 £000	2015/16 £000	
GENERAL PURPOSE (Held Corporately)				
Children & Families				
Troubled Families	110	332	222	SRE
Troubled Families - Co-ordinator	85	200	115	SRE
Adoption Reform Grant (unringfenced element)	0	0	0	
Special Educational Needs Reform Grant	0	0	0	
Youth Detention - Looked After Children	0	0	0	
Youth Justice Grant	326	326	0	
Youth Rehabilitation Order - Junior Attendance Centre	0	33	33	SRE
Staying Put Grant	0	73	73	SRE
Special Educational Needs and Disabilities - New Burden	0	0	0	
Adult Social Care & Independent Living				
Local Reform and Community Voices Grant	265	195	-70	SRE (neg)
Independent Living Fund	1,000	749	-251	SRE (neg)
Adult Social Care New Burdens	2,272	2,272	0	
Care Bill Implementation Grant	0	0	0	
Social Care in Prison Grant	0	70	70	SRE
Environment				
Lead Local Flood Authorities	35	35	0	
Lead Local Flood Authorities - technical advice on surface water proposals	0	82	82	SRE
Communities				
Housing Benefit and Council Tax Administration	1,549	1,549	0	
NNDR Administration Grant	559	559	0	
Social Fund - Programme funding	0	0	0	
Social Fund - Administration funding	0	0	0	
Council Tax - New Burden	0	0	0	
Implementing Welfare Reform Changes	53	53	0	

Corporate Grants Register 2015/16 First Quarter Review		Original Budget	Revised Forecast	Change	SRE / Balances
			FQR		(Note 2)
	Note	2015/16 £000	2015/16 £000	2015/16 £000	
GENERAL PURPOSE (Held Corporately)					
Economic Growth & Prosperity					
Skills Funding Agency		628	628	0	
Extended Rights to Free Transport		0	128	128	SRE
Neighbourhood Planning Grant		0	20	20	SRE
Right to Move		0	3	3	SRE
Property Searches New Burdens - Tinklers		0	5	5	SRE
Chief Operating Officer					
Education Services Grant		3,000	3,000	0	
Council Tax Freeze Grant 2015/16		1,816	1,840	23	Balances
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		128	126	-1	Balances
Individual Electoral Registration		0	101	101	SRE
Total Service Funding		18,363	18,915	553	
TOTAL GENERAL PURPOSE		96,151	96,704	553	
TOTAL GRANT FUNDING		366,789	360,598	-6,190	

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	SCE's Virements Reductions	SCE's Virements Reductions	Revised In-Year Budget	Forecast Expenditure		
	FQR	During Quarter	FQR	FQR	2015/16	2016/17	2017/18 and Future Years
	2015/16	2015/16	2015/16	2015/16	2015/16	2016/17	2017/18 and Future Years
	£000	£000	£000	£000	£000	£000	£000
Children & Families							
Committed Schemes - In Progress	9,756	0	309	10,065	9,765	1,319	948
Committed Schemes at Gate 1 Stage	1,635	0	1,028	2,663	2,663	1,028	0
Medium Term and Rolling Programme	7,494	0	-2,340	5,154	5,154	5,481	5,944
Longer Term Proposals	100	0	0	100	100	0	30,000
Adult Social Care and Independent Living							
Committed Schemes - In Progress	0	0	764	764	764	0	0
Medium Term and Rolling Programme	1,808	0	-680	1,128	1,128	800	800
Commissioning Services:							
Leisure							
Committed Schemes - In Progress	10,410	0	-78	10,332	9,331	1,000	0
Committed Schemes at Gate 1 Stage	500	0	0	500	500	3,500	4,565
Longer Term Proposals	0	0	0	0	0	250	0
Environment							
Committed Schemes - In Progress	3,101	0	-2	3,099	3,099	0	0
Medium Term and Rolling Programme	9,077	0	0	9,077	16,093	140	0
Longer Term Proposals	470	0	0	470	470	183	0
Highways							
Committed Schemes - In Progress	24,376	0	3,305	27,681	27,681	3,062	0
Committed Schemes at Gate 1 Stage	0	0	500	500	500	0	0
Medium Term and Rolling Programme	0	0	0	0	0	17,927	17,637

Service	In-Year Budget	SCE's Virements Reductions	SCE's Virements Reductions	Revised In-Year Budget	Forecast Expenditure		
	FQR	During Quarter	FQR	FQR	2015/16	2016/17	2017/18 and Future Years
	2015/16 £000	2015/16 £000	2015/16 £000	2015/16 £000	2015/16 £000	2016/17 £000	2017/18 and Future Years £000
Communities							
Committed Schemes - In Progress	1,415	0	0	1,415	1,365	89	0
Longer Term Proposals	0	0	0	0	0	975	0
Economic Growth and Prosperity							
Committed Schemes - In Progress	22,557	63	6	22,626	21,986	2,776	2,127
Medium Term and Rolling Programme	10,180	0	500	10,680	6,290	6,753	2,300
Longer Term Proposals	33,293	0	0	33,293	25,021	59,631	131,921
Chief Operating Officer							
Committed Schemes - In Progress	15,103	0	208	15,311	15,311	0	0
Medium Term and Rolling Programme	608	0	0	608	608	9,425	6,997
Longer Term Proposals	5,550	0	0	5,550	5,550	0	0
Committed Schemes - In Progress	86,718	63	4,512	91,293	89,302	8,246	3,075
Committed Schemes at Gate 1 Stage	2,135	0	1,528	3,663	3,663	4,528	4,565
Medium Term and Rolling Programme	29,167	0	-2,520	26,647	29,273	40,526	33,678
Longer Term Proposals	39,413	0	0	39,413	31,141	61,039	161,921
Total Net Position	157,433	63	3,520	161,016	153,379	114,339	203,239

Funding Sources	2015/16 £000	2016/17 £000	2017/18 and Future Years £000
Grants	42,031	50,844	117,843
External Contributions	15,831	19,371	22,533
Cheshire East Council Resources	95,517	44,124	62,863
Total	153,379	114,339	203,239

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		
Children & Families		
Suitability/Minor Works/Accessibility Block Provision	208,806	Contributions from schools delegated budgets towards works being undertaken to improve sites.
Kitchens block (Gas interlock)	100,000	Contribution from School Catering surplus towards works of improving and expanding catering facilities in schools.
Adult Social Care & Independent Living		
Integrated Digital Care Record	84,051	Funding from the Department of Health towards the implementation of a system to integrate care records digitally across the north west.
Environment		
Adlington Road Section 106 Agreement	2,572	S106 funding identified to carry out enhancement works at Adlington Road Park.
Chief Operating Officer		
Asset Management Programme	141,021	Additional funding identified due to insurance settlement in relation to storm damage reinstatement works at Kingsgrove High School.
Asset Management Programme	67,000	To fund Carbon Reduction work on the Council's assets funded by the Climate Change Earmarked Revenue Reserve.
Total Supplementary Capital Estimates	603,450	

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		
Adult Social Care & Independent Living		
Health Integration Equipment	100,000	To be vired from the Community Capacity Grant to ensure that social care professionals and those who support them have the right technology and tools to do their jobs in community integrated teams.
NHS Number - Patient Demographic Service Integration	20,000	To be vired from the Community Capacity Grant to enable integration between electronic case management systems in Cheshire East and the NHS Patient Demographic Service.
Care Act Information Solutions	200,000	To be vired from the Community Capacity Grant to procure and implement the necessary solutions to meet the requirements of the Care Act 2016.
Sensory Room - Crewe Lifestyle Centre	50,000	To be vired from the Community Capacity Grant for equipment for the Crewe Lifestyle Centre sensory room.
Information in Your Hands	30,000	To be vired from the Community Capacity Grant for piloting putting information in the hands of our residents.
Children & Families		
Suitability/Minor Works/Accessibility Block Provision	215,079	Contributions from schools Devolved Formula Capital Allocations towards works being undertaken to improve sites.
Leisure		
Sandbach United Football Club	12,000	A virement from the completed Nantwich Pool Scheme to fund the retention monies owed to the contractor on the Sandbach United Project. Funded by Prudential Borrowing

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		
Odd Rode Footpath No. 22 S106	10,195	Target costs now identified for Odd Rode Footpath, and the additional funding needed to be covered. LTP 2015-16 grant allocation moved from ROWIP Cycle/Walking Schemes.
Highways & Transport		
Bridge Maintenance Minor Works	12,923	LTP grant funding to be moved from Air Quality where the maximum budget including roll forward is to be £30,000. Vire £12,923 to Bridge Maintenance for works.
A556 Knutsford to Bowdon	20,000	LTP grant funding to be moved from Strategic Programme Delivery vired to A556 Knutsford to Bowdon where land transfer needs to get resolved as soon as possible.
Road Safety Cycle Scheme	3,762	LTP grant 2015/16 grant allocation moved from ROWIP Cycle/Walking Schemes to cover residual expenditure.
Total Capital Budget Virements Approved	673,959	
Total Supplementary Capital Estimates and Virements	1,277,409	

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		
Housing Innovation Fund	500,000	To enable affordable housing in Cheshire East funded by Right to Buy Capital Receipts.
Highways & Transport		
A500 Dualling scheme	500,000	To fund Initial development work on the A500 Widening scheme funded by Section 106 funds.
Total Supplementary Capital Estimates Requested	1,000,000	
Capital Budget Virements		
Adults Social Care & Independent Living		
Adults Case Management	280,000	To be vired from the Community Capacity Grant to continue to implement the case management solution in Adults Social Care.
Total Capital Budget Virements Requested	280,000	
Total Supplementary Capital Estimates and Virements	1,280,000	

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

Capital Scheme	Amount Requested £000	Reason and Funding Source
Cabinet are asked to request Council to approve the Capital Virements and SCEs over £1,000,000		
Supplementary Capital Estimates		
Highways		
Lanterns - Salix Investment	3,321,000	Salix loan funding to be used to replace the existing traffic signals with LED technologies.
Total Supplementary Capital Estimates Requested	3,321,000	
Capital Budget Virements		
Children's and Families		
Pupil Referral Unit - New Site	2,056,000	This virement, from the capital maintenance block budget, relates to a scheme to create a new Pupil Referral Unit. Endorsed at Gateway 1 during June 2015, and will be funded by grants provided by the Department of Education.
Total Capital Budget Virements Requested	2,056,000	
Total Supplementary Capital Estimates and Virements	5,377,000	

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				
Adults				
Anticipated Condition Grant	6,959,337	6,287,970	-671,367	Reduction in the anticipated funding from the Department of Education.
Basic Need Block	9,168,000	9,108,000	-60,000	Anticipated Section 106 contribution not received.
Environmental				
Odd Rode Footpath No. 22 S106	15,000	8,561	-6,439	Budget reduced to match Section 106 funding available.
Bollington Cross Playing Fields	10,678	2,200	-8,478	Budget reduced to match Section 106 funding available.
Leisure				
Nantwich Pool Enhancements	1,629,250	1,605,250	-24,000	Project Complete.
Leisure Centre ICT Member System	200,000	153,000	-47,000	Project Complete.
Pool Hoists and Strobe Lighting - Access for Disabled Users	27,044	21,153	-5,891	Project Complete.
Squash Court Refurbishments	110,000	108,705	-1,295	Project Complete.
Total Capital Budget Reductions	18,119,309	17,294,839	-824,470	

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 June 2015 total £11m over four 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. **Table 1** shows the current investments and limits with each counterparty. A full analysis of the types of investment and current interest rates achieved is given in **Table 2**.

Table 1 – Current Investments and Limits

Counterparties	Secured Limits		Investments as at 30 th June 2015	
UK Banks				
Lloyds	10%	£5m	7%	£5.0m
Standard Chartered	10%	£5m	7%	£5.0m
Barclays Bank	10%	£5m	6%	£4.4m
Santander	10%	£5m	6%	£4.3m
Foreign Banks				
Credit Suisse	10%	£5m	4%	£3.0m
Deutsche Bank	10%	£5m	6%	£4.0m
Svenska Handelsbanken	10%	£5m	1%	£1.0m
Building Societies				
	10%		15%	
Coventry Building Society	10%	£1m	2%	£1.0m
Cumberland Building Society	10%	£1m	2%	£1.0m
Leeds Building Society	10%	£1m	1%	£1.0m
Mansfield Building Society	10%	£1m	1%	£1.0m
National Counties Bldg Soc	10%	£1m	1%	£1.0m
Nationwide Building Society	10%	£5m	7%	£5.0m
Vernon Building Society	10%	£1m	1%	£1.0m
Other				
Lancashire County Council	10%		4%	£3.0m
Money Market Funds				
	50%		15%	
Aberdeen	25%	£10m	1%	£0.6m
CCLA	25%	£10m	1%	£0.5m
Federated Prime Rate	25%	£10m	6%	£4.1m
Ignis	25%	£10m	3%	£1.9m
JP Morgan	25%	£10m	1%	£1.0m
Morgan Stanley	25%	£10m	3%	£2.1m

Counterparties	Secured Limits		Investments as at 30 th June 2015	
Secured Investments				
Bank of Scotland (Cov'd Bond)	10%	£10m	3%	£2.5m
Yorkshire BS (Covered Bonds)	10%	£10m	7%	£5.0m
Corporate Bonds				
Heathrow Funding Ltd	10%	£5m	4%	£2.8m
Volkswagen Finance Ltd	10%	£5m	4%	£3.0m
Externally Managed Funds				
Property Funds	50%		11%	£7.5m
				£71.7m

8. As at 30th June there was more cash invested in Building Societies than permitted under the Treasury Management Strategy. This is partly due to investments made before the start of the current strategy and partly as a result of cash balances falling further than expected in May. These investments matured in July bringing the Council back within its limits.

Table 2 – Types of Investments and Current Interest Rates

Instant Access Accounts	Avg rate %	£m
Instant Access Accounts	0.34	1.4
Money Market Funds	0.53	10.2

Fixed Term Deposits (Unsecured)	Start	Maturity	Rate %	£m
Deutsche Bank CD	17/07/2014	17/07/2015	0.92	4.0
Nationwide Building Society	21/08/2014	20/08/2015	0.96	2.0
Barclays	29/08/2014	28/08/2015	0.98	3.0
Nationwide Building Society	31/03/2015	09/07/2015	0.52	3.0
Standard Chartered CD	01/04/2015	01/10/2015	0.82	5.0
National Counties Building Society	01/04/2015	09/07/2015	0.55	1.0
Vernon Building Society	01/04/2015	09/07/2015	0.55	1.0
Lloyds Bank	01/04/2015	01/07/2015	0.57	3.0
Barclays Bank	02/04/2015	02/07/2015	0.52	1.0
Cumberland Building Society	07/04/2015	16/07/2015	0.54	1.0
Coventry Building Society	17/04/2015	24/07/2015	0.46	1.0
Credit Suisse	23/04/2015	31/07/2015	0.56	3.0
Leeds Building Society	27/04/2015	05/08/2015	0.49	1.0
Santander	27/04/2015	05/08/2015	0.58	3.0
Lloyds Bank	15/05/2015	17/08/2015	0.57	2.0
Santander	03/06/2015	29/09/2015	0.54	1.3
Lancashire County Council	25/06/2015	18/12/2015	0.47	3.0
Mansfield Building Society	29/06/2015	25/09/2015	0.53	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

Corporate Bonds	Start	Maturity	Rate %	£m
Volkswagen Financial Services	27/04/2015	23/05/2016	0.90	3.0
Heathrow Funding Ltd	08/05/2016	31/03/2016	0.90	2.8
Externally Managed Funds				£m
Property Fund				7.5

Maturity Profile	£m
Instant Access	11.6
Maturing < 1 month	18.0
Maturing within 1 - 6 months	21.3
Maturing within 6 - 12 months	10.8
Maturing within 1 – 2 years	2.5
Externally Managed Funds	7.5
Total	71.7

Appendix 10 – Requests for Allocation of Additional Grant Funding

Children and Families	Tackling Troubled Families (General Purpose)	337	<p>In April 2012, the Government launched the Troubled Families Programme: a £448m scheme to incentivise local authorities and their partners to turn around the lives of 120,000 troubled families by May 2015. The first programme worked with families where children were not attending school, young people were committing crime, families were involved in anti-social behaviour and adults were out of work.</p> <p>The expanded Troubled Families Programme will retain the current programme's focus on families with multiple high cost problems. However, it will also reach out to families with a broader range of problems, including those affected by domestic violence and abuse, with younger children who need help, where crime and anti-social behaviour problems may become intergenerational and with a range of physical and mental health problems.</p>
Children and Families	Youth Rehabilitation Order (YRO) - Junior Attendance Centre (JAC) (General Purpose)	33	<p>The purpose of this Grant for JACs is to enable the local authority to provide one or more JAC(s) in order to meet the demand for attendance centre requirements from the courts they serve. JACs are expected to address offending and reoffending behaviour by children and young people and any intervention provided must have this principle as its core aim.</p>
Children and Families	Staying Put (General Purpose)	73	<p>The Children & Families Act 2014 introduced a new duty on local authorities to support young people to continue to live with their former foster carers once they turn 18. This duty came into force on 13th May 2014.</p> <p>The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them in respect of a young person aged 18 and their former foster carer to continue to live together in a 'Staying Put' arrangement. For the purposes of this grant, 'young person' means a former relevant child who was looked after immediately prior to their 18th birthday. This supported arrangement can continue until the young person's 21st birthday.</p>
Adult Social Care and Independent Living	Independent Living Fund (General Purpose)	(251)	<p>Originally budgeted in 2015/16 at £1m. Final allocations have come in at £748,654 to reflect the reduced expenditure requirements. Matches with estimated service spend so no risk identified.</p>

Adult Social Care and Independent Living	Local Reform and Community Voices Grant (General Purpose)	(70)	Originally budgeted in 2015/16 at £270,000. Final allocations have come in at £200,000. Matches with estimated service spend so no risk identified.
Adult Social Care and Independent Living	Social Care in Prison Grant (General Purpose)	70	<p>The provision of social care in prisons is a new burden for local authorities introduced as part of the Care Act.</p> <p>The Act establishes that the local authority in which a prison, approved premises or bail accommodation is based will be responsible for assessing and meeting the care and support needs of the offenders residing there.</p> <p>The provision of care and support for those in custodial settings is based on the principle of equivalence to provision in the community. The Act clarifies the application of Part 1 for people in custodial settings, including aspects which do not apply.</p> <p>The service are already in discussions with Styal prison about the provision of care assessments and eligible social care needs. A high cost individual care package of £237,000 has already been identified.</p>
Environment	Lead Local Flood Authorities - technical advice on surface water proposals (General Purpose)	82	Cheshire East Council as Lead Local Flood Authority (LLFA) will receive this support grant as Statutory Consulter for the planning process. The funding is to cover preparation costs such as staffing, training ,standing advice, setting up of new IT systems and processes, dedicated drainage design software (microdrainage or similar approved), to undertake new duties and for purposes of capacity building within the authority.
Economic Growth and Prosperity	Extended Rights to Free Transport (General Purpose)	128	The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools further from home than the statutory walking distances.
Economic Growth and Prosperity	Neighbourhood Planning Grant (General Purpose)	20	A grant of £20,000 is to be provided to the Council by the Department for Communities and Local Government for four designated Neighbourhood Areas. This is to support these local communities to prepare a neighbourhood plan. This is the first designation this financial year. The grant is not ring fenced to Neighbourhood Planning so can be used to support the wider Spatial Planning function.

Economic Growth and Prosperity	Right to Move (General Purpose)	3	Some of the local authorities that responded during the consultation process, on the Right to Move, identified an additional cost from the proposal to implement statutory guidance to encourage local authorities to set aside a proportion of lets for cross-boundary moves (the 'Right to Move quota'). A new burdens assessment was carried out to quantify the additional work required to implement the guidance on the Right to Move quota. The £3,044 grant funding in 2015/16 will cover these costs.
Economic Growth and Prosperity	Property Searches New Burdens – Tinklers (General Purpose)	5	Authorities who were defendants to the Tinkler Claimants' claims received an interim new burdens payment from Central Government on 1 July 2015 in respect of claims for fees for personal searches of the local land charges register, interest and legal costs.
Chief Operating Officer	Individual Electoral Registration (General Purpose)	101	The Cabinet Office has provided an original grant of £101,000 for the implementation of Individual Electoral Registration.
TOTAL		531	

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 June 2015 was £12.1m. After allowing for £3.9m of debt still within the payment terms, outstanding debt stood at £8.2m. This is £4.3m higher than at the end of 2014/15, largely due to invoices for Adult Care raised against Health.
4. The total amount of service debt over 6 months old is £2.5m which is £0.3m higher than older debt reported at the end of 2014/15.
5. Services have created debt provisions of £2.4m 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	234	9	9
Adult Social Care & Independent Living	6,645	1,687	1,767
Public Health & Wellbeing	4	0	0
Leisure	9	9	9
Environmental	189	153	153
Highways	453	336	314
Communities	17	17	18
Economic Growth & Prosperity	468	194	113
Chief Operating Officer	143	72	62
	8,162	2,477	2,445

Appendix 12 – Earmarked Reserves

Name of Reserve	Opening Balance 1 April 2015 £000	Movement in 2015/16 £000	Balance at 31 March 2016 £000	Notes
Children & Families				
Long Term Sickness	350	0	350	Carried forward surplus of contributions paid by schools ~ operated as a trading account.
Education All Risks (EARS)	343	0	343	Carried forward surplus of contributions paid by schools ~ operated as a trading account.
Children's Social Care	377	-277	100	To support implementation of Children's Social Care bill.
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	-3,535	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	1,972	-1,172	800	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.
Highways				
Winter Weather	240	120	360	To provide for future adverse winter weather expenditure.

Name of Reserve	Opening Balance 1 April 2015 £000	Movement in 2015/16 £000	Balance at 31 March 2016 £000	Notes
Communities				
Communities Investment	1,788	-1,473	315	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	-7,622	1,059	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	152	4,800	To manage cash flow implications as part of the Business Rates Retention Scheme.
Financing	4,820	0	4,820	To provide for financing of capital schemes, feasibility studies, and other projects and initiatives.

Name of Reserve	Opening Balance 1 April 2015 £000	Movement in 2015/16 £000	Balance at 31 March 2016 £000	Notes
Cross Service				
Trading Reserve	36	0	36	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	5,244	-3,753	1,491	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	8,184	-8,184	0	Unspent specific use grant carried forward into 2015/16.
Revenue Grants - Other	2,733	-2,401	332	Unspent specific use grant carried forward into 2015/16.
TOTAL	51,016	-30,355	20,661	

Note 1

Notes:

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

This page is intentionally left blank

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 29th September 2015
Report of: Chief Operating Officer
Subject/Title: Treasury Management Annual Report 2014/15
Portfolio Holder: Councillor Peter Groves

1.0 Report Summary

1.1 The Treasury Management Policy requires an annual report on the performance of the Council's treasury management operation. This report contains details of the activities in 2014/15 for Cheshire East Borough Council.

2.0 Decision Requested

2.1 To receive the Treasury Management Annual Report for 2014/15 as detailed in Appendix A.

3.0 Reasons for Recommendations

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

4.0 Wards Affected

4.1 Not applicable

5.0 Local Ward Members

5.1 Not applicable

6.0 Policy Implications

6.1 None

7.0 Implications for Rural Communities

7.1 None

8.0 Financial Implications (Authorised by the Chief Operating Officer)

8.1 Contained within the report.

9.0 Legal Implications (Authorised by the Head of Legal Services)

- 9.1 As noted in paragraph C47 of the Finance and Contract Procedure Rules in the Council's Constitution, the Council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities* as this is recognised as the accepted standard for this area. C47 to C52 provide further information relating to treasury management practice, and the Code itself will have been developed and based upon relevant legislation and best practice. This report is presented to Cabinet under rule C52.

10.0 Risk Management

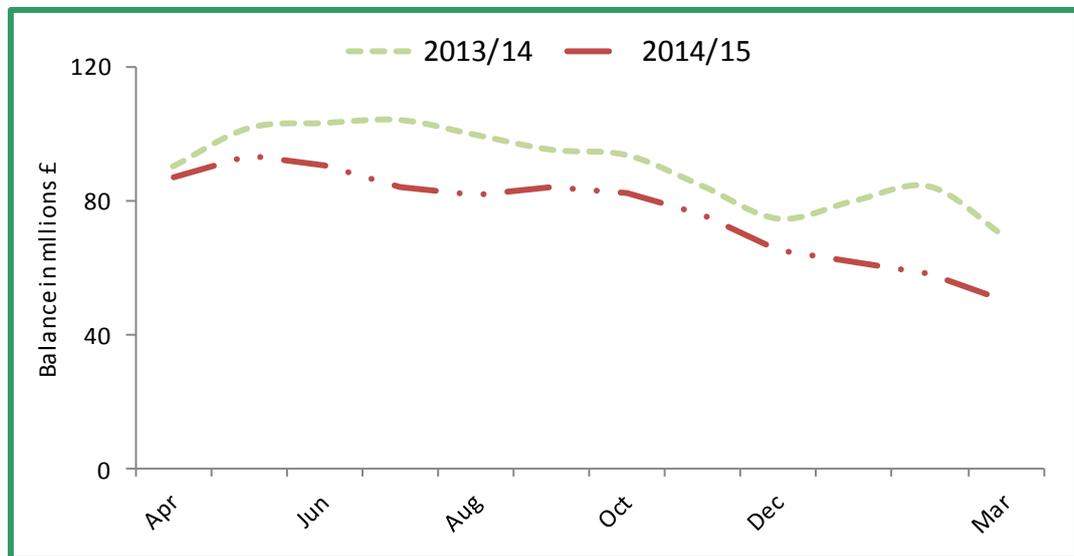
- 10.1 The Council operates its treasury management activity within the approved Treasury Management Code of Practice and associated guidance.
- 10.2 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the 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.
- 10.3 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.
- 10.4 The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

11.0 Background and Options

- 11.1 The Treasury Management Strategy for 2014/15 was approved by Council on 27th February 2014. Progress reports have been provided to Cabinet throughout the year as part of the Quarterly Financial and Performance Update Reports.
- 11.2 The Council complied with its legislative and regulatory requirements and remained within all of its Prudential Indicators during the year, further details are provided in Annex 1.
- 11.3 With current interest rates offering low investment returns relative to the cost of raising new long term loans the Council has maintained its overall strategy of using existing cash balances to fund the 2014/15 capital programme.

- 11.4 Cash balances remained stable throughout the year. The average lend position (the 'cash balance') for 2014/15 was £76.3m, (£89.6m in 2013/14).

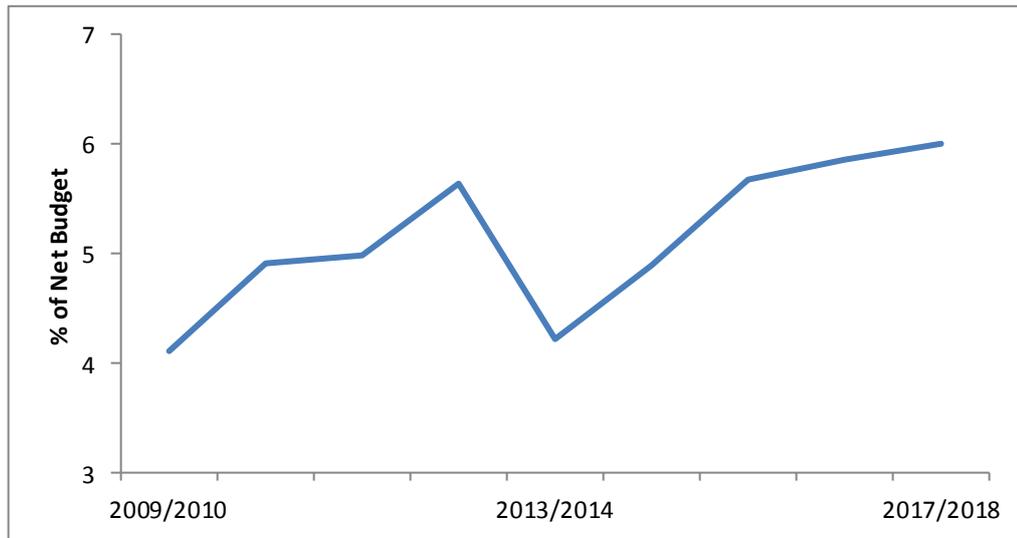
Chart 1 – Average monthly cash balances available for investment



Source: Cheshire East Finance

- 11.5 Actual capital expenditure totalled £101.5m compared to the revised in-year budget of £132.7m. Some of the planned spending for 2014/15 has been re-profiled into 2015/16 and future years to ensure the Council maximises external investment and capital receipts opportunities; thereby reducing the level of the borrowing requirement in the future and the impact on the revenue budget.
- 11.6 The capital programme for 2015/18 is intentionally aspirational, reflecting the Council’s priority to put Residents First and to promote local growth. To support this ambition the Council will pursue additional external funding, private sector investment and capital receipts. This approach allows flexibility, so that schemes can be phased, reviewed and if necessary put on hold until the resources required are identified and secured, or alternatively, brought on stream to take advantage of funding and market opportunities as they arise. Cheshire East resources will be utilised accordingly to allow flexibility within the programme.
- 11.7 The Council has set itself a limit of c£14m in relation to capital financing charges. This relates to the revenue charges associated with the amount of borrowing taken out. For example, for every additional £10m of borrowing the authority enters into, the capital financing charges increase by £0.800m. The forecast for capital financing costs as a % of the net revenue budget is demonstrated in the chart below.

Chart 2: The cost of borrowing as a percentage of net budget



Source: Cheshire East Finance

11.8 The Council continues to reduce its overall level of external debt as no new external borrowing was undertaken and PWLB loans of £8.5m were repaid in year.

11.9 Other key points to note for 2014/15 are:

- The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates also remained at consistently low levels.
- Following a period of disappointing returns, the £20m investments in the managed pooled funds were withdrawn in October 2014. This was replaced with an initial investment of £5m in the CCLA property fund and a further £5m invested in Covered Bonds
- Started in January and continuing throughout 2015, a series of regulatory changes are being applied to banks to reduce the likelihood of them getting into financial difficulties. However, the same legislation means that if they do have a problem then the impact on Local Authority investments (chance of loss) will be worse. This is known as 'Bail-in' risk and to mitigate this the Council has made use of alternative investments, particularly covered bonds which are backed up by collateral
- During 2014 there was some uncertainty as to how the banking regulatory changes would affect the credit worthiness of banks. This meant that the maximum maturity period for new investments was kept shorter, in many cases reduced from 1 year to 6 months.
- Following a retendering exercise, the Council's merchant card services are in the process of being switched to Lloyds Bank.

11.10 This annual treasury report, detailed in Appendix A covers the:

- Council's capital expenditure and financing during the year;

- Impact of this activity on the Council's underlying Capital Financing Requirement (CFR);
- Treasury position at 31st March 2015 identifying how the Council has borrowed in relation to the CFR and the impact on investment balances;
- Economic factors;
- Detailed investment and debt activity;
- Reporting of the required prudential and treasury indicators.

12.0 Access to Information

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

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

This page is intentionally left blank

Treasury Management Annual Report 2014/15



Introduction

Treasury management is defined as: “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1. Treasury Year End Position

The amount of investments outstanding at 31st March 2015 was £47.7m (compared to £61.1m as at 31 March 2014) as follows:

	31/03/14	31/03/15
	£m	£m
UK BANKS		
Barclays Bank	5.0	5.2
Lloyds TSB	3.0	2.0
Santander (UK)	5.3	-
Close Bros	3.0	-
Standard Chartered Bank	2.0	-
FOREIGN BANKS		
Deutsche Bank (Germany)	-	6.0
Svenska Handelsbanken (Sweden)	-	5.0
BUILDING SOCIETIES		
Nationwide Building Society	2.0	5.0
Yorkshire BS (Covered Bond)	-	5.0
Coventry Building Society	-	1.0
Cumberland Building Society	-	1.0
Leeds Building Society	-	1.0
MONEY MARKET FUNDS		
Federated Investors	5.9	3.9
Morgan Stanley	4.5	3.5
IGNIS	7.6	2.5
Aberdeen Asset (formerly Scottish Widows)	1.5	1.6
Deutsche	0.9	-
MANAGED FUNDS		
Property Funds	-	5.0
Investec – Pooled Funds	20.4	-
TOTAL	61.1	47.7

The net investment income received in 2014/2015 after allowing for fees and interest due to the Growing Places fund was £1.1m. This is favourable compared to the budget of £200,000. However, this includes the full realised income from the sale of our externally managed investments of which £417,000 relates to previous years.

The overall average rate of interest on all investments in 2014/15 was 0.74% compared to the benchmark 7 day LIBID average return of 0.44%. The base rate remained at 0.50% for the full year.

Investment income forms part of the capital financing budget, which also includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. The capital financing budget for 2014/15 was £12.4m which accounts for 4.9% of the Council's total revenue budget. Additional investment income and lower external interest charges contributed to a £1.8m underspend on capital financing which has been transferred to reserves for funding future capital expenditure.

We will continue to monitor performance during 2014/15 through the benchmarking service provided by the Council's Treasury Management Advisors, Arlingclose.

2. Interest Rates and Prospects for 2014/15

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

3. Compliance with Treasury Limits

During the financial year the Councils' operated within the treasury limits and Prudential Indicators set out in the Councils' Treasury Policy Statement and annual Treasury Strategy Statement (see section 7).

4. Investment Strategy for 2014/15

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

Investment instruments identified for use in the financial year are set through the Councils' Treasury Management Strategy Statement and Investment Strategy. Different limits apply to counterparties based on a range of credit criteria which governs the maximum amount and the maximum maturity periods of any investments. This is kept under continual review with institutions added or removed from our list of counterparties during the year dependent on their qualification according to the credit criteria measures.

Investment Objectives

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

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

Credit Risk

Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price.

The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and credit rated building societies this has been set at 10% of our total investments subject to a maximum value of £10m (now revised to £5m). These 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 25% 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.

Counterparty update

The European Parliament approved the EU Bank Recovery and Resolution Directive (BRRD) on April 15, 2014. Taking the view that potential extraordinary government support available to banks' senior unsecured bondholders will likely diminish, over 2014-15 Moody's revised the Outlook of several UK and EU banks from Stable to Negative (note, this is not the same as a rating review negative) and S&P placed the ratings of UK and German banks on Credit Watch with negative implications, following these countries' early adoption of the bail-in regime in the BRRD.

The Bank of England published its approach to bank resolution which gave an indication of how the reduction of a failing bank's liabilities might work in practice. The Bank of England will act if, in its opinion, a bank is failing, or is likely to fail, and there is not likely to be a successful private sector solution such as a takeover or share issue; a bank does not need to be technically insolvent (with liabilities exceeding assets) before regulatory intervention such as a bail-in takes place.

In October following sharp movements in market signals driven by deteriorating global growth prospects, especially in the Eurozone, Arlingclose advised a reduction in investment duration limits for unsecured bank and building society investments to counter the risk of another full-blown Eurozone crisis. Durations for new unsecured investments with banks and building societies which were previously reduced. Duration for new unsecured investments with some UK institutions was further reduced to 100 days in February 2015.

The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits rose relative to other investment options. The Council therefore increasingly favours secured investment options or diversified alternatives such as covered bonds, non-bank investments and pooled funds over unsecured bank and building society deposits.

Liquidity

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

Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates also remained at very low levels which continue to have an impact on investment income.

Use of External Fund Managers

During 2014/15 the Council completed the planned withdrawal from Investec and redeemed its £20m investment. Alternative investments have since made including the CCLA Property Fund.

CCLA manage charity and public sector client investments and are regulated by the Financial Conduct Authority (FCA). Its clients include charities, churches and faith groups, local authorities and other public sector bodies.

The Local Authorities' Property Fund is a diversified commercial and industrial property portfolio available to all local authorities. It is suitable where long term funds are available to invest to achieve an attractive income and capital growth over time.

The Council invested £5m into the fund in October 2014. At close of business the value of the fund was £4,997,649 this is due to the difference in the purchase price of the units and the current selling price, there is normally a 7% difference between the two.

The dividends received in the five months to 31 March 2015, amount to £100k, an average rate of 4.8% return. This compares to the rest of the Council's investments, where the average return is currently forecast at around 1%.

CCLA also manage a Public Sector Deposit Fund (PSDF) which the Council uses as an instant access account with returns of around 0.4%.

A further investment of £2.5m has been made in the Property Fund in 2015.

5. Borrowing strategy

At the end of the year 2014/15 the Council had debt outstanding of £114.4m. Of this £17m represented loans raised from commercial banks whilst £97.4m represented loans from the PWLB.

The Council's capital financing requirement (CFR) currently exceeds the amounts actually borrowed with the shortfall being funded from cash balances.

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

6. Economic events of 2014/15

The robust pace of GDP growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by positive contributions from the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy given the important role of the consumer in economic activity.

Annual CPI inflation fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price (which fell to \$44.35 a barrel a level not seen since March 2009) and a steep drop in wholesale energy prices with extra downward momentum coming from supermarket competition resulting in lower food prices. Bank of England Governor Mark Carney wrote an open letter to the Chancellor in February, explaining that the Bank expected CPI to temporarily turn negative but rebound around the end of 2015 as the lower prices dropped out of the annual rate calculation.

The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. January 2015 showed a headline employment rate of 73.3%, while the rate of unemployment fell to 5.7% from 7.2% a year earlier. Comparing the three months to January 2015 with a year earlier, employee pay increased by 1.8% including bonuses and by 1.6% excluding bonuses.

The Bank of England's MPC maintained interest rates at 0.5% and asset purchases (QE) at £375bn. Its members held a wide range of views on the response to zero CPI inflation, but just as the MPC was prepared to look past the temporary spikes in inflation to nearly 5% a few years ago, they felt it appropriate not to get panicked into response to the current low rate of inflation. The minutes of the MPC meetings reiterated the Committee's stance that the economic headwinds for the UK economy and the legacy of the financial crisis meant that increases in the Bank Rate would be gradual and limited, and below average historical levels.

Political uncertainty had a large bearing on market confidence this year. The possibility of Scottish independence was of concern to the financial markets, however this dissipated following the outcome of September's referendum.

Gilt Yields and Money Market Rates: From July, gilt yields were driven lower by a combination of factors: geo-political risks emanating from the Middle East and Ukraine, the slide towards deflation within the Eurozone and the big slide in the price of oil and its transmission though into lower prices globally. 5-, 10- and 20-year gilt yields fell to their lows in January (0.88%, 1.33% and 1.86% respectively) before ending the year higher at 1.19%, 1.57% and 2.14% respectively.

7. Prudential Indicators 2014/15

The Council can confirm that it has complied with its Prudential Indicators for 2014/15, approved on 27th February 2014 as part of the Council's Treasury Management Strategy Statement. Details can be found in Annex 1.

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2014/15. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Annex 1**Prudential Indicators 2014/15 and revisions to 2015/16 – 2017/18****1. Background:**

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

2. Gross Debt and the Capital Financing Requirement:

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

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

The Chief Operating Officer reports that the Authority had no difficulty meeting this requirement in 2014/15, 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. 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	2014/2015	2015/2016	2016/2017	2017/2018	Future years
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Total	101.5	153.4	114.3	110.5	92.7

Source: Cheshire East Finance

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

Capital Financing	2014/2015	2015/2016	2016/2017	2017/2018	Future years
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Capital receipts	4.4	17.0	23.0	24.0	20.0
Government Grants	55.7	42.0	50.8	61.3	56.6
External Contributions	9.5	15.8	19.4	6.9	15.7
Revenue Contributions	1.5	3.6	0.2	0.0	0.0
Total Financing	71.2	78.4	93.4	92.1	92.2
Prudential Borrowing	30.3	75.0	20.9	18.4	0.5
Total Funding	30.3	75.0	20.9	18.4	0.5
Total Financing and Funding	101.5	153.4	114.3	110.5	92.7

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	2014/2015	2015/2016	2016/2017	2017/2018
	Actual	Estimate	Estimate	Estimate
	%	%	%	%
Total	4.90	5.68	5.86	6.00

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	2014/2015	2015/2016	2016/2017	2017/2018
Financing Requirement	Actual £m	Estimate £m	Estimate £m	Estimate £m
Total	229	261	253	260

Source: Cheshire East Finance

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	114
Other Long-term Liabilities	39
Total	153

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	2015/2016 Estimate £	2016/2017 Estimate £	2017/2018 Estimate £
Band D Council Tax	16.28	23.51	0

8. Authorised Limit and Operational Boundary for External Debt:

- 8.1 The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.
- 8.2 The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its

proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

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

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

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

	2014/2015	2015/2016	2016/2017	2017/2018
	Actual	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Authorised Limit for Borrowing	239	275	265	270
Authorised Limit for Other Long-Term Liabilities	39	39	38	36
Authorised Limit for External Debt	278	314	303	306
Operational Boundary for Borrowing	229	265	255	260
Operational Boundary for Other Long-Term Liabilities	39	39	38	36
Operational Boundary for External Debt	268	304	293	296

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 31/03/2015	2015/2016 Estimate	2016/2017 Estimate	2017/2018 Estimate
		%	%	%
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0%	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 2015/16.

Maturity structure of fixed rate borrowing	Level as at 31 st March 2015(based on Current Borrowing) %	Lower Limit for 2015/2016 %	Upper Limit for 2015/2016 %
under 12 months	22%	0%	35%
12 months and within 24 months	5%	0%	25%
24 months and within 5 years	16%	0%	35%
5 years and within 10 years	4%	0%	50%
10 years and within 20 years	23%	0%	100%
20 years and within 30 years	7%	0%	100%
30 years and within 40 years	14%	0%	100%
40 years and within 50 years	9%	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.

This page is intentionally left blank

CHESHIRE EAST COUNCIL**Cabinet**

Date of Meeting: 29th September 2015
Report of: Peter Bates, Chief Operating Officer
Subject/Title: Agency Worker Contract Procurement
Portfolio Holder: Cllr Paul Findlow

1. Report Summary

- 1.1 Cheshire East Council currently has a contract with Comensura for the supply of agency workers. This contract expires 31 March 2016 and work is underway to manage arrangements for the re-tender of this contract on a collaborative basis with Cheshire West and Chester Council, ANSA, and CoSocius.
- 1.2 Agency workers form an important component of the Councils approach to staffing, providing a mix of short term essential cover, flexibility to respond to peaks in activity and the ability to meet changing requirements. Sourcing agency workers through a single managed service provider ensures value for money, that procurement processes are compliant and streamlined, invoices are consolidated in one bill to the Council, appropriate governance and control is in place and there is active management of the contract and total spend. The Council is focusing on reducing its reliability on and cost of agency workers.
- 1.4 The procurement process for a Vendor Neutral arrangement to be sourced through the Eastern Shires Purchasing Organisation, MStar2 Temporary Agency staff framework (Lot1) in collaboration with Cheshire West and Chester, Ansa and CoSocius has commenced. It is anticipated that the award of the contract will be made December 2015 to enable a smooth transition and the new contract to commence 1 April 2016.

2. Recommendations

- 2.1 That Cabinet:

Grants the necessary delegated authority to the Portfolio Holder for Performance (Cllr Paul Findlow) and the Chief Operating Officer to award this contract following a competitive tender exercise and take all necessary actions to implement the new contract.

3. Other Options Considered

- 3.1 In terms of procurement routes alternative framework providers have also been explored. The Yorkshire Procurement Organisation (YPO) is in the early

stages of inception and would not allow the Council the necessary time to re-procure the Agency Contract.

- 3.3 The Council could independently conduct a full tendering exercise rather than via a Framework agreement. It is considered that there would be no benefit in this approach as the Council would be dealing with the same supply market and not able to leverage demand with other Local Authorities.

4. Reasons for Recommendations

- 4.1 The current Agency Contract has run from April 2012 and is due to expire on the 31st March 2016. Therefore a tender exercise must be conducted to ensure that the Council has access to an Agency Worker contract at the point the current contract expires.
- 4.2 Informal meetings with potential suppliers have been conducted to explore managed service model options for the supply of Agency Workers. The Vendor Neutral model best meets the Council's needs both in terms of the core specification and optional strategic services which provides increased flexibility to meet future requirements. This model can also be adapted to tier agencies to meet demand for certain key job categories.
- 4.3 Feedback has recently been sought from managers who are regular users of the current Agency Workers contract. Although some challenges have been experienced in recruiting the appropriate quality of agency staff, overall the neutral vendor model has proved to be effective, when recognising the upturn in the market and national shortage of key skills such as social workers.
- 4.4 Competitive tenders will be invited and evaluated from up to seven suppliers included on the MStar2 Framework for the provision of agency workers in the Neutral Vendor Lot. This competitive process should enable costs to be reduced below the "direct award" rates currently stated in the framework, whilst at the same time ensuring quality requirements can be delivered upon.

5. Background

- 5.1 As outlined above, the current contract for the supply of agency workers to the Council is due to expire on 31 March 2016. Due to the level of potential spend on agency workers a re-tender of the Agency Worker contract requires a EU compliant procurement process to be undertaken.
- 5.2 The use of a managed service contract for Agency Workers offers the Council the ability to adopt flexible resourcing approaches to anticipate and respond to a changing environment. For the past three years, the Council has held a contract with Comensura to supply Agency Workers on a Neutral Vendor basis in order to fulfil business need.
- 5.3 The contract will provide temporary staff for all non-education related requirements. Such needs should be for temporary backfilling, temporary increases in resources, temporary fulfilment of new roles etc. Key job

categories within the contract include Administrative and Clerical Staff, Social Care, IT, and Manual Labour.

- 5.4 The current agency staff contract was not designed to include senior interims and consultants, however, where senior or specialist skills are required, managing this through a single contract helps to streamline processes and governance. Work is underway to explore a variation to the current contract to include senior interims / consultants and we will look to include this in the new tender.

6. Key drivers

- 6.1 Four key drivers will underpin the procurement process to put in place a new contract for the supply of agency workers to deliver a cost effective and quality solution for the Council:

- **To secure value for money** - without compromising on either the quantity or the quality of the Agency Workers supplied.
- **To ensure business continuity** - through a seamless transition between corporate contracts.
- **To provide an “easy to do business with” solution** – for managers to use
- **To enhance social value** – by building partnerships with local recruitment companies and maximising the opportunity for residents to secure employment.

7. Measures of success

- 7.1 Linked to the key drivers outlined below key measures of success from an Agency workers contract are as follows:

- Fulfilment of positions
- % of agencies within Cheshire East borough
- Hiring manager satisfaction
- No off contract spend

8. Procurement Framework

- 8.1 Eastern Shires Purchasing Organisation (ESPO) has put a temporary-Agency Worker framework in place, called MStar2, which is open for other local authorities to use. MStar2 is a national framework for managed services for agency workers, covering supply for both local government and education. There are a number of suppliers on this framework and the Council will undertake a mini-competition exercise.

8.2 The benefits of the MStar2 framework and the reason that the framework was set up are to:

- Harness the substantial leverage of public sector spend to achieve maximum value for money.
- Provide local authorities, including schools, with access to national and local supply of temporary Agency Workers in a robust, legally-sound performance managed agreement which also addresses vetting needs,
- Minimise duplication of effort by removing the need for individual organisations to tender or re-tender.
- Increase market competition, particularly in the neutral vendor sector.
- Enable authorities to have access to improved management information in order to inform the management of demand for temporary Agency Worker and overall workforce planning.

9. Joint Working

9.1 The current Comensura contract for agency workers was jointly procured with Cheshire West and Chester Council in 2011. There is now the opportunity to go to the market with the aggregated spends of both Councils. Whilst both Councils are seeking to reduce spend on agency workers a joint offering would be more attractive to the market and, through the shared buying power, should lead to improved margins from the suppliers.

9.2 There are also economies of scale through shared services and procure to pay processes. Alternative Service Delivery Vehicles (ASDV's) such as ANSA and Co-Socius are inputting into this procurement and wish to utilise their own contracts from this procurement exercise.

9.3 The new contract will be available to other wholly owned ASDVs to utilise where appropriate.

10. Neutral Vendor model

10.1 A neutral vendor will manage all agencies on behalf of the Council. They will generally offer each requirement to all appropriate agencies on their books, within a tiered and managed framework. Neutral vendors allow the flexibility of dealing with a wide range of agencies and the separation of demand and supply, as well as keeping in touch with the wider market. They produce management information and monitor the performance of each agency.

10.2 With a Vendor Neutral contract the supplier does not provide any agency workers from their own company but will channel the requirements through a network of supplying competing agencies. This should ensure a better calibre of candidate and a larger pool to select from.

11. Wards Affected and Local Ward Members

11.1 No impact on any specific wards and Local Ward Members.

12. Implications of Recommendation

12.1 Policy Implication

No significant policy implications.

12.2 Legal Implications

Although undertaking a joint mini competition under the EU compliant framework each organisation will enter into its own contract with the successful tenderer. It is important that the Council includes in its' specification the requirement that Council controlled companies (ASDV's) be entitled to use the contract. The Council will be liable for any breach of the contract by the ASDVs where a direct contract is not put in place.

12.3 Financial Implications

The level of spend on agency workers identified through Comensura for Cheshire East in 2014/15 was approximately £8.8m which includes the Council's Alternative Service Delivery Vehicles (ASDVs). This level of spend is broadly on par with other Councils of a similar size. It should be borne in mind that the "make up" of Councils varies widely which will have an impact on agency worker usage and spend. Agency Worker spend is around 1.6% of the Council's total annual spend (excluding schools) and forms around 8% of total annual expenditure on employees.

Council services are focusing on reducing where appropriate their reliance on agency workers, so the expenditure figures for 2014/15 are indicative and may change year on year. Temporary workers can however be a cost effective approach to some aspects workforce planning meaning that permanent resource and associated fixed cost is not required to cover peaks in workload and absence.

Agency Workers orders are subject to recruitment watch approval and must be supported by a business case. This is to ensure that Agency Workers are only ordered in relation to the merits of the business case. This assists in managing the expenditure for Agency Workers.

The vast majority of the total spend through the Agency Workers contract comprises workers' salaries, with just under £1.2m in 2014/15 being the recruitment agency fees and managed service provider booking fees. There is limited room for manoeuvre in the margin of the managed service provider, or by the suppliers of agency workers as the margins and fees are already competitive under the national MStar framework agreement. However by tendering collaboratively e.g. a contract value of circa £80 million over the next 4 years, it is envisaged that the further competition under the framework will attract lower margins.

12.4 Equality Implications

None

12.4 Rural Community Implications

None

12.5 Human Resources Implications

Ensuring a smooth transition from the current to new contract is essential. During implementation and launch of the new Agency contract, hiring managers who regularly use Agency Workers will be trained on the suppliers ICT platform. This will ensure that Agency Workers can be selected for new assignments and paid on time.

12.6 Public Health Implications

None

12.7 Other Implications

None

13. Risk Management

13.1 All contract agreements are closely monitored throughout the contracted period to ensure that the Council continues to obtain and maximise value for money and consistent levels of service. A requirement of the contract is for continuous improvement throughout the term of the contract to ensure that best value is achieved.

13.2 To enhance visibility and control over the usage of Agency Worker, management information reports will be requested from any future provider to assist with the monitoring of, for example, order justification, assignment duration, and charge rates compared to those defined for particular roles, invoicing detail and workforce diversity. The management information report will continue to provide accurate spend and usage data about the use of Agency Workers across the Council.

14. Access to Information/Bibliography

14.1 Further information about the MSTAR2 Framework can be found at:

<https://www.espo.org/Launch-of-MSTAR2-framework-for-agency-staff-via-home>

15. Background Papers

15.1 None

16. Contact Information

16.1 Contact details for this report are as follows:-

Name: Rosie Ottewill

Designation: Organisational Development Manager

Tel. No. 01270 685883

Email: rosie.ottewill@cheshireeast.gov.uk

This page is intentionally left blank

Cheshire East Council

Cabinet

Date of Meeting: 22 September 2015

Report of: Peter Bates

Subject/Title: Recycling of Garden and Food Waste through Anaerobic Digestion

Portfolio Holder: Councillor Don Stockton, Regeneration and Assets

1. Report Summary

- 1.1. CEC is exploring the opportunity to develop a Dry Anaerobic Digestion (AD) plant which will allow the cost effective recycling of food waste collected in the existing garden waste bin.
- 1.2. Food waste recycling through AD would increase council recycling rates, reduce landfill costs and reduce the environmental impacts of landfill including greenhouse gas emissions. Dry AD processing could create an income stream through the sale of energy, either to the grid or directly to an industrial energy user. It would also provide a saleable compost which can be used to improve soil as a by-product of the process.
- 1.3. A Dry AD facility could cover the processing costs of dealing with food and garden waste which is estimated to amount a £31million saving over the lifetime of the plant (The Council currently spends £1 million a year on garden waste processing).
- 1.4. Acceptance of 3rd party food waste from schools, hospitals and other institutions could further boost the potential income stream of Dry AD and generate longer term financial and carbon saving benefits through the production of renewable energy.
- 1.5. The proposed development of a facility would support the recently agreed Waste Strategy to 2030 which has as one of its aims to: "Provide all households with a simple, easy to use, kerbside recycling collection service". This point was agreed by over 90% of residents who responded to the consultation.

2. Recommendation

- 2.1. That the Cabinet approve delegated authority for the Portfolio Holder and Chief Operating Officer to carry out market engagement, undertake a procurement process to identify and appoint a joint venture partner. The intention of the procurement is to enter in to a contract with the preferred bidder, who will on the basis of a detailed business case, finance, design, build and operate the facility.
- 2.2. Further Cabinet approval will be sought to enter into a contract with the preferred bidder following either a competitive dialogue or competitive procedure with negotiation procurement route.

3. Other Options Considered

- 3.1. A range of food waste collection and treatment options have been considered (WRAP 2012, Ricardo AEA 2014) including In Vessel Composting, wet AD and shipment of waste to facilities outside the borough. The Ricardo AEA report concluded that Dry AD is the best, most cost effective method of treatment where food and garden waste collection is of a suitable scale.

4. Reasons for Recommendation

- 4.1. That there is a desire from Cheshire East residents for the Council to recycle food waste particularly in the north of the borough where the 2012 citizens panel survey indicated 62% of Knutsford residents agreed a food waste service should be implemented with 44% of all Cheshire East residents wanting a food waste collection.
- 4.2. Since Gate 1 endorsement of the high level business case, further work streams are being undertaken to update and refine the business case for development and production of a Dry AD facility. This work will set out the necessary volumetric and financial thresholds which would need to be met to ensure a commercially viable plant and the optimum sizing, processing capacity and potential Dry AD fuel sources.
- 4.3. In order to secure a delivery partner to draw up an investment grade proposal, CEC needs to undertake more detailed market engagement with the limited number of operators in the European Dry AD supplier market. This will test the viability assumptions of the high level business case, explore potential site locations and technical solutions for delivering a Dry AD plant.
- 4.4. Detailed market engagement will enable CEC to proceed to procurement in November 2015 via either Competitive Dialogue Procedure or Competitive Procedure with Negotiation. The competitive dialogue procedure is similar to the competitive procedure with negotiation insofar as there is dialogue

with bidders followed by a final tender stage. However, a key difference is that the Directive permits negotiation on the final tender in the competitive dialogue procedure.

- 4.5. The procurement route will be determined following the market engagement phase. This procedure is expected to result in the delivery a Dry AD plant on a specified site by December 2017.

5. Background/Chronology

- 5.1. In 2011 CEC carried out a survey to gauge residents views on the introduction of a food waste collection service and means of funding a collection service. There was support for the service with some geographical areas being more strongly in favour of food collection.
- 5.2. Options to introduce a food waste collection service were considered in a report completed by WRAP for CEC in 2012. The report recommended a relevant collection strategy and highlighted that the use of anaerobic digestion could provide a useful technology to enable the council to create value through the production of energy and compost material through this process.
- 5.3. A Feasibility Assessment, Outline Business Case and Outline Design for a Dry Anaerobic Digestion Facility report were completed by Ricardo-AEA in July 2014 to determine the business case for a scheme. The report reviewed the opportunity for food and garden waste to be treated by Dry AD.
- 5.4. Gate 1 approval for the progression of a Dry AD business case was received in October 2014.

6. Wards Affected and Local Ward Members

- 6.1. The location of a plant is yet to be determined and would be subject to a full consultation process. All wards could be affected by any food waste collection that may be implemented to feed a Dry AD facility.

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. Realising value from waste streams is a key objective of CEC's waste strategy. The following high level objectives of the new waste strategy are relevant:
 - to continue to exceed national targets for recycling;

- to provide all households with a simple, easy to use, kerbside recycling collection service and work to increase the types of recyclable materials collected;
- to utilise energy generation to process around 40,000 tonnes of kerbside collected organic food and garden waste by sustainable bio technologies such as anaerobic digestion, to generate heat and power;
- ensure that residual waste is managed to support waste prevention, reuse and recycling, minimising waste produced; and
- to reduce disposal to landfill to 0 and achieve 100% disposal to waste to energy generation

7.2. Legal Implications

- 7.2.1. Both competitive dialogue and competitive dialogue with negotiation procurement routes will enable the Council to engage with potential partners and allow for the submission of innovative approaches to project delivery that the Council may not have considered. These flexible procurement routes take longer than the open procedure because there are rounds of discussions before the final solution and bid is accepted. Twelve months is an average time scale.
- 7.2.2. It will be necessary to contract with the partner for the delivery of the project as well as set up a company with the partner and enter into a shareholders agreement that will set out the joint venture company's governance arrangements.

7.3. Financial Implications

- 7.3.1. The council would need to commit capital investment in partnership with a private sector provider in order to make the scheme viable. The total capex figures for a Dry AD facility vary from £10 – £30 million depending on the plant capacity and the assumptions made.
- 7.3.2. Any contribution from the council would only be made following due diligence on the preferred bidder and the development of a detailed business case.
- 7.3.3. A Dry AD plant would enable the collection of food waste within the green garden bin therefore negating the need for expensive changes to vehicles and collection rounds. It would cost the Council an estimated £2million to collect food waste separately. 35% of Cheshire East residual bin is currently food waste costing in the order of £110 a tonne to dispose of.
- 7.3.4. The Dry AD plant removes these costs (estimated to be £31million over the lifetime of the plant), from the Council in processing garden and food waste

with the potential for additional income through accepting food waste from third parties such as schools and hospitals.

7.4. Equality Implications

7.4.1. The development of a Dry AD facility is likely to result in a borough wide scheme recycling of food waste.

7.5. Rural Community Implications

7.5.1. The development of a Dry AD facility has the potential to make a positive impact across all rural communities in terms of the processing of food and garden waste and the opportunity to use agricultural feedstock sources.

7.6. Human Resources Implications

7.6.1. The Dry AD project does not currently require additional resourcing. However, any project would need to be considered on merit and weighed against the business case.

7.7. Public Health Implications

7.7.1. The collection and treatment of food and garden waste in a Dry AD facility will have a positive impact through minimising waste to landfill and producing renewable energy which will contribute to lower carbon emissions. It uses a tried and tested methodology in use throughout Europe.

7.8. Other Implications (Please Specify)

7.8.1. With the surrounding authorities to Cheshire East now collecting food waste and a move from Europe to ban the waste from landfill in the future it is likely that demand for food waste collection will increase. The development of a Dry AD facility will provide a potential disposal route of long term benefit in delivering renewable and decentralised in energy in the borough.

8. Risk Management

8.1. Risk Register

Risk	Reason	Action
Procurement	the Dry AD market is relatively small which may limit the competitiveness and appetite of the market to deliver a JV partnership	CEC have and will continue to engage with the market and advertise the opportunity as widely as possible at the appropriate point in a procurement cycle
Planning	Securing planning permission for a waste to energy use will require detailed sequential testing to determine a suitable site	Ongoing discussions are being held with planning to take in to account site options
Finance	The capex of a facility ranges from £10-£30 million depending on the assumptions made and the detailed costs will only be secured once detailed design phase is reached	CEC will continue to refine the business case and once a partner is secured a cost consultant will be brought on board
Fuel stock	The availability of consistent quantity of feed stock is critical to the success of a Dry AD facility and this can be impacted by a range of factors including climatic variations	The plant will be sized accordingly and sources of feedstock will need to be secured through the JVA partnership
Feed In Tariff (FIT)	government subsidies for renewable energy generation are likely to decline over time	the financing of the plant will take in to account how any incentives are factored in to the business plan

9. Access to Information/Bibliography

9.1. The following reports are referenced in the production of this report:

- Influence Cheshire East Cheshire East's citizens' panel Autumn 2011 Survey
- BHC002-11X Support to Cheshire East Council - Food waste collections, WRAP 2012
- Feasibility Assessment, Outline Business Case and Outline Design for a Dry Anaerobic Digestion Facility at Pym's Lane, Crewe (Phase 1), Ricardo AEA 2014

10. Contact Information

Contact details for this report are as follows:-

Name: Peter Bates

Designation: Chief Operating Officer

Tel. No.: 01270 686013

Email: peter.bates@cheshireeast.gov.uk

This page is intentionally left blank

Cabinet Paper

Date of Meeting: 22 September 2015

Report of: Heather Grimbaldeston

Subject/Title: Cheshire East Integrated Lifestyle & Wellness Support System'

Portfolio Holder: Cllr Janet Clowes Cllr Rachel Bailey

1. Report Summary

- 1.1. This report presents a programme of targeted early and universal interventions aimed at supporting residents to change their lifestyle. This is the start of a programme to change the root causes of ill health and illness. It will contribute to greater health, wellbeing and alignment to greater economic advantage and prosperity in our communities. The implementation of the programme will be aligned to the needs of communities within Wards offering local, flexible and responsive services.
- 1.2. The focus of the programme is on reducing the impact of premature death and disability for children and families and communities. Reducing the risk of disease (e.g. cancer, cardiovascular or respiratory disease) will have a positive impact on health but also on employment, poverty and social isolation within the most disadvantaged communities.
- 1.3. The programme will deliver support to change behaviour including smoking, nutrition, diet, physical activity and positive sexual health choices (including advice and support to prevent unwanted teenage pregnancy).
- 1.4. We will ensure that we listen to the voice of children and young people and support them so that they can enjoy better health now and in the future.
- 1.5. The service/s will be linked into existing social care, children's and leisure services to ensure that joined up support is available. Importantly, we recognise that addressing the needs of children and young people are fundamental to successfully tackling the root causes of disadvantage for future generations.
- 1.6. The programme will deliver health improvements for residents and help with the Councils' and local NHS overall plan to reduce demand and maintain longer-term financial stability. The programme will also offer up opportunities to work with the NHS for shared benefits and shared funding.
- 1.7. The programme for the integrated 'Lifestyle and Wellness Support System' (LWSS) is set out in two phases: Phase 1: We will create a limited Lifestyle Area Fund (formerly Public Health Transformation fund) to enable rapid in-year change in our commissioned services to meet the immediate needs of

our local residents. This will also address some required recommissioning of current service (e.g. Smoking Services) and the development of a sustainable approach to the delivery of an Integrated LWSS

- 1.8. Phase 2: We will secure an 'Integrated' LWSS focusing on 'Place' and 'Communities' delivered through a *dynamic* innovative methods of commissioning services that allows eligible members of the public to access services that fit their individual needs and circumstances. The LWSS can be used to target a whole community for 'Place Based Support', improving lifestyle and wellness through prevention, early intervention, and making services more integrated and accessible. The geographical areas of greatest need are based on the detailed health profiling work undertaken by Public Health Intelligence. (Appendix B).
- 1.9. This approach would allow other commissioners (including Council and NHS commissioners) to collaborate in the LWSS, therefore offering a positive opportunity for greater integration and alignment of commissioning and support services going forward. This approach would also allow wider services to be added to the LWSS at a later stage.
- 1.10. To this end the programme will be developed collaboratively with the 'community hubs' team and the Directors of Adults, Children's services and Communities. For both phase 1 and phase 2, the procurement process and the decision making panels will include full representation from the communities involved as well as the Directors of Adults, Children and Communities (or their nominated representatives).

2. Recommendation

- 2.1. That Cabinet notes the information contained within this paper, setting out our short and medium term approach to securing an integrated LWSS for our residents.
- 2.2. The programme will be developed collaboratively with the 'community hubs' team and the Directors of Adults, Children's services and Communities. For both phase 1 and phase 2, the procurement process and the decision making panels will include full representation from the communities involved as well as the Directors of Adults, Children and Communities (or their nominated representatives).
- 2.3. That Cabinet grants the necessary delegated authority to the Portfolio Holder for Adults, Health and Leisure and the Portfolio Holder for Children and Families, and the Director of Public Health and to the Chief Operating Officer to:

2.3.1. Undertake the award of grant funding for Phase 1

and

2.3.2. Undertake the procurement and award of contracts to successful providers under Phase 2 (para 1.6 and 1.7) for the integrated LWSS.

3. Other Options Considered

These include re-tendering existing service specifications. These would not provide the improvement in outcomes and deliver services based on the needs of our residents.

3.1 Reasons for Recommendation

- 3.1.1 Investing in early intervention and prevention will have health benefits and also wider economic benefits from healthier more productive communities. This approach supports the Council's Outcome 5 – 'People live well and for longer' described as local people of all ages have healthy lifestyles and access to good culture, leisure and recreational facilities. It helps to fulfil the Authority's duty to take steps to improve the health of the people in its area
- 3.1.2 The Lifestyle Area Fund will target eleven small areas (see section 3.2.4). The Community Hub developments are also focusing on these areas as a priority. An established process for grant funding will be refined to involve those involved in the community hubs in the identified areas.
- 3.1.3 There is already an established process for grant funding that can be refined to achieve this first phase, the purpose and section 3.2.4 explains this further.
- 3.1.4 Children and Adults' lifestyles are influenced by many factors, including life chances, educational attainment, employment, stable accommodation and family support. There are aspects of lifestyles that can negatively impact on all our residents' health and wellbeing. These include drinking excessive alcohol, smoking, unhealthy diet, and not exercising regularly, all of which affect health and quality of life and increase the risk of dying at a younger age.
- 3.1.5 The Director of Public Health has highlighted the magnitude and distribution of these factors in her Annual Public Health Reports: "Living Well for longer in Cheshire East 2012-2013" and "Looking to the future: The Health and Wellbeing of Children and Young People in Cheshire East 2013-2014".
- 3.1.6 The implementation of the Integrated lifestyle and Wellness service will help to tackle the significant health inequalities experienced by residents across Cheshire East. The recommendations will also help fulfil the Councils' requirements under the Health and Social Care Act 2012 and reflects the current evidence and policy on delivering services that are universal and proportionate to the needs of residents (i.e. Fair Society, Healthy Lives: The Marmot review)
- 3.1.7 These factors often manifest themselves as multiple unhealthy behaviours, and therefore approaches to behaviour change need to be flexible and tailored to children's and adults' needs. Hence we will commission a second phase of the 'Integrated Lifestyle and Wellness Support System' locally to

provide a choice of help, advice and support in a range of ways. We will procure services using a 'dynamic purchasing system', this will provide a sustainable, flexible, integrated model for contracting with all successful service providers. Overall, we can create a real opportunity to make a significant difference in Cheshire East for residents with multiple lifestyle risks, whilst also ensuring access by other residents to lifestyle and wellness support in the borough.

3.2 Full programme of Targeted and Universal 'Integrated Lifestyle and Wellness Support services

3.2.1 Phase 1

The Lifestyle Area Fund will align to the developing Community hubs and offer lifestyle advice and access into locally commissioned opportunities for residents to improve the following outcomes:

- Increased physical activity
- Increased levels of healthy eating
- Reduced levels of obesity
- Reduced smoking prevalence
- Reduced levels of harmful and binge drinking
- Improved emotional health and wellbeing

3.2.2 Phase 2

The second phase of the 'Integrated Lifestyle and Wellness Support System' will provide support to enable residents to live well for longer, by supporting them to address the factors that affect their health and wellbeing earlier and or through preventative behaviour change. The range of components will include:

- Assessment and Co-ordination of help, advice and support;
- Lifestyle and Wellness support [initially Physical Activity, Holistic Lifestyle Coaching, Alcohol Harm Reduction, Tobacco Control & Stop Smoking, Healthy Eating, NHS Health Checks, some Sexual Transmitted Infection testing and treatment, and access to Public Health funded Contraception Services];
- Performance reporting and monitoring together with a payment system for providers of the support services

3.2.3 What outcomes will it deliver?

The full programme integrated 'Lifestyle & Wellness support System' will focus on:

Improving

- People's lifestyle choices
- Physical activity

- Access to lifestyle and wellness support by people who have serious mental illness
- Access to support to maintain independence
- Access to preventative wellbeing services
- People feeling empowered to self-manage their long-term condition
- Lifestyle before, during and after pregnancy for women
- The number of families who benefit from a healthy lifestyle and environment
- Case finding for diabetes and high blood pressure

Reducing

- The number of adults and children who are overweight and obese
- Smoking in adults and children
- Misuse of alcohol and a reduction in levels of harmful drinking
- People requiring treatment for sexually transmitted infections and Emergency Hormonal Contraception
- Injuries due to falls in people over 65yrs

PH Outcome Indicators we will focus on (and Cheshire East's current national ranking) are:

- Use of outdoor space for exercise/ health reasons (third best decile)
- Social Isolation (fourth best decile)
- Smoking status at time of delivery (sixth best decile)
- Smoking prevalence – 15 year olds (not yet available)
- Smoking prevalence – adults (fourth best decile)
- Diet (third best decile)
- Physical activity – adults (sixth best decile)
- Excess weight in 4-5 and 10-11 year olds (second best decile)
- Excess weight in adults (fourth best decile)
- Alcohol related admissions to hospital (third best decile)
- Self reported wellbeing (second best decile)
- Premature death in people with mental illness (fourth best decile)
- Injuries due to falls – in people over 65yrs (fourth best decile)
- Take up of NHS Health Checks (fourth best decile)
- Recorded diabetes (fifth best decile)

Indirect benefits

- Economic benefits

- Employment, reduction in health related absenteeism, workforce productivity benefits

Note: Definition of Decile - On an equal scale of 1 to 10, where 1 is the best and 10 is the worst, a decile represents one-tenth of the areas in England.

3.2.4 What funding will we be investing?

Phase 1: The Lifestyle Area Fund will target the eleven small areas (see section 5). The Community Hub developments are also focusing on these areas as a priority. An established process for grant fund will be refined to involve those involved in the community hubs in the identified areas.

There is already an established process for grant funding that can be refined to achieve this purpose and the section below explains this further.

Up to £400,000 has been identified to commission activities to improve lifestyles linked to the developing community hubs.

Eleven areas have been identified as facing the greatest health inequalities with residents having poor lifestyles and consequent health outcomes. These are:

- Bromley Farm – part of Congleton East Ward
- Colshaw Farm – part of Handforth Ward
- Crewe Central Ward
- Crewe East Ward
- Crewe North Ward
- Crewe South Ward
- Crewe St Barnabas Ward
- Crewe West Ward
- Lacey Green – part of Wilmslow Lacey Green Ward
- Longridge – part of Knutsford Ward
- Moss Rose – part of Macclesfield South Ward

We will use the Lifestyle Area Fund to kick-start improvements in lifestyle and wellness in these areas. At a later stage, through the 'Integrated Lifestyle and Wellness Support System', similar support will be accessible to all residents of the borough.

The Public Health Transformation Fund (now Lifestyle Area Fund) was specifically created to improve the health and wellbeing of residents in Cheshire East in 2014. It does this by funding time-limited community based projects, which offer innovative and intensive support to local people.

Since the fund was set up 13 different projects have been approved and funded to a total value of £1.074M. These cover a range of different sub areas such as social isolation, discharge from hospital and independent living; however, they all encompass an intention to improve mental wellbeing. The majority of

organisations involved are VCFS although public organisations have also been funded.

Cabinet gave approval for the fund to be established on 22nd July 2014 together with agreement that funding decisions would be delegated to a panel (chaired by the Portfolio Holder for Adults, Health and Leisure). A further recommendation was then agreed at a Portfolio Holder's decision meeting on 24th March 2015 (following a previous Informal Cabinet discussion) as it had become clear that the duration of some projects would extend past the 31/3/15 time period set out in the Cabinet paper, this was granted and projects do not exceed two years from the date of their commencement.

The requirements of the fund will be refined to focus: firstly on lifestyle outcomes; and secondly on the eleven small areas identified in section 3.

The membership of the panel will be refined to include representatives from those involved in the targeted community hubs and they will make recommendations for payment of funds with the final decision resting with the Portfolio Holders and Officers in accordance with paragraph 2.2.

Phase 2: Table 1 outlines the planned additional spending on Wellbeing services by year, the majority (excluding the mental health and prevention spend) will be delivered by the LWSS per year. This is in addition to the current £1.1m on existing lifestyle (Smoking, NHS Health Checks and Sexual health) services. We also expect to invest around £200,000 in start-up costs for an assessment centre but this to be funded out of a charge levied on each successful service provider. Each service provider will make a contribution to this central assessment service; this will be based on a proportional basis.

Table 1: Additional Integrated Wellbeing Service spending plans

Areas	Year		
	2015/16	2016/17	2017/18
Obesity, Nutrition & Prevention	£400,000	£800,000	£750,000
Smoking & Tobacco Control	£195,934	£600,000	£550,000
Physical Activity (incl. Health Checks)	£217,335	£585,000	£535,000
Sexual Health& Prevention	£141,410	£500,000	£500,000
Totals	£954,679	£3,485,000	£2,335,000

All spending is aligned to Council and Public Health priorities with the allocation of Public Health spending designed to move the proportion of spend closer to optimal Disability Adjusted Life Year (DALY) targets [the DALY is becoming increasingly common in the field of Public Health and health impact assessment (HIA). It extends the concept of potential years of life lost due to premature death, to include

equivalent years of 'healthy' life lost by virtue of being in states of poor health or disability. In so doing, mortality and morbidity are combined into a single, common measure].

All resources available will be allocated to local areas using a variation of the national formula for allocation the public health grant to Local Authorities. This ensures that resources are directed to where they are needed and where they can have the maximum benefit to residents. It also guarantees that every resident benefits from funding and being able to access a service but that service is proportional to the needs of all residents across Cheshire East. Table 2 sets out the difference in funding over three years from 2015/16 to 2017/18 in different areas from the most in need to the least in need (area 1). This is based on nationally published mortality data.

Table 2: Different levels of resource allocation based on different needs

Level	Amount	Difference
1	£71,975	£0
2	£86,067	£14,093
3	£102,920	£30,945
4	£123,072	£51,098
5	£147,170	£75,196
6	£175,987	£104,012
7	£210,446	£138,471
8	£251,652	£179,678
9	£300,927	£228,952

This placed based budget ensures that resource are allocated to each different area across Cheshire East. Appendix A (encl.) shows the amount we are intending to spend by Ward across **all** the service areas combined - Obesity, Nutrition & Prevention, Smoking & Tobacco Control, Physical Activity (incl. Health Checks) and Sexual Health & Prevention. The recommendations in this paper take account of this required funding shift, as well as addressing the health needs of specific geographical areas.

The work outlined within this report includes re-commissioning and additional service commissioning from the Public Health Budget, which is in line with having all transferred Public Health services from the PCT to the Council reviewed and re-commissioned by 31/3/16.

The overall funding for Phase 1 and Phase 2 of the programme is indicative and will be reviewed in line with the priorities that follow from the Solving Root Causes programme. The total funding will not exceed the values stated and will be allocated to the Wards set out in Appendix A. There may be modest virement between Council Wards depending on the changing health needs of residents

3.2.5 In advance of the establishment of the *LWSS*, the Lifestyle Area Fund will provide time limited funding to bring forward early implementation of services for lifestyle and wellness support for residents living in the targeted areas (see

section 5) in order to ensure compliance with Council procurement requirements.

- 3.2.6 The integrated 'Lifestyle and Wellness Support System' will mean we will invest in giving real choice to our residents over the support they access through the system. The LWSS will have support categories within it that service providers can seek to deliver against either singularly or across multiple categories once they have been approved to join the LWSS
- 3.2.7 The Council approves and / or rejects providers who bid to provide services as part of LWSS against clear criteria that meet our quality requirements such as staff skills/training and qualifications / registration, track record, and ability to serve on a 'Placed Based' local area approach.

4 Background/Chronology

- 4.2 Local health profiles have highlighted areas in Cheshire East that have significant differences in health and wellbeing compared to other parts of the Borough. These must be addressed together with a renewed focus on early intervention and prevention if we are to secure sustainable improvement in the future economic prospects of the area as a whole.
- 4.3 The Public Health budget has been reviewed to ensure that spending plans are clearly aligned to the needs of residents. This process has identified the need to allocate or increase spending on obesity, smoking, physical activity, mental health and prevention. The proposals in this paper take account of these requirements as well as addressing the needs of particular areas.
- 4.4 As well as highlighting the 'where' and 'what' this paper looks at 'how' we can move rapidly to changing our commissioned services to meet the future needs of residents. It is proposed that we will fully implement an integrated 'Lifestyle and Wellness Support System' (LWSS) for all lifestyle services during 2016.

5 Wards Affected and Local Ward Members

- 5.1 Support will be accessible to all residents of the borough at a later stage, through the 'Integrated Lifestyle and Wellness Support System'.
- 5.2 By providing a more integrated approach to these arrangements, we can create a very real opportunity to make a significant difference in Cheshire East for residents with multiple lifestyle risks, whilst also ensuring access by other residents to lifestyle and wellness support elsewhere in the borough.

5.3 Eleven areas have been identified as facing the greatest health inequalities with residents having poor lifestyles and consequent health outcomes. These are:

- Bromley Farm – part of Congleton East Ward
- Colshaw Farm – part of Handforth Ward
- Crewe Central Ward
- Crewe East Ward
- Crewe North Ward
- Crewe South Ward
- Crewe St Barnabas Ward
- Crewe West Ward
- Lacey Green – part of Wilmslow Lacey Green Ward
- Longridge – part of Knutsford Ward
- Moss Rose – part of Macclesfield South Ward

6 Implications of Recommendation

6.2 Policy Implications

6.2.1 The proposal will deliver improvement in health and wellbeing and make a significant contribution to reducing health inequalities

6.3 Legal Implications

6.3.1 The Lifestyle Wellbeing Support Service is being commissioned in two distinct phases.

6.3.2 **Phase 1:** The Lifestyle Area Fund involves the award of grant funding. There are no legal issues preventing award of grant funding. However, the awards need to be carefully managed to ensure that no issues arise at the time that grants are made. In delivering the objectives of the Fund, care must be taken to ensure that when funding is provided it is truly a grant. Any attempt to monitor output or apply terms and conditions could, dependent on the value, inadvertently create a service contract that may breach public procurement rules. Essentially, the terms of the grant should set out the purpose of the grant, what it can be allocated to and only claim back, suspend or withhold funding in accordance with the circumstances outlined in the grant agreement.

6.3.3 There is a small risk that State Aid could apply to the grants being made. However, it is understood that these grants are unlikely to exceed the threshold of 200,000 euros. Assistance under this amount is regarded as “de minimis” and unlikely to distort competition. However, “de minimis” payments over the last three years should be taken into account so when a grant is awarded the recipient should be made aware that the funding qualifies as de minimis aid and they will need to check that they have not received similar aid which means it would cumulatively exceed the threshold for State Aid.

- 6.3.4 The award of funding should be subject to grant agreements (as per the previous Transformation Fund awards) and Legal Services advice must be sought.
- 6.3.5 **Phase 2:** The Wellbeing Service, which will be procured via contracts for services.
- 6.3.6 The appointment of suppliers for these services must adhere to the Public Contracts Regulations 2015 and an EU compliant procurement process must be undertaken with the assistance of the Procurement Unit and Legal Services.
- 6.3.7 The procurement of these health related services will fall within the “Light touch regime” (with the possible exception of the assessment/ICT support and finance/payment support if they are procured separately). If the assessment process is procured separately as a health related service (rather than purely ICT support) then it is envisaged it will be awarded to a single provider for a longer contract period in line with the Public Health spending plans. Procurement under the Light Touch Regime will allow a more flexible approach as there are fewer procedural rules to follow.
- 6.3.8 It is currently envisaged that procurement of the service providers will commence with the issue of a Prior Information Notice (PIN) which will also be the call for competition. Tenderers will be invited to respond to the PIN and express an interest in joining a “select list” of suppliers for a period of 12 months at a time. The suppliers will join the list on the basis of a common set of terms and conditions and remain on it for the 12 month period (subject to their continuing to comply with minimum qualification requirements). When services are called off they will be on the basis on the common terms and conditions. The length of each call off contract remains to be determined but must be managed within the contract value set out in the PIN.
- 6.3.9 Due consideration will be given during the procurement process of any implications arising from the potential transfer of staff pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and the potential application of Fair Deal guidance.
- 6.3.10 The contents of paragraph 7.4 are noted, which suggests that Equality Impact Assessment is in the process of being conducted which will inform the consultation and engagement work and the final service specification. None

6.4 Financial Implications

- 6.4.1 Funding will come from the Public Health Grant. The funding values are indicative and will be reviewed in line with the priorities that follow from the Solving Root Causes programme. The total funding will not exceed the value stated

6.5 Equality Implications

6.5.1 This is currently underway as part of a wider consultation and engagement programme.

6.6 Rural Community Implications

6.6.1 None

6.7 Human Resources Implications

6.7.1 None

6.8 Public Health Implications

6.8.1 This programme of lifestyle and behavioural support will help to improve life expectancy, reduce level of disability and reduce health inequalities

6.9 Other Implications (Please Specify)

6.9.1 None

7 Risk Management

7.2 The Lifestyle Area Fund investment, agreed through a Cabinet Decision would enable projects to commence and run beyond March 2016. This would be funded non recurrently from the PH budget 2015/16 and is within the spending and investment plan

7.3 The timeframe for implementing the shorter and medium term 'Integrated Lifestyle and Wellbeing Support System' is challenging. However, utilising the *dynamic contract model* approach offers the leanest method of securing better support for residents in relation to their health and wellbeing and that of their family and local community.

8 Access to Information/Bibliography

8.2 Cabinet has approved the Transformation Fund, and round four bids were subject to a Portfolio Holder Decision as these will run beyond March 2016.

<http://modern.gov.cheshireeast.gov.uk/ecminutes/documents/b8927/Public%20Health%20Transformation%20Fund%20-%20amended%20report%20and%20appendices%2022nd-Jul-2014%2014.00%20Cabinet.pdf?T=9>

http://modern.gov.cheshireeast.gov.uk/ecminutes/documents/s40041/Transformation_fund%20cabinet%20paper%20rev16-03-15.pdf

Appendix A Spending Plan by Electoral Wards in Cheshire East

Appendix B Attached - Ward Based analysis of need.

Appendix C Attached – *Dynamic Contract Model* framework

9 Contact Information

Contact details for this report are as follows:-

Name: Dr Heather Grimbaldeston

Designation: Director Of Public Health

Tel. No.: 07879630573

Email: Heather.Grimbaldeston@CheshireEast.gov.uk

This page is intentionally left blank

Appendix A

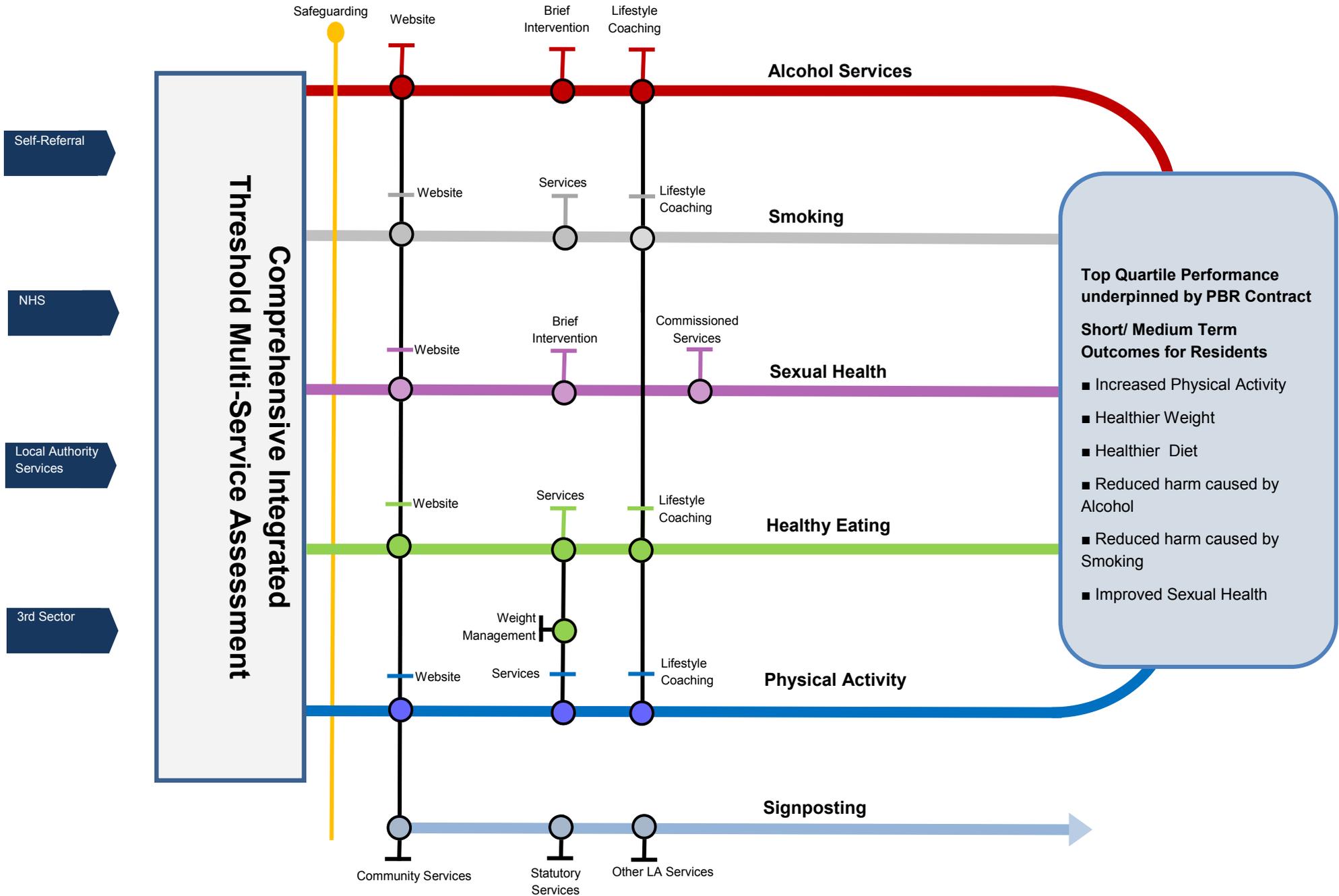
Example Total inclusion of existing spend and new spending by Ward over three years (2015/16, 2016/17 and 2017/18)

Ward Name	Total Spend
Alderley Edge	£50,916
Alsager	£205,840
Audlem	£45,351
Bollington	£129,562
Brereton Rural	£46,991
Broken Cross and Upton	£148,036
Bunbury	£40,405
Chelford	£40,469
Congleton East	£262,233
Congleton West	£237,947
Crewe Central	£179,626
Crewe East	£495,965
Crewe North	£125,521
Crewe St Barnabas	£201,045
Crewe South	£470,231
Crewe West	£365,757
Dane Valley	£130,675
Disley	£54,020
Gawsworth	£34,007
Handforth	£131,441
Haslington	£92,626
High Legh	£39,041
Knutsford	£209,140
Leighton	£82,256
Macclesfield Central	£129,398
Macclesfield East	£105,181
Macclesfield Hurdsfield	£114,029
Macclesfield South	£280,376
Macclesfield Tytherington	£144,408
Macclesfield West and Ivy	£159,911
Middlewich	£333,518
Mobberley	£41,011
Nantwich North and West	£169,742
Nantwich South and Stapeley	£124,884
Odd Rode	£68,350
Poynton East and Pott Shrigley	£94,879
Poynton West and Adlington	£119,538
Prestbury	£69,319
Sandbach Elworth	£67,717
Sandbach Ettiley Heath and Wheelock	£83,882
Sandbach Heath and East	£137,343
Sandbach Town	£76,033
Shavington	£92,564

Sutton	£60,025
Willaston and Rope	£80,340
Wilmslow Dean Row	£68,892
Wilmslow East	£48,531
Wilmslow Lacey Green	£66,526
Wilmslow West and Chorley	£110,292
Wistaston	£154,729
Wrenbury	£45,345
Wybunbury	£40,885

This page is intentionally left blank

Integrated Lifestyle and Wellness Support System



This page is intentionally left blank

CHESHIRE EAST COUNCIL

CABINET

Date of Meeting:	29 September 2015
Report of:	Peter Bates, Chief Operating Officer
Subject/Title:	Peter Mason Leisure Centre (formerly Congleton Leisure Centre)
Portfolio Holders:	Cllr Clowes, Cllr Brown

1. Report Summary

- 1.1. This report outlines the steps that are currently being taken to progress the redevelopment of the leisure centre in Congleton and picks up on the previous Cabinet report of 21st April 2015.
- 1.2. Members are asked to note the change in name of this leisure centre, which will now be known as, the Peter Mason Leisure Centre.
- 1.3. Cheshire East Council remains fully committed to improving the leisure facilities in Congleton as part of its strategic approach to improve the health and wellbeing of residents. This will be the second in a programme of leisure related improvements and follows the significant investment in new facilities in Crewe and reaffirms the council's commitment to providing modern leisure facilities.

2. Recommendation

Cabinet is recommended to

- 2.1. Note the renaming of the facility to, Peter Mason Leisure Centre and that the appropriate signage is being arranged.
- 2.2. Approve the appropriate works to assess the viability of refurbishing the existing swimming pool in order to achieve best value for money, and to maximise both the wet and dry leisure offer for Congleton.
- 2.3. Cabinet to receive a report by December 2015 on the outcome of the work outlined in 2.2 above (primarily a full pool condition survey) and form the proposal for the redevelopment of the Peter Mason Leisure Centre.
- 2.4. Note the progress in terms of the 'work packages' currently being undertaken and the timeliness for their completion which are all due to be completed during the month of October 2015. This will then inform the programme for the full feasibility and options appraisal as outlined in 2.3.

There are a range of works and surveys that are currently being undertaken in support of a future planning application; these include:

- Ground surveys (desktop and intrusive)
- Flood risk assessment and Sustainable Urban Drainage System (SUDS)
- Topographical survey
- Existing measured building survey
- Ecological habitat survey (bats etc.)
- Up to date asbestos survey of existing building
- Up to date conditions survey of existing building
- Transport assessment and travel plan (Jacobs)

2.5. Note that Cabinet will be asked to endorse the most effective financial model identified and the detailed business case.

3. Other Options Considered

3.1. Given the two options being reviewed and in line with the decision of 21st April, the Council will be looking for a focused enhancement of the leisure provision will deliver much improved facilities and opportunities, meeting the needs of existing and future customers and residents for many years to come.

3.2. It should be noted however this development will make a significant contribution to the councils Health and Wellbeing agenda and support the wider Lifestyle Policy.

4. Reasons for Recommendation

4.1. Following approval at Cabinet 21st April 2015 the project team has commenced development of the various work packages required to bring forward a fully costed feasibility study. This study will recommend the best option for the redevelopment of the leisure centre site to deliver improved health and wellbeing outcomes for the residents of Congleton.

4.2. The previous Cabinet report indicated two possible options for consideration in taking this work forward:

1. Redevelopment of dry side facilities and creation of a brand new pool.
2. Redevelopment of both dry side facilities and retention and improvement of the existing pool

The second option was put forward following recent discussions with architects working for the Council who have previously refurbished an existing leisure centre pool in Uttoxeter. As a result of these initial discussions a site visit to Uttoxeter recently took place and **Appendix 1** shows a number of photographs including a fully rebuilt and refurbished

pool plus poolside seating (120+), structural walls and roof, the two latter being completely replaced.

- 4.3. In order to ascertain if this second option is viable (or not) for the Leisure Centre a tender will need to be put out for specialist contractors to review the condition of the pool, pool hall and infrastructure fabric to conclude if this a cost efficient option. Should this be the case it may lead to more funding being available for a greatly enhanced dry side area. As such both options are currently being explored and if applicable both will be brought forward as part of the feasibility.
- 4.4. In renaming the leisure centre to the Peter Mason Leisure Centre, the council is recognising the contribution and service provided by the late member for Congleton East. Furthermore, the redevelopment and enhancement of the facility will be a fitting tribute and legacy to commemorate his tireless support for the betterment of Congleton residents.
- 4.5. A further key element of the work now commenced is the exploration of the most effective financial model to deliver the maximum improvements within the allocated budget envelope.
- 4.6. The project will be looking to work to a tight timeline but this will very much depend on the outcome of the work outlined in sections 2.2 and 2.4, providing a decision on the preferred option. An indicative timeline is set out below.

- | | |
|--|--------------------------|
| • Condition Surveys Received | Late October 2015 |
| • Confirmation of Preferred Option and the procurement route | End of November 2015 |
| • Internal review, Cabinet decision | December 2015 |
| • Detailed design stage | December 2015 – May 2016 |
| • Planning application submitted | Early Summer 2016 |
| • Internal review, Cabinet updated | Summer 2016 |
| • Construction commences | Late Summer 2016 |
| • Facility opens | Late 2017 |

5. Background/Chronology

- 5.1. As previously reported, the Leisure Centre comprises of two distinct elements built at different times with a number of separate power plants running different parts of the building.

- 5.2. The plant is nearing 40 years old, so suffers from poor energy efficiency. The current layout does not comply with current design standards (Sport England, Equality Act) which makes it an extremely inefficient building and presents construction challenges for some design options.
- 5.3. Subject to the outcome of the investigations on the refurbishment of the existing pool and should this not be achievable the final design may need to include additional land use in order to deliver the objectives above. There are also constraints on the site in terms of access and existing footprint and the ability to temporarily house plant equipment to facilitate the refurbishment/redevelopment of the centre. This could include the potential to utilise elements of the surrounding open space but this would be subject to an agreement with the requisite statutory agencies including Sport England as appropriate. Discussions are also ongoing with users of the adjacent Hankinson's Field including Congleton Rugby Club.

6. Wards Affected and Local Ward Members

6.1. Primarily it affects residents using the existing facilities in Congleton, though users could be resident in any area of the Borough.

6.2. The local wards in Congleton East. The Councillors are:

Cllr David Brown

Cllr Glen Williams

Further Councillor to be elected (following the October By-election)

6.3. The local wards in Congleton West. The Councillors are:

Cllr Paul Bates

Cllr George Baxendale

Cllr George Hayes

7. Implications of Recommendation

7.1. Policy Implications

7.1.1. As an early part of the regeneration plan for Congleton, this refurbishment project will provide a much needed and visible investment in Congleton. This will contribute directly to the regeneration of the town and improve participation in active leisure and sport activities.

7.1.2. The Leisure Centre is already established as a well-used and important community facility, with a specific focus on the provision of wet and dry leisure facilities for the local and wider population. The existing land footprint has the potential for some expansion to provide an improved leisure facility and the potential for some multi use community space designed to a high standard. Facility improvements invariably bring

increased income and usage benefiting improved health outcomes for local residents.

7.1.3. Any refurbishment options will impact in the short term on service provision while upgrades are taking place. If the pool is refurbished rather than replaced, it may require a period of time where the pool is not available while refurbishment takes place. This process would be dealt with as part of the detailed business case, including detailed discussions with ESAR regarding financial implications.

7.1.4. Any form of refurbishment or redevelopment of the site will need the consideration of a number of 'key dependencies'. These include and may not be limited to the Rugby Club, Scout Hut (next to the leisure centre) and users of the public open spaces in particular users of the skate park and the local 'friends' group.

7.1.5. This project will also have dependencies on the following strategies underway in the council:

a) Regeneration plan for Congleton - The Council is developing a Masterplan for Congleton. The benefits from this project will be fed into the wider master-planning activity.

b) Community hub – A pilot scheme is underway which is shaping the 'hub' of community services in the town. Some of those may be provided as part of the leisure centre upgrade.

c) If new or improved community space was provided in the final design, it could benefit both these existing council operated services and the wider community where good quality community space is demonstrated to be in short demand.

d) Indoor Facilities Strategy. A new strategy is currently being developed in support of the emerging Local Plan.

e) Congleton Neighbourhood Plan, this is an emerging plan being developed with the Local Partnership and will also feed into the Community Hubs project.

7.2. Legal Implications

7.2.1. A contractor to undertake the refurbishment works can be procured by a mini competition under the North West Construction Hub High Value Framework or other Framework, procurement via this route could select a company in four months. Alternatively the Council can undertake an EU compliant procurement that will take between six to nine months.

7.2.2. The Consultation with local stakeholders will be conscientiously taken into account in finalising the scope of the scheme.

7.2.3. The Leisure Centre is managed on behalf of the Council by Everybody Sports and Recreation Ltd (ESAR) and is subject to a lease to ESAR for this purpose. The Council may be liable to compensate ESAR for loss in earnings during the refurbishment and a variation to ESAR's current lease may be required if the leased area changes.

7.2.4. A report on title has already been produced in relation to the various legal interests in the Congleton Leisure Centre site and the Council will be required to investigate the remaining interests and if required reach an agreement with those existing at the refurbishment date or terminate any arrangements to enable the refurbishment to proceed.

7.3. Financial Implications

7.3.1. The project currently has a budget of £8.8m within the Capital Programme for 2015/16 to support and enhance the facility. The scheme will reduce the expected maintenance liability though this would not result in a direct 'saving' towards the business case of a redeveloped asset.

7.3.2. Alternative funding models might deliver wider opportunities for redesign and these should be explored before a final determination of options is made.

7.3.3. The design stage will look at maximising the efficiency of the asset to reduce the existing running costs.

7.4. Equality Implications

7.4.1. Any refurbishment or new build on the leisure centre site will ensure that the site becomes fully accessible to all residents. In addition a range of programmes and facilities will be developed to attract a wide range of user groups.

7.5. Rural Community Implications

7.5.1. None

7.6. Human Resources Implications

7.6.1. None

7.7. Public Health Implications

7.7.1. The provision of improved leisure facilities will enable the Council to continue to make a significant contribution to Outcome 5 of the Corporate Plan " People Live Well and For Longer".

7.8. Other Implications (Please Specify)

7.8.1. None

8. Risk Management

8.1. There are still significant risks with the delivery of this project which will be mitigated in detailed design and subsequent planning stage. These are highlighted below:

- a) Highways – There is a need to undertake local highway modelling based on the demand data to understand the highway impact of any new scheme. This will determine its viability and identify any possible highway improvements for inclusion in the overall cost.
- b) Pre planning responses – An initial consultation has been had with Sport England. More detailed discussions will be required should the only option be for a replacement pool as the proposal will need to be compliant with current local and national policies in relation to public open space.
- c) Demand modelling has been carried out, which has identified and validated the facilities in terms of size and number which will inform costs and provide base data for highway modelling. In addition initial discussions have been held with ESAR regarding future and innovative leisure provision that could be introduced with the dry side in addition to that already existing.
- d) The site sits within a Zone 2 flood plain, early engagement with the Environment Agency has confirmed that any refurbishment or new construction would require sufficient defence mechanisms to lessen the impact of any flooding should this occur. This may have some impact on scope and budget.
- e) Subject to the outcome of the condition surveys and the structural integrity of the pool, it cannot be assumed that the existing pool facility could remain open during any construction phase or refurbishment.

9. Access to Information/Bibliography

9.1. The background papers relating to this report can be inspected by contacting the project team.

Appendices:

- Appendix 1 - Uttoxeter Leisure Centre Refurbishment (pool side)

10. Contact Information

Contact details for this report are as follows:-

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

Peter Mason Leisure Centre Cabinet Paper 22.09.15

Appendix 1

Before & After Images from Uttoxeter Leisure Centre

Old Entrance



New Entrance



Old Changing Room



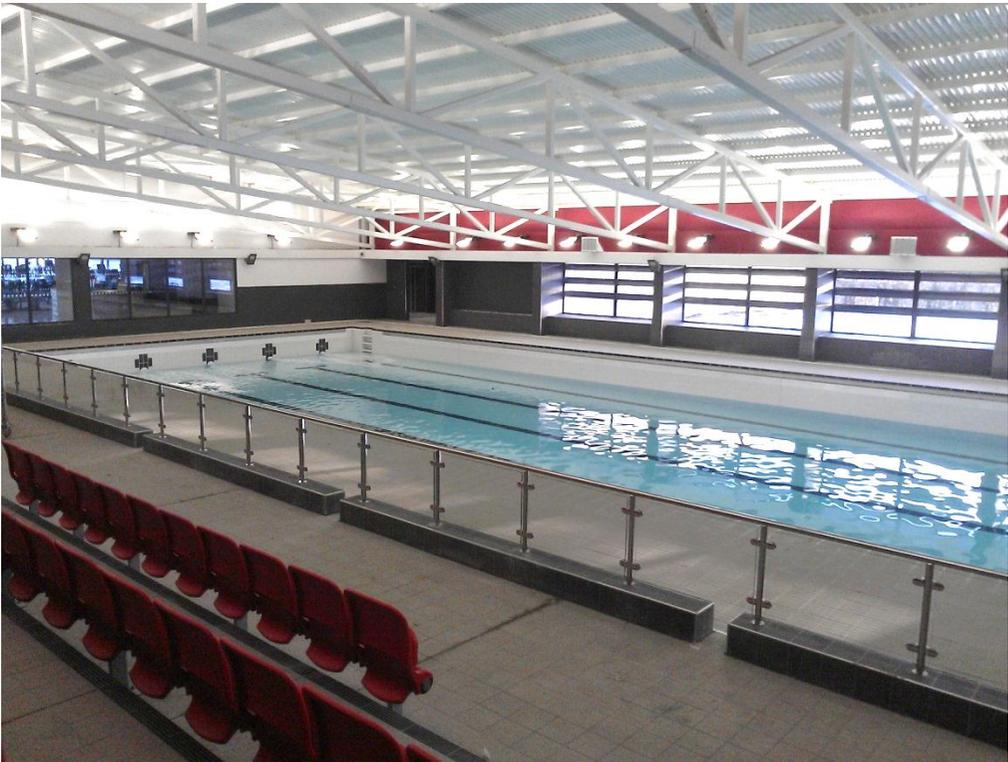
New Changing Village



Old Pool Hall



New Pool Hall



Reception, incorporating a café area overlooking the pool



CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 29 September 2015

Report of: Caroline Simpson,
Executive Director for Economic Growth & Prosperity

Subject/Title: Crewe Town Centre Regeneration: Royal Arcade redevelopment scheme

Portfolio Holder: Cllr Don Stockton, Regeneration & Assets
Cllr Peter Groves, Finance & Assets

1. Report Summary

- 1.1 Crewe town centre is at a pivotal point in terms of its future direction. It has faced the challenge of out-of-centre developments, but it now stands to benefit from millions of pounds of investment, with both the Crewe Lifestyle Centre and University Technical College opening in 2016, as well as the prospect of significant growth opportunities should Crewe be selected as the location for the HS2 North-West Gateway hub station. Whilst the retail and leisure sectors are experiencing significant change nationally and globally, the Crewe town centre core has been assessed as having great potential as a destination, which is not being harnessed currently.
- 1.2 The Council has taken a lead in identifying what more needs to be done to further support the regeneration of the town, which includes the development of a Regeneration Delivery Framework for the town centre. This sets out a strong vision for the future of Crewe town centre with supporting objectives which include the development or enhancement of key sites and the strengthening of planning policy to help ensure that future investment is focused on the town centre, rather than out-of-centre locations such as Grand Junction Retail Park. The Framework also provided the rationale for the Council's acquisition of the Royal Arcade property, a landmark site which lies at the town's heart.
- 1.3 Throughout July, the Council undertook the first 'Your Town, Your Choice' consultation with local Crewe residents and businesses on the future of the town centre, which resulted in a strong endorsement of both its overall vision and its regeneration objectives, as identified in the Regeneration Delivery Framework.
- 1.4 During the consultation process, it became evident that there is a significant opportunity to maintain dialogue with key stakeholders, including residents, who have responded constructively through the process. Based on this, and the success of a similar approach in Macclesfield, it has therefore been agreed that a Stakeholder Panel be established, with an independent Chair, to play a key role in overseeing the redevelopment of the Royal Arcade site, as well as other aspects of town centre regeneration identified in the draft *Crewe Town Centre Regeneration Delivery Framework for Growth*.
- 1.5 Over the summer the Council invited developers to submit informal expressions of interest for the redevelopment of the Royal Arcade site, and received a strong

response which gives confidence that a transformative leisure-led, mixed-use redevelopment of this site can be impactful, deliverable and sustainable. It is evident from these responses and dialogue with developers that the timing is right to bring this site forward. It is ideally positioned to deliver regeneration benefits for the whole of the town centre and provide a strong counter-balance to the ongoing threat of further out-of-centre development.

2. Recommendations

2.1 It is recommended that Cabinet agrees to:

- i) the procurement of a development partner for the redevelopment of all or part of the Royal Arcade site, authorising officers to take all necessary actions to facilitate and secure the identification of a preferred development partner, including the use of existing budgets. The procurement process will comply with the Public Contract Regulations 2015 (the Regulations).
- ii) delegate authority to the Portfolio Holder for Regeneration & Assets, in consultation with the Portfolio Holder for Finance & Assets, the Executive Director for Economic Growth & Prosperity, Chief Operating Officer and Head of Legal Services to determine the mechanism for selection of a preferred development partner and scheme, to commence this process and to continue this through to the identification of a preferred development partner.
- iii) request that a final decision on the appointment of a development partner and scheme is brought back to Cabinet prior to any contractual commitments being made.
- iv) endorse the creation of a new Stakeholder Panel to support and promote the regeneration of Crewe town centre, including the appointment an independent Chair.

3. Other Options Considered

3.1 The Council could retain all or part of the Royal Arcade site without seeking to redevelop it. Whilst this would represent value to the Council as an ongoing investment, it would fail to deliver transformative regeneration benefits for Crewe town centre, which the Council, residents and businesses believe is much needed.

3.2 A number of options to enable delivery of a leisure-led, mixed use redevelopment on part of the site have been explored including:

- (A) direct delivery of a redevelopment scheme by the Council;
- (B) offering land for sale to developers for a redevelopment scheme;
- (C) appointment of a Development Manager to deliver a redevelopment scheme for the Council;
- (D) appointment of a Development Partner to deliver a redevelopment scheme with the Council;
- (E) the creation of an asset-backed joint venture vehicle in which the Council invests a number of sites to be developed

- 3.3 These options are evaluated in Appendix 1.
- 3.4 Having considered these alternative delivery options, the recommended approach is to procure a development partner through an OJEU-compliant process to deliver a leisure-led, mixed-use redevelopment scheme with the developer carrying all of the development risk.
- 3.5 On the basis that this approach is approved, consideration needs to be given to the alternative procurement options compliant with the Public Contract Regulations 2015. Each of these have different implications in terms of delivery timescales, risk and the degree of flexibility the Council has to influence specific proposals within development proposals. These are also identified and evaluated in Appendix 1 (Options D1-D5).
- 3.6 Through the procurement route selected under delegated authority (paragraph 2.1ii), potential development partners will be shortlisted on the basis of their:
- technical and professional ability: their current and immediate past track record in delivering town centre redevelopment schemes, including those with public sector partners. Also, the technical skills and experience of their key personnel, including their role, qualifications, relevant experience, current projects and capacity.
 - financial proposal: this will be the financial terms on which they are willing to acquire the part of the site from the Council to undertake the redevelopment. It will include any upfront or deferred payments to the Council, details of their required profit return and overage arrangements.
 - economic and financial standing, e.g. most recent and previous five years financial accounts.
 - approach to partnering.
 - approach to financing, including their capacity to provide or access development finance.
- 3.7 Any potential development partners shortlisted as part of the procurement process, will be invited to submit scheme proposals within a defined set of parameters outlining the broad composition of a redevelopment scheme. Proposals will be evaluated utilising a scoring matrix that will, amongst others, assess how schemes:
- deliver regenerative benefits;
 - align to existing and emerging planning policy, and the Council's vision for Crewe and the town centre;
 - impact on current town centre interests including economic and physical considerations;
 - impact on Council asset values;
 - are programmed for delivery, with realistic timescales / milestones and due regard to risk;
 - generate future capital receipts/income, including potential business rate income; and
 - provide evidence of viability and deliverability.
- 3.8 The weightings of these scoring criteria will be determined, under the proposed delegation in paragraph 2.1, by the Portfolio Holder.

4. Reasons for Recommendations

- 4.1 Based on a number of factors, it is evident that Crewe town centre is under-performing and there is a strong appetite for a major new development scheme in the town centre. This is based on:
- commercial property vacancy rates;
 - investment in competitor and benchmark town centres;
 - recent commercial investments at Grand Junction Retail Park and elsewhere;
 - responses from the 'Crewe: Your Town –Your Choice' consultation which indicates an overwhelming preference for town centre investment and regeneration; and
 - expressions of interest from developers and investors, which indicate that there is substantial confidence that a new redevelopment scheme could be delivered in line with the Council's aspirations for the Royal Arcade site.
- 4.2 The benefits of a redevelopment will be extensive and are likely to include:
- increased footfall within the town centre
 - stimulus to the town's evening economy and benefits of increased consumer dwell times arising from an improved leisure offer
 - increased retention of local consumer expenditure within Crewe and the wider South Cheshire area, benefitting local businesses and residents through the multiplier effect
 - an enhanced physical environment and a stronger sense of civic pride and confidence amongst residents, visitors and investors
 - enhanced values for other property in Crewe, including other Council assets
 - increased business rate generation and income for the Council
- 4.3 Having considered the alternative delivery options referred to in paragraph 3.2 and detailed in Appendix 1, the recommended approach is to procure a development partner through an OJEU-compliant process to deliver a leisure-led, mixed-use redevelopment scheme with the developer carrying all of the development risk. The likely timetable for delivery will be dependent on the process undertaken, but a developer could be appointed within 6-9 months if appropriate resources are made available. This option carries low risk of challenge and most developers are familiar with this approach. Indeed, through the informal dialogue process, it has emerged as the preferred option for developers, as they would seek for the Council to be engaged throughout this process as a partner, sharing ownership and refining the scheme.
- 4.4 During the consultation process referred to in paragraph 1.3, it became evident that there is a significant opportunity to maintain dialogue with key stakeholders, including residents, who have responded constructively through the process. Based on this, and the success of a similar approach in Macclesfield, it has therefore been agreed that a Stakeholder Panel be established, with an independent Chair, to play a key role in overseeing the redevelopment of the Royal Arcade site, as well as other aspects of town centre regeneration identified in the draft *Crewe Town Centre Regeneration Delivery Framework for Growth*.

5. Background /Chronology

- 5.1 In April 2015, under Cabinet Procedure Rule No 53 of the Council's Constitution, the Council decided to acquire the Royal Arcade site in Crewe town centre. This decision was taken at Cabinet on 21st April 2015.
- 5.2 Following the acquisition of the Royal Arcade site, the Council commenced the first stages of its delivery plan for the site's redevelopment. It has been in dialogue with a number of interested parties in relation to the future of the site, including existing occupiers of the properties, developers, the owners of other sites/properties and other key stakeholders.
- 5.3 The Council has also undertaken an evaluation of the different options for delivery of a redevelopment scheme on this site. This has been done through internal discussions with Council officers and its external advisers, Cushman & Wakefield (formerly known as DTZ) and takes account of delivery timescales, financial implications, deliverability issues and risks. The main options are detailed further in Appendix 1 but, in summary, include those options identified in paragraph 3.2.
- 5.4 Following this evaluation and an analysis of the responses from developers (summary in Appendix 2), the preferred option recommended in this report is to select and appoint a development partner through a procurement process which is compliant with the Regulations referred to in paragraph 2.1i).
- 5.5 Under this option, the Council would select and appoint a commercial development partner to deliver a leisure-led, mixed-use redevelopment scheme with the developer carrying the development risk. The Council would need to undertake a compliant procedure process undertaken pursuant to the Public Contracts Regulations 2015. The likely timetable for delivery would be dependent on the process undertaken, but a developer could be appointed within 6-9 months. This option carries low risk of challenge and most developers are familiar with this approach. Indeed, through the informal dialogue with developers, it has emerged as the preferred option for most developers, as they would seek for the Council to be engaged throughout this process as a partner, sharing ownership and refining the scheme.
- 5.6 Consideration also needs to be given to the fact that this will be a scheme that has significant inter-relationships with other town centre sites under the Council's ownership/influence, and which themselves represent possible future sites for redevelopment. The redevelopment of the Royal Arcade site is therefore considered pivotal for Crewe, as it sets the benchmark for the standard of future schemes on other town centre sites, and it is important that the Council exerts more control over this approach.
- 5.7 On the basis that the development partner procurement route is approved by Cabinet, consideration needs to be given to the alternative procurement options compliant with the Regulations. These options are explained further in Appendix 1, but include an 'open route', 'restricted route', 'competitive dialogue' and 'competitive procedure with negotiation'. Each of these has different implications in terms of delivery timescales, risk and the degree of flexibility the Council has to influence specific proposals within development proposals.
- 5.8 The specific form of development partner procurement process adopted will be based on further advice provided by officers and the Council's external advisers. This

advice will be based on an evaluation of how the different procurement routes align to other key considerations, including:

- how specific the Council is regarding the form and composition of development and uses within the proposed scheme.
- any financial or legal undertakings the Council is prepared to give or waive
- any financial or legal undertakings the Council is seeking to secure
- the scale / boundary of development
- the tenure arrangements for the sale of the site (whether long leasehold - with or without a ground rent, or freehold)
- the mix of desired uses on the site
- and other conditions on the timing or form of development and development process

- 5.9 It is proposed that authority for determination of the specific form of procurement to be undertaken, and subsequent stages within the procurement process, is delegated to the Portfolio Holder for Regeneration & Assets, in consultation with the Portfolio Holder for Finance & Assets, the Executive Director for Economic Growth & Prosperity, Chief Operating Officer and Head of Legal Services, as well as the proposed new Crewe Town Centre Stakeholder Panel.
- 5.10 Upon selecting a preferred development partner and a proposed scheme, a recommendation will be taken to a subsequent meeting of Cabinet to finalise the developer's appointment and the terms of the agreement.
- 5.11 This approach will allow the Council to refine its requirements, including taking account of the anticipated Autumn announcement regarding the prospect of Crewe being selected as the location for the HS2 North-West Gateway hub station, as well as extending dialogue with other specific stakeholders.
- 5.12 It should be noted that neither this report, nor any delegations pertaining to it, prejudice the determination of a planning application by an appointed development partner in relation to a proposed regeneration scheme for the Royal Arcade site.

6. Wards Affected and Local Ward Members

- 6.1 All Crewe wards and all Crewe Local Members.

7. Implications of Recommendations

Policy Implications

- 7.1 The proposal in this report relates directly to four key outcomes identified in the Council's Three Year Plan:

Outcome 2: Cheshire East has a strong and resilient economy. Cheshire East is known as a good place to do business – we attract inward investment, there is access to a high quality workforce and our businesses and visitor economy grow, to create prosperity for all.

Outcome 4: Cheshire East is a green and sustainable place. Cheshire East's rural and urban character is protected and enhanced through sensitive development, environmental management, transport and waste disposal policies.

Outcome 5: People live well and for longer. 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.

- 7.2 This report aligns strongly to the Council's Economic Development Strategy and its more recently created Vision and Strategy for Economic Growth: East Cheshire Engine of the North, which articulates the need to increase investment in our town centres, by ensuring they offer themselves as attractive locations for retail and leisure operators.
- 7.3 In April, the Council published its draft 'Regeneration Delivery Framework for Growth', which sets out a strong vision for the future of Crewe town centre with supporting objectives. Within the Framework, the Royal Arcade site was identified as a key 'opportunity site', which supported both the rationale for its acquisition and for the promotion of redevelopment of all or part of it, to act as a catalyst for the regeneration of the whole town centre.
- 7.4 Redevelopment of the Royal Arcade site and other sites in the Council's ownership could present opportunities relating to other Council policies and service priorities. Consideration will be given to the use of part of the property as a longer-term solution to meet the requirement to provide a replacement bus interchange facility. Any proposal to provide this would be in line with the strategic priorities of the Council's Local Transport Plan to "create conditions for business growth" and "ensure a sustainable future". The LTP includes a priority policies relating to public transport integration and facilities (Policy S3) and public transport service levels and reliability (Policy S4).

Legal Implications (to be authorised by the Head of Legal Services)

- 7.5 The Localism Act 2011 introduced the General Power of Competence, which allows the Council do anything an individual can do, provided it is not prohibited by other legislation. These powers have replaced the previous wellbeing powers, however, the use of these powers must be in support of a reasonable and accountable decision made in line with public law principles.
- 7.6 The General Disposal Consent 2003 authorises the disposal of land for seven years or more at less than best consideration if the undervalue is £2million or less, if the undervalue is higher than £2million consent to the disposal is required from the Secretary of State. The value will be determined at the time of sale or lease.
- 7.7 Notwithstanding the above powers, the Council has a fiduciary duty to the taxpayers and must fulfil this duty in a way which is accountable to local people.
- 7.8 The procurement process to select a preferred development partner will be determined by the extent to which the Council is able to specify both the scheme and the contractual relationship with the developer at the outset. If the Council has a defined scheme, an open procurement process can be undertaken. However, this route allows no negotiation in relation to the nature of the scheme and the terms and

conditions. A competitive dialogue process allows the Council to engage with developers to seek proposals for delivery of the scheme and risk in delivery.

Equality Implications

- 7.9 There are no immediate equality implications at this stage, but any redevelopment scheme advanced by the Council will need to consider the implications for different groups of residents, particularly those less than have more difficulty accessing it. In particular account is taken of the World Health Organisation 'Age Friendly Cities', which seeks to ensure that the towns are positioned to tap into the potential and needs of older people as residents and users of town centres

Rural Community Implications

- 7.10 The regeneration of Crewe town centre promotes the economic prosperity of Crewe. This has a direct relationship with residents and businesses across the wider South Cheshire area, including rural communities that shop, visit or work in Crewe.

Human Resources Implications

- 7.11 None

Public Health Implications

- 7.12 None

Financial implications

- 7.13 'Crewe Town Centre Regeneration' is a named scheme within the 2015/18 Capital Programme approved by Council in February 2015. This budget was used to acquire the Royal Arcade site and associated costs. It is proposed that this budget will also be used to meet additional costs associated with taking forward the proposed redevelopment of the Royal Arcade site, including:
- professional advice (e.g. legal procurement and commercial development appraisal advice)
 - interim project management required to cover a procurement process.
 - other costs associated with the procurement of a development partner.
- 7.14 During the proposed procurement process we will need to establish the Council's financial preferred position on a number of factors, including:
- any financial or legal undertakings the Council is prepared to give or waive, including any implications for the value of part or all of the Royal Arcade asset
 - any financial or legal undertakings the Council is seeking to secure, such as capital receipt and ground rental income.
- 7.15 This will be considered under the proposed delegation, but will be subject to a recommendation to a subsequent meeting of Cabinet to finalise the appointment of that development partner, and the terms of that appointment.
- 7.16 It should be noted that whilst the Council will seek best consideration for the site, in terms of its value, this will be weighed against other regeneration benefits that the redevelopment scheme could deliver, along with the potential uplift in business rates.

- 7.17 Additional costs associated with the proposed procurement process will be charged to the Crewe Town Centre Regeneration budget, subject to the approval of the Portfolio Holder, in consultation with the Director for Economic Growth & Prosperity, the Crewe Town Centre Programme Board, the new Stakeholder Panel and in line with the Council's corporate assurance and control processes.
- 7.18 The Council will continue to seek to secure external grant funding to contribute towards the costs of the proposed redevelopment of this site and/or sites in close proximity.

8. Risk Management

- 8.1 The identification, evaluation and mitigation of risks will be a core aspect in the process of procuring a development partner, particularly within the context of evaluating developer proposals.
- 8.2 The management of this project will be undertaken in accordance with the Council's corporate assurance and control processes.

9. Access to Information / Bibliography

Appendix 1: Delivering a redevelopment scheme on the Royal Arcade site: Options Appraisal

Appendix 2: Summary of developer engagement activity

10. Contact Information

- 10.1 Contact details for this report are as follows:

Name: Jez Goodman
Designation: Regeneration Programme Manager
Tel No: 01270 685906
Email: jez.goodman@cheshireeast.gov.uk

Delivering a redevelopment scheme on the Royal Arcade site: Options Appraisal

A number of options to enable delivery of a leisure-led, mixed-use redevelopment on part of the site have been explored including:

- (A) Direct delivery of a redevelopment scheme by the Council;
- (B) Offering land for sale to developers for a redevelopment scheme;
- (C) Appointment of a Development Manager to deliver a redevelopment scheme for the Council;
- (D) Appointment of a Development Partner to deliver a redevelopment scheme with the Council;
- (E) The creation of an asset backed joint venture vehicle in which Royal Arcades along with other Council held assets are invested to be redeveloped by the joint venture.

A summary of the issues taken into account for each as identified by officers with assistance from our external adviser (Cushman & Wakefield) is set out below.

Option (D) has been identified as the recommended route forward. The other options could potentially be pursued, but are considered by officers to be, overall, less advantageous in this particular instance than the recommended option.

Option (A): Direct delivery of redevelopment scheme by the Council

With this option the Council would take direct control of delivery of a redevelopment scheme, managing the entire process. This would involve being responsible for managing the design, lettings, planning application and contracts to build.

This option would also require the Council to fund the development. Whilst this creates higher financial risk for the Council, the Council's securing of funding up-front could provide confidence to potential tenants of the schemes likely delivery. The Council would also be able to benefit from profit arising from the scheme. Given the specialist nature of some aspects of a mixed-use redevelopment scheme, there are issues with lack of relevant experience and capacity within the Council to project manage such a scheme. There is, therefore, considered to be a substantial risk of unforeseen hurdles resulting in non-delivery. Other risks which the Council would bear include those associated with the physical delivery of the scheme (e.g. cost increases or delays), securing tenants on suitable terms, and how market variations over the life of the development may adversely affect these and further add to the Council's exposure to financial risk. Given the scale and nature of this risk, and the threat that further lack of delivery poses for the health of the town centre, this option is not therefore recommended.

Option (B): Offering land to sale to developers for a redevelopment scheme.

Under this option, all or part of the Royal Arcade site would be marketed with a view to giving all potential developers interested in delivering a leisure-led, mixed-use redevelopment scheme the opportunity to put forward a scheme for consideration by the Council.

Control over the development of the site could be secured for example using Section 33 of the Local Government (Miscellaneous Provisions) Act 1982, which allows positive covenants to be placed on sites when sold. Alternatively a staggered sale route could be considered requiring a longer two stage sale process but potentially allowing greater control for the Council over the use of the land. Further influence over the form of the development could be secured through the planning process. The timescale from placement of advert to appointment of developer could potentially be achieved in around a three month period via this route. A preferred developer could be chosen, having regard to a wide range of factors such as technical ability and innovation alongside price. The Council would remain under an obligation to achieve a disposal at not less than best consideration and, where restrictions (e.g. covenants) are imposed on the site which reduce the price, the Council would have discretion to dispose at less than best consideration, providing that

the reduction is no more than £2million. If the reduction is greater than £2million, the Council would need to seek Secretary of State approval.

Whilst this option could be the fastest in terms of securing a developer, it does not allow the Council the optimum amount of flexibility in terms of exploring and nuancing options with a developer, and limits the Council's ability to control delivery including the degree of positive influence the Council can contractually exert over design and the pace delivery, other than through planning and in a largely reactive manner. Also, it does entail a greater risk of non-delivery, with the asset returning to the Council and a new delivery process having to re-commence, should the purchaser fail to deliver a scheme within set timescales.

Option (C): Appointment of a Development Manager to deliver a redevelopment scheme for the Council

Under this option the Council would seek an external Development Manager to deliver a leisure-led, mixed-use redevelopment scheme on behalf of the Council, for a fee. Whilst there is the potential for costs to be less if procuring a Development Manager and a contractor rather than only a Developer, the costs of the development for the Council under this option are unclear, since the appointed Development Manager would need to procure a contractor. In practice, the Council may also need to fund the development and, as such, would carry a number of the development risks referred to above, albeit mitigated in part through the engagement of a development manager.

As the cost of delivery of a leisure-led, mixed-use redevelopment scheme such as this will be in excess of £10m, based on normal development management fees it is likely the value of the contract with a development manager would exceed the thresholds that require a compliant procurement process to be undertaken pursuant to the Public Contracts Regulations 2015. The shortest timescale for undertaking an open procedure is three months. Realistically it would be likely to take in the order of five months to appoint the Development Manager following which the scheme design, tenant packages, and cost plan would all need to be detailed and actioned prior to progression to any contractor being appointed. There is a risk that this process may be viewed as onerous and off putting to developers.

Having considered the likely timescales, financial implications, risks and costs it is recommended that this option is not put forward as the recommended option.

Option (D): Appointment of a Development Partner to deliver a redevelopment scheme with the Council;

Under this option the Council would select and appoint a Development Partner to deliver a leisure-led, mixed-use redevelopment scheme with the developer bringing their expertise to the delivery process and carrying all of the development risk. Again, the Council would need to undertake a compliant procedure process undertaken pursuant to the Public Contracts Regulations 2015. The likely timetable for delivery would be dependent on the process undertaken, but a developer could be appointed within 6-9 months. This option carries low risk of challenge and most developers are familiar with this approach. Indeed, through the informal dialogue process, it has emerged as the preferred option for developers, as they would seek for the Council to be engaged throughout this process as a partner, sharing ownership and refining the scheme.

Consideration also needs to be given to the fact that this will be a scheme that has significant inter-relationships with other town centre sites under the Council's ownership/influence, and which feature as possible future sites for redevelopment. The redevelopment of this site is pivotal for Crewe as it sets the benchmark for the standard of future schemes on other town centre sites, and it is important that the Council exerts more control over this approach.

Having considered the likely timescales, financial implications, risks and costs it is recommended that this option put forward as the preferred delivery route for the redevelopment of the Royal Arcade site.

On the basis that this approach is approved, consideration needs to be given to the alternative procurement options compliant with the Public Contract Regulations 2015. Each of these have different implications in terms of delivery timescales, risk and the degree of flexibility the Council has to influence specific proposals within development proposals.

Alternative compliant routes include:

Option (D1) 'Open': This procedure is less favourable as the process is designed for very simple tenders. A complicated process whereby technical solutions need to be considered in detail over multiple stages does not lend itself well within the Open procedure. The 2015 regulations allow for shorter timescales though these have to be justified.

Option (D2) 'Restricted': This route was the traditional route for such appointments. The use of the Restricted Route became less favoured by the EU as the contract should be entered into on the appointment of the partner, but inevitably changes were made to schemes and objectives changed. This reached the stage whereby when contracts were signed the 'brief creep' was in some cases fairly substantial to the point whereby challenges were made that the scheme being taken forward was materially different to that procured. The 2015 regulations allow for shorter timescales though these have to be justified.

Option (D3) 'Competitive Dialogue': This route was a reaction to the problems with the Restricted route. Whilst accepting that 'brief creep' was inevitable due to schemes changing and in most cases being improved as the process evolved the Dialogue route sought to formalise the variations to the brief throughout the process. The consequence however was that in order to maintain transparency and equity all shortlisted parties were required to stay in the process to the final appointment and undertake the whole detailed design at risk to ensure that, on appointment, the scheme contract was agreed and all parties were aware of the changes.

Option (D4) 'Competitive procedure with negotiation': This route is designed as a half-way house and has only recently been formally updated as part of the new 2015 regulations. The route was previously only selectable if the other routes had failed or there were very special circumstances. It is a much more flexible option however and allows a minimum of 3 parties to proceed to detailed design though the level of detail is substantially less than under the Dialogue Route. It is staged to enable shortlisting so can be effective alternative to Dialogue and is now an option under the 2015 Regulations rather than a fall-back.

Option (D5) 'Public Works Contract': This is an alternative Route put forward by the legal profession is the Public Works Contract Route. It is possible to deem a contract to be placed by a Public body to be classed as a Public Works contract thereby qualifying under the more straightforward process conditions though legal advice would be required to define the risks associated with this route.

Option (E) Creation of an Asset-Backed Joint Venture

Under this arrangement the Council would look to establish a joint venture (JV) with a developer with a view to bring forward the development of a portfolio of Council-owned sites, including Royal Arcade and others within the wider local authority area.

The JV would be a long-term arrangement and, whilst the initial selection of the partner would need to follow an OJEU compliant procurement procedure, once established, the JV would not be bound by public procurement regulations. As such, this could serve to streamline the delivery of development on the other sites. This benefit would, however, need to be considered alongside the risk of entering into a long-term arrangement and the risk that the JV partner may choose to 'cherry pick' the best opportunities - although this could be reduced through careful drafting of the JV agreement. The JV would require the commitment of Council resources to both its establishment and its day-to-day running and, whilst not overly burdensome, this would need to be considered alongside other Council priorities.

In order to give some measure of certainty to the JV partner and thus the appeal of the JV arrangement, the Council would need to select and specify a number of sites, although the list would not need to be exhaustive and others could be added over the life of the vehicle.

The merits of a JV arrangement hinge heavily on the ability to attract a suitable partner which combines both development expertise with ready access to funding over the longer term to underpin delivery of projects. The ability to attract such a partner is inextricably linked to the appeal of the sites to be included and the scale/scope of the opportunity. Further, such a partner would need to have the resources and be willing to commit the same, to ensure that individual projects could, if required, be run in parallel. Whilst such entities exist, the number of those active in that market is somewhat less than the number of developers with the ability and appetite for single one-off projects such as a leisure-led, mixed-use scheme on part of the Royal Arcade site.

This JV option would require time to review other sites and appraise their suitability. Whilst this work could be carried out in parallel with the preparation of procurement documents, realistically the selection of a developer could take some 12 – 15 months, assuming the due diligence required leading up to and during the procurement ran without any serious issues.

On balance, the asset-backed vehicle route is, due to its additional complexity and uncertainty, less-favoured than the option of appointing a developer partner for the single site (Option D).

Summary of developer engagement activity

- 1.1 In June 2015, as the first stage of the Council's delivery plan for the Royal Arcade site, a call was issued for expressions from developers regarding redevelopment of part of all of the Royal Arcade site. This took the form of a 'Prior Information Notice' (PIN) which was issued through the website of the Official Journal of the European Commission, with a deadline for responses of 31 July 2015. This was undertaken with the intention of:
- making the development industry aware of the opportunities available in Crewe town centre, and the recent investment secured or committed to Crewe, including the Lifestyle Centre and University Technical College that will both open in the next 12 months.
 - assessing the appetite of developers for a redevelopment scheme in Crewe town centre, and its potential viability.
 - understanding what the recent and emerging trends are in the commercial property and investment industry, and how these can shape the Council's approach to delivery of a redevelopment scheme on this site, and regeneration opportunities more widely.
- 1.2 As well as issuing the PIN, the Council held a 'Developer Engagement Event' which attracted 25 representatives of developer interests. The Council also held several face-to-face meetings with developers.
- 1.3 The Council received seven formal expressions of interest which provided developers' views on their:
- understanding of the issues and opportunities relating to the site in the context of Crewe town centre and its wider economic geography, particularly in light of plans for HS2 and the proposed North West Gateway Hub station for Crewe.
 - vision for how these opportunities can be harnessed to deliver a commercially viable and popular mixed-use development that makes a significant contribution to revitalising the town centre.
 - relevant experience of similar projects in the UK and elsewhere.
 - options for delivery and funding of a mixed-use development scheme.
- 1.4 The headline findings of these responses is as follows:
- Opportunities***
- 1.5 The majority of developers highlighted the importance of HS2 to Crewe Town Centre and the need to have a strong link with any future HS2 related operation to the town centre. Crewe was seen as being the 'Gateway to the Northern Powerhouse' and a strategic location positioned for growth with an affluent catchment area. Other opportunities emphasised included:
- harnessing the 1.6m annual Bus Station users and any potential public sector relocation to the Royal Arcade site.
 - an interest in incorporating other Council owned sites in the town centre, including the potential to consolidate car parking and incorporate corporate facilities.
 - capitalising on student spend from local institutions including MMU, South Cheshire College, and the planned Crewe University Technical College, by providing an appealing leisure destination which encourages linked trips in the town centre and increase evening footfall and spend.

- Building on the success of other recent and new investment in Crewe town centre, including the new Lifestyle Centre.

Issues

1.6 The key issues most frequently identified by developers were:

- the need for funding to improve local infrastructure – in particular, access into the town centre and connectivity to the station and Grand Junction retail park.
- the need to reduce the leakage of leisure and retail spend leakage to other centres,
- improve perceptions, and enhance the current public realm and permeability

Viability and potential mix of uses

1.7 There was a very positive indication that a redevelopment scheme on this site could be viable, but that this depends on the issues such as building density, the mix of uses and how much of the site is a net generator of income which can offset those elements that are zero or loss-generating (e.g. department stores that require significant initial subsidy and public realm). Other analysis of responses included:

- Recognition that leisure uses will play a crucial role in a mixed-use development scheme, in order to ensure that developments are used in the evening as well as the day-time.
- The majority of responses promoted the idea of residential development within the Royal Arcade and across the town centre.
- Some developers propose the retention of a bus interchange on site, whilst others preferred an on-street option
- Some responses proposed the retention of local landmarks, e.g. the Big Bill clock tower.
- Consolidation of car parking in the centre of the town which could include the development of a multi-storey car park.
- Some proposals placed more emphasis on this site being developed for part retail use, whilst others considered that other sites in the town centre provide sufficient capacity for this. Overall, there is an expectation that the scheme will need to be a leisure-led, mixed-use development, to ensure that the site is used throughout the day and evening (i.e. with leisure uses)
- Only one proposal provided a detailed plan of uses within the site, and this incorporated leisure (cinema/restaurants), retail, hotel, offices, residential uses, a multi-storey car park and a new public square.

1.8 All the respondents have experience of similar projects in other towns in the UK and elsewhere, and a number of these will be consider for further consideration by the Council, in terms of understanding where they have succeeded and where they could be improved.

1.9 It is clear that this will only emerge through a competitive process rather than an Expression of Interest. More complex proposals in other land ownerships outside of the Royal Arcade site may have a greater impact but could take significantly longer to deliver. It should be noted however that the development of the Royal Arcade site cannot be delivered without due attention being given to its effects on the town centre.

This page is intentionally left blank

Cheshire East Council

Cabinet

Date of Meeting:	29th September 2015
Report of:	Chief Operating Officer
Subject/Title:	Council Support for Cheshire Neighbours Credit Union
Portfolio Holder:	Councillor Peter Groves

1. Report Summary

- 1.1. This report sets out the history of the Council's support for Cheshire Neighbours Credit Union, acknowledges the excellent work done by the Credit Union for the residents of the Borough, and seeks a decision of Cabinet in respect of future financial support for the Credit Union.

2. Recommendation

- 2.1. Cabinet is recommended to agree the payment of £60,000 to Cheshire Neighbours Credit Union, subject to specific conditions as determined by the Chief Operating Officer in consultation with the Leader and Portfolio Holder for Finance and Assets in respect of the use of the money, the ongoing financial stability of the Credit Union, and its continued business operations. Such conditions to include those which will seek to ensure:
 - 2.1.1. Broader use of the Credit Union by Cheshire East Council staff and its partners;
 - 2.1.2. The strengthening of the Credit Union Board, by the introduction of those with legal and accountancy experience, and the involvement of Cheshire East Council officer support where appropriate;
 - 2.1.3. That work commences without delay in order to secure appropriate collaboration of the Cheshire East Neighbour's Credit Union, with other Credit Union(s) as appropriate.
 - 2.1.4. That no further financial support is provided to the Credit Union. The £60,000 is provided in 2015/16 to ensure financial sustainability - and if this is not possible, the CNCU to support residents to make alternative arrangements.
 - 2.1.5. Regular performance management information to be provided on progress on all of the above.

3. Reasons for Recommendation

- 3.1. Cheshire East Council is a “Residents First” Council which seeks to meet the needs of all sections of the Borough’s Communities.
- 3.2. The Council is particularly mindful of the needs of those vulnerable members of its communities who are in financial need, and wishes to assist them however it can.
- 3.3. Over recent months, there has been significant public scrutiny of the practices of “pay-day lenders”, leading to tighter financial controls being placed upon the way in which they operate. Clearly, these measures have been a long-time overdue. At the same time, the service provided by Credit Unions becomes more important; providing an alternative to illegal/unlicensed lenders, who are not regulated by the authorities in any way.
- 3.4. In 2014, the Cabinet agreed to provide financial support to the Credit Union in the sum of £60,000 in order to ensure its financial sustainability. Significant additional support was also made available of a practical nature; this being detailed in the extract of Cabinet minutes, appended to this report.
- 3.5. Recently, the Jobs, Regeneration and Assets Overview and Scrutiny Committee considered a report on the ongoing needs of the Credit Union, and asked that further consideration be given to how the Council might support the Credit Union in its continued operation.
- 3.6. This report proposes that further financial support, in the sum of £60,000 be paid to the Credit Union, subject to appropriate conditions, which will seek to ensure financial stability into the future and improvements in its business operations.

4. Other Options Considered

- 4.1. All other options have been considered and rejected.

5. Background

- 5.1. The Council has a history of support to Cheshire East Credit Union, demonstrated by the decision of Cabinet on 4th February 2014 to provide: access for the Credit Union to operate in libraries, and for library staff to assist in handling enquiries on behalf of the Credit Union; office space for the Credit Union; meeting rooms for the Credit Union; website links etc.
- 5.2. Cabinet members are referred to the Appendix to this report in order to see the full range of support offered to the Credit Union.

- 5.3. Furthermore, in December 2014, the Credit Union was given financial support in the sum of £60,000, to cover the period up to March 2016.
- 5.4. More recently, the Jobs, Regeneration and Assets Overview and Scrutiny Committee met, on 20th July 2015, and received a presentation from the Chief Executive of the Credit Union to discuss the performance and support needs of the Credit Union. The Scrutiny Committee asked for further consideration to be given to the ways in which the Council could support the Credit Union.
- 5.5. It is clear that the Credit Union, in order to continue to provide an important service to the residents of Cheshire East Borough, needs to have further financial support. This must be balanced by appropriate conditions and checks and balances.
- 5.6. This report makes recommendations to Cabinet to provide further financial support to the Credit Union, and these recommendations will enable further detailed work to be carried out upon the terms and conditions which should apply to such support.

6. Wards Affected and Local Ward Members

- 6.1. All Cheshire East Wards and local Ward Members are affected.

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. There are no direct policy implications associated with the recommendations of this report.

7.2. Legal Implications

- 7.3. There are no direct legal implications associated with the recommendations of this report. Legal services will provide support and assistance to the further detailed work to be carried out in relation the terms and conditions which should apply to such support and to support the Board.

7.4. Financial Implications

- 7.4.1. The provision of financial support to the Credit Union would amount to a one-off payment of £60,000 to the Credit Union in 2015/16, This payment is subject to specific conditions as set out in Section 2.

7.5. Human Resources Implications

7.5.1. No significant human resources implications arise from the recommendations of this report. However, the Council is committed to make reasonable efforts to support the Credit Union and, therefore, some officer time would be required to be devoted to the provision of this support.

7.6. Equality Implications

7.6.1. This assistance enables the Council to further support those residents with protected characteristics identified within the Public Sector Equality Duty 2010.

7.7. Rural Community Implications

7.7.1. The continued functioning of the Credit Union will ensure that a valuable service is provided to residents of the Borough, not least those in need within its rural communities. There are therefore positive implications in terms of the isolation of residents in the rural areas.

7.8. Public Health Implications

7.8.1. There are no direct public health implications.

8. Risk Management

8.1. Risks associated with the provision of funding to the Credit Union will be mitigated by the conditions proposed in this report.

9. Background Papers

9.1. In preparing this report, the report author has relied upon the following documents, which are publicly available:

9.1.1. Report to Cabinet on 4th February 2015, and minutes of the meeting.

9.1.2. Draft minutes of the Jobs, Regeneration and Assets Overview and Scrutiny Committee meeting of 20th July 2015.

10. Contact Information

Contact details for this report are as follows:-

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

Extract of the Minutes of the Cabinet meeting of 4th February 2014

Councillor Keegan was present at the meeting and, at the invitation of the Chairman, presented the report. Mr John Weir, the Chairman of the Cheshire Neighbours Credit Union, was also present and was afforded the opportunity to speak on the matter.

The report presented the recommendations of the Finance Policy Development Group in relation to Council support for Cheshire Neighbours Credit Union (CNCU). The recommendations had not been fully considered in terms of legal, financial, risk management and policy implications and further work was needed to consider whether the actions recommended were viable.

A variety of initiatives had recently been implemented by the Council to discourage residents from turning to payday lenders for high interest, short term loans that could lead to significant fees that people were unable to afford, causing them considerable financial difficulty. The Group's aim in making the recommendations had been to create a viable and ethical alternative to pay day lenders for residents across Cheshire East that provided quality services and was financially sustainable. Further details were contained in the report.

RESOLVED

That

1. the report of the Finance Policy Development Group be noted;
2. the Policy Development Group's recommended aims and objectives for the Credit Union as set out in section 11 of the report be endorsed;
3. the following recommendations, and the suggested approach to implementation in paragraph 13.1 of the report, be approved:
 - (a) that CNCU be given access to the libraries in Nantwich, Middlewich, Alsager, Sandbach and Macclesfield for at least two hours per week to increase visibility and to improve public access to its services. This would include, where possible, access to private meeting rooms for interviews and confidential discussions with members;
 - (b) that library staff in the libraries listed above be enabled to handle enquiries and general information requests about CNCU by receiving a training brief from CNCU;
 - (c) that consideration be given to providing CNCU with access to suitable Council owned office premises in Crewe, free of charge if possible. Ideally the office would allow public to access services from the street as well as storage space and access to private meeting rooms for interviews and confidential meetings;

- (d) that the payroll deduction scheme offered by CNCU be promoted to Cheshire East employees via the CEntranet and Staff Notice Boards;
- (e) that recruitment of volunteers from within the Council with marketing, finance or IT skills to help CNCU be carried out via CEntranet, Staff Notice Boards and the Council Website;
- (f) that Cheshire East Councillors be encouraged to support credit unions by promoting them within their communities and sharing expertise through volunteering;
- (g) that the Council encourage partners such as Citizens Advice Bureau, Registered Social Landlords and Community Groups to support and promote CNCU within their memberships;
- (h) that links to CNCU's website be included on the Council's website; and
- (i) that a scheme to provide Cheshire East Care Leavers with membership to CNCU be initiated including funding for membership fees.

Cabinet Paper

Date of Meeting: 22 September 2015

Report of: Steph Cordon, Head of Communities

Subject/Title: Policy for the Support to Infrastructure Organisations for 2015/16

Portfolio Holder: Cllr. Les Gilbert

1. Report Summary

1.1 To agree the policy for 2015/16 which sets out how Cheshire East Council will support Infrastructure Organisations to assist the Voluntary, Community and Faith Sector (VCFS) and Town and Parish Councils (Local Councils) to develop and thrive, and outlines a recommended approach to providing support from year 2016/17

1.2 Previous grant funding has enabled organisations to achieve the following for the benefit of local communities: -

1.2.1 Community and Voluntary Services Cheshire East (CVSCE)

- Support 352 organisations with their development and carry out over 1690 advice sessions
- Supported the development of 11 new organisations
- Deliver 24 training sessions on a range of subjects
- Hold a good practice conference with 90 attendees from a range of agencies and organisations
- Develop and implement the GRIPP good practice toolkit to help benchmark performance within organisations, identify areas for improvement, and focus help and support.
- Supported 44 organisations with 51 funding bids worth £2.4 million
- Facilitate the Cross Sector Working Group and develop a stronger voice for the sector through attendance at key meetings and representation on the Children's Safeguarding Board
- Email the fortnightly 'Voice News' to over 2200
- Support volunteering good practice and encouraging volunteering, advertise volunteering opportunities and handle over 1000 applications from interested volunteers

1.2.2 Cheshire Community Action (CCA)

- Focus work in priority areas of Audlem, Brereton Rural, Bunbury, Haslington, Odd Rode, Sutton, Wrenbury and Wybunbury and address access to services due to rural isolation
- Recruit volunteers to support delivery of the Community Agent project – such as IT Buddies and volunteer village agents

- Train volunteers in specialist areas such as befriending and develop an informed network of support
- Register 5 volunteers as Digital Learning Champions
- 34 registered volunteers have supported over 100 people with issues related to access to services

1.2.3. Cheshire Association of Local Councils (ChALC)

- Develop closer partnership working between local town and parish councils and community and voluntary organisations
- Work on the Code of Conduct and keep the ChALC database up to date
- Facilitate the new deal with local councils and support resilient communities through a regular training programme for clerks and councillors
- Encourage Local Councils to consider the take up the General Power of Competence so they are better placed to take on additional assets and services
- Support the parishing of unparished areas– in particular the community governance review in Macclesfield
- Supported newly established councils such as reformed Hulme Walfield and Somerford Booths Parish Council
- Promote the new Local Council Award Scheme (formerly Quality Council Scheme)
- Work in partnership with CEC and assist with the Parish Conference in May 2014
- Develop and deliver a comprehensive training programme to local councils such as planning and the countryside, HR and events and volunteers, social media

2. Recommendation

- 2.2. To adopt the Policy for the Support to Infrastructure Organisations, and agree to pay the funding grants to the organisations listed below in 4.3

3. Other Options Considered

- 3.2. There are no other options to be considered.

4. Reasons for Recommendation

- 4.1 As a Resident's First Council we want to ensure that infrastructure organisations across the Borough, who offer support to the VCFS and Local Councils, are in a position to be able to develop and grow their services. This in turn ensures that the wide variety of groups and associations who access information, advice and training from these infrastructure organisations can offer better services locally for the benefit of communities across Cheshire East.
- 4.2 Therefore the purpose of the support is to increase the capacity and capability of the VCFS and the Local Councils across Cheshire East in order to help them to achieve the following outcomes:-

- 4.2.1 Individuals undertaking social activities for the benefit of their community feel they have been supported to gain the skills, knowledge and ability they need.
 - 4.2.2 The community has a more positive perception and understanding of volunteering with more people in the community undertaking volunteering
 - 4.2.3 Communities are able to share their views on local issues and achieve a positive impact
 - 4.2.4 Rural communities are more engaged and able to actively shape the delivery of activities and services in their localities
 - 4.2.5 Local Councils have well qualified clerks and councillors, and are actively looking to take on additional services/duties and work collaboratively through the General Power of Competence
- 4.3 Infrastructure Organisations have received grant funding from Cheshire East Council since 2010 and as a legacy to previous arrangements made with the former District Councils of Macclesfield, Congleton and Crewe and Nantwich. Funding has been reduced by 5% year on year.
- 4.4 Taking the 5% reduction from last year into account , it is proposed that for 2015/16 Cheshire East Council directly award funding grants to the following infrastructure organisations.
- 4.4.1 Community and Voluntary Services Cheshire East (CVSCE) circa £147,000;
 - 4.4.2 Cheshire Community Action (CCA) circa £16,000, and
 - 4.4.3 Cheshire Association of Local Councils (ChALC) circa £14,000
- giving a total grant award for 2015/16 of some £177,000
- 4.5 However, as we work towards becoming a fully commissioning council, we are working closely with these infrastructure organisations in order to help them grow capacity in the community sector. We want to prepare organisations and enable them to actively advise and inform our proposed commissioning approach to funding from 2016 onwards.
- 4.6 Consideration is being given going forward to develop a VCF Commissioning Framework that will outline approaches and could fund future provision by way of grants, contracts or a mixture of both.
- 4.7 All organisations are aware that in the next financial year, the process will be for a commissioning approach, which could incorporate a mixture of solutions to buying their services, rather than directly awarded grants.

5. Background/Chronology

- 5.2. Support for Infrastructure Organisations has been provided since 2010 through grant funding, thereby enabling Cheshire East Council to fulfil it's corporate objectives.

5.3. Funding amounts have been reduced by 5% each year

6. Wards Affected and Local Ward Members

6.2. The recommendations relate to all wards and ward members within Cheshire East

7. Implications of Recommendation

7.2. Policy Implications

7.2.2. Positive Impact

7.3. Legal Implications

7.2.1 In deciding whether to directly award a grant consideration must be given to the facts and circumstances in which a direct grant award is being proposed as set out in paragraph 3 (as opposed to awarding a grant following a competitive bidding process or going out to tender) together with the identified risks (paragraph 9) and be satisfied that in making a direct award the Council is meeting its public law duties.

7.2.2 The Council has the powers to award a grant to support the organisations using its general power of competence in Section 1 of the Localism Act 2011. In exercising the power the Council must satisfy its public law duties. In essence this means that in making the decision the Council must have taken into account only relevant considerations, followed procedural requirements, acted for proper motives and not acted unreasonably.

7.2.3 There is currently no overarching Council policy/framework by which grant funding should be allocated and in principle a direct grant award can be made. The proposed Policy for Support to Infrastructure Organisations sets out the aims and objectives in grant funding infrastructure organisations and it is also noted that the Council is moving to a commissioning approach by the development of a VCF commissioning framework as a tool to determine the best way using the resources available.

7.2.4 In awarding a grant the Council cannot exhibit the same amount of control over the organisation as is commensurate with a contract. Essentially the terms of the grant should set out with what the purpose of the grant is for and only claim claw back provisions in the case of the grant funding being used for other purposes or otherwise improperly. The Council will not be able to assess the quality of the services that are being provided and determine to withdraw grant funding on that basis (except at the end of the period of the grant funding).

7.4. Financial Implications

7.3.1 The recommendations will enable the three grant awards for 2015/2016 to be funded within existing budget provision.

7.5. Equality Implications

7.5.2. Positive impact. Infrastructure organisations provide advice, guidance and examples of good practice.

7.6. Rural Community Implications

7.6.2. Positive Impact. Infrastructure organisations work closely with rural communities to provide support, advice and guidance

7.7. Human Resources Implications

7.7.2. Resources have been provided as part of existing staff job roles

7.8. Public Health Implications

7.8.2. There are no Public Health Implications

7.9. Other Implications (Please Specify)

7.9.2. There are no other implications

8. Risk Management

8.2. The risk of not agreeing an approach to support to Infrastructure Organisations is that the VCS and local councils may not receive the specialised support required in order to both continue and to thrive, resulting in a loss of community benefit.

9. Access to Information/Bibliography

9.2. The Policy to support Infrastructure Organisations is enclosed with this report

10. Contact Information

Contact details for this report are as follows:-

Name: Sharon Angus-Crawshaw

Designation: Strategic Partnership Manager, Partnerships and Communities

Tel. No.: 01270 685793 Email: sharon.angus-crawshaw@cheshireeast.gov.uk

This page is intentionally left blank

Support for Infrastructure Organisations

Service owner:	<i>Partnerships and Communities</i>
Policy owner:	<i>Kirstie Hercules, Principal Manager Partnerships and Communities</i> Kirstie.hercules@cheshireeast.gov.uk Tel (01270) 686632
Status:	V0.8
Date:	26 th March 2012
Consultation:	None
Revision/review/renew date:	30 th April 2012 for approval 9 th April 2013 for approval 21 st July 2014 for approval 27 th July 2015 for approval Revised August 2015
Key words:	<i>Summarises Cheshire East Council's approach to supporting infrastructure organisations that provide assistance to the Voluntary and Community Sector (VCS) and Town and Parish Councils (Local Councils) in the Borough.</i>
Links:	<i>Community Grants Policy</i> <i>Cross Sector Working Group Good Practice Guidelines</i>

1. Summary

This Policy details how Cheshire East Council intends to support infrastructure organisations, which in turn assist the Voluntary, Community and Faith Sector (VCFS) and Local Councils across Cheshire East, to achieve their aims and objectives during 2015/16.

Previous grant funding has enabled organisations to deliver a wide range of actions for the benefit of local communities. For example :-

Community and Voluntary Services Cheshire East (CVSCE) has been able to;

- Support 352 existing and 11 new organisations with their development
- Carry out over 1690 advice sessions
- Deliver 24 separate training sessions
- Hold a good practice conference with 90 attendees from a range of agencies and organisations

- Develop and implement the GRIPP good practice toolkit to help benchmark performance within organisations, identify areas for improvement, and focus help and support. Support 44 organisations with 51 funding bids worth £2.4 million
- Facilitate the Cross Sector Working Group and develop a stronger voice for the sector
- Email the fortnightly 'Voice News' to over 2200
- Support volunteering good practice and encourage volunteering, advertise volunteering opportunities and handle over 1000 applications from interested volunteers

Cheshire Community Action (CCA) has been able to;

- Focus work in priority rural areas of Audlem, Brereton Rural, Bunbury, Haslington, Odd Rode, Sutton, Wrenbury and Wybunbury and develop an informed network of support
- 34 registered volunteers have supported over 100 people with issues related to accessing services due to rural isolation
- Recruit volunteers to support delivery of the Community Agent project, and train them in specialist areas such as befriending
- Register 5 volunteers as Digital Learning Champions

Cheshire Association of Local Councils (ChALC) has been able to;

- Develop closer partnership working between local town and parish councils and community and voluntary organisations
- Work on the Code of Conduct and keep the ChALC database up to date
- Facilitate the new deal with local councils and support resilient communities through a regular training programme for clerks and councillors
- Encourage Local Councils to consider the take up the General Power of Competence so they are better placed to take on additional assets and services
- Support the parishing of unparished areas– in particular the community governance review in Macclesfield
- Supported newly established councils such as reformed Hulme Walfield and Somerford Booths Parish Council
- Promote the new Local Council Award Scheme (formerly Quality Council Scheme)
- Work in partnership with CEC and assist with the Parish Conference in May 2014
- Develop and deliver a comprehensive training programme to local councils such as planning and the countryside, HR and events and volunteers, social media

2. Introduction

2.1 Background

Infrastructure organisations are those organisations that act as an 'umbrella' organisation for a wide membership and are a first point of contact for partner organisations. Organisations have been in receipt of annual grant funding to support their core objectives since at least 2010.

The Partnerships and Communities Manager manages the Council's budget for supporting infrastructure organisations. It should be noted that funding has been reduced by approximately 5% annually.

2.2 Purpose of Grant Funding

Grant funding supports each organisation to deliver a core provision of services, thereby enabling CEC to fulfil its corporate objectives. The funding provided is to increase the capacity and capability of the VCFS and Local Councils across Cheshire East, and help them to understand and meet the needs of their communities for the wider benefit of all residents within Cheshire East. Outcomes are achieved through the provision of advice and guidance, targeted support, outreach services, training and development and other agreed activities. Benefits to date include:-

- Large number of member organisations supported with development advice and funding bids
- Delivery of specialist training sessions on wide range of subjects
- Knowledge sharing across the VCFS and with partner agencies through good practice conferences
- Development and implementation of the GRIPP good practice toolkit
- Facilitation of the Cross Sector Working Group
- Fortnightly 'Voice News' emailed to over 2200
- Support with volunteering good practice , encouraging volunteering and advertising volunteering opportunities with
- Access to skills and expertise relating to rural issues such as community planning, neighbourhood planning, village hall developments, community land trusts
- Developing informal support networks
- Targeted work in priority rural areas
- Closer partnership working developed between local town and parish councils and community and voluntary organisations
- Improved governance of voluntary groups, awareness and working to implement the Local Council Charter and Local Council Award Scheme
- Local Councils encouraged to take up the General Power of Competence so they are better placed to take on additional assets and services
- Support for the parishing of unparished areas and newly established councils
- Promote the new Local Council Award Scheme (formerly Quality Council Scheme)

Infrastructure Organisations are able to support and enhance the valuable grassroots work of their members in local communities, and thereby add significant value to the work of the Partnerships and Communities Team through positive contact and direct action, networking and provision of valuable social assets. Providing infrastructure support for the sectors outlined above is vital to ensuring that the VCFS and Local Councils remain strong and can achieve their aims.

3. Delivery

3.1 Funding Criteria

Funding is only available to infrastructure organisations that can support the VCFS or Local Councils to achieve their aims and outcomes. In order to be successful it is expected that infrastructure organisations will:

- **Identify and fill the gaps** – equipping the VCFS and Local Councils to tailor their services to the changing needs of the community.
- **Raise standards** – by providing access to information, training and quality assurance standards, ensuring the VCFS and Local Councils have the knowledge, skills and resources they need to support the local community.
- **Enable communication and collaboration** - encouraging the VCFS and Local Councils to share resources and to work collaboratively, by providing opportunities to network, and enabling them to share good practice and expertise.
- **Provide a voice** – acting as a conduit and represent the diverse views of the VCFS and Local Councils to the Councils (Borough and Local) and other public bodies. Promote and facilitate two-way communication and consultations so that the VCFS and Local Councils can contribute to discussions and decision-making at a local level.
- **Promote strategic involvement** – encouraging the VCFS and Local Councils to engage in strategic partnerships and actively work with representatives from partner organisations to ensure they are able to identify and seek joint measures to resolve key local issues.
- **Prepare for a commissioning approach** - to ensure that infrastructure organisations can be funded to meet the needs of their members and in the best way using the resources available.

3.2 Funding Process

The budget is managed by the Partnerships and Communities Manager in the budget year 2015/16. Changes to funding have been decided by the Partnerships and Communities Manager as the budget holder, in consultation with the Department's Portfolio Holder.

Grant funding for 2015/16 has been agreed as follows: -

- Community and Voluntary Services Cheshire East (CVSCE) - £146,838;
- Cheshire Community Action (CCA) - £16,323
- Cheshire Association of Local Councils (ChALC) - £14,213

Equality Impact Assessment Screening is carried out annually on all funding changes and if necessary full Equality Impact Assessments undertaken in line with the Council's policy.

3.3 Funding Agreement and Monitoring

Organisations in receipt of funding will be required to sign an annual funding agreement, which will set out expected outputs and outcomes and provide clear monitoring and reporting arrangements for the financial year.

Funding is paid half yearly, with 50% of the annual allocation being paid from April (as long as ongoing monitoring reports are up to date) and the remainder paid from October. This is upon receipt of satisfactory half yearly reports, or as soon as possible after the receipt of the necessary reports.

4. Support from 2016

4.1 *Key Issue*

Cheshire East Council needs to determine what we require from the Voluntary, Community and Faith Sector in order to meet our corporate objectives and how they can best support us.

There are challenges to be addressed in terms of understanding the varied contracts that these organisations will hold from differing areas of the council, and how Cheshire East Council can take steps to reduce unnecessary duplication, save costs and thereby commission more effective and streamlined services.

This is a long term piece of work that will need scoping out and consideration. It is therefore recommended that this policy is agreed for one year with the proviso that there may be changes made to it in the meantime in order to facilitate changes moving forward.

4.2 *Additional Requirements*

It is proposed to develop and agree a VCF Commissioning Framework that will recognise the skills and expertise provided by infrastructure organisations, and enable a transparent approach that will provide funding over a 3 year period.

In addition, it is proposed to develop and agree a Cheshire East Social Value Strategy that will provide an additional rationale for providing funding to infrastructure organisations and the VCF Sector.

4.3 *Evaluation and Review*

In order to move forward effectively as a first step it will be crucial to consult widely with all stakeholders so we have an understanding of what Cheshire East Council expects from the VCF sector and what in turn they are able to deliver in terms of our ambitions. This can also be built into Infrastructure Organisation monitoring and reporting arrangements for 2015/16 as we seek to understand the achievements of the past 5 years and how they can shape the future.

This page is intentionally left blank