

## Cabinet Agenda

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**Date:** Tuesday, 8th November, 2016  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1, 2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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

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

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

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

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

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

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

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4. **Questions to Cabinet Members**

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

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

5. **Minutes of Previous Meeting** (Pages 3 - 14)

To approve the minutes of the meeting held on 18<sup>th</sup> October 2016.

6. **Middlewich Eastern Bypass** (Pages 15 - 28)

To consider a report detailing how the Strategic Case outlined in the report to Cabinet in May, and key requirements of the scheme, have been used to identify options to prepare the Outline Business Case.

7. **Congleton Link Road - Procurement Strategy** (Pages 29 - 52)

To consider a report setting out the options available to the Council to procure a contractor to deliver this project.

8. **Housing Development Fund** (Pages 53 - 64)

To consider changes to the policy for making allocations from the Housing Development Fund.

9. **The Local Welfare Safety Net** (Pages 65 - 88)

To consider a report which provides an overview of the findings and recommendations of the Welfare Reform Working Group tasked with developing a strategy to deliver a whole system response to support residents facing financial hardship as a result of welfare reform.

10. **2016/17 Mid Year Review of Performance** (Pages 89 - 160)

To consider a report outlining how the Council is managing resources to provide value for money for its residents during 2016/17.

**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Cabinet**  
held on Tuesday, 18th October, 2016 at Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

Councillor Rachel Bailey (Chairman)  
Councillor D Brown (Vice-Chairman)

Councillors A Arnold, P Bates, J Clowes, L Durham, J P Findlow, P Groves  
and D Stockton

**Members in Attendance**

Councillors C Andrew, Rhoda Bailey, B Burkhill, S Corcoran, B Dooley,  
S Edgar, I Faseyi, R Fletcher, D Flude, L Jeuda, A Kolker, G Merry, A Moran,  
S Pochin, J Saunders, A Stott and M Warren

**Officers in Attendance**

Mike Suarez, Kath O'Dwyer, Bill Norman, Mark Palethorpe, Alex Thompson,  
Andrew Ross, Jacky Forster, Peter Hartwell, Mark Wheelton and Paul  
Mountford

**Apologies**

Councillor G Hayes

The Chairman welcomed everyone to the meeting, including teachers and school children from Tytherington High School and Malbank High School as well as parents from those and other schools referred to in Item 6 on the agenda relating to Available Walking Routes to School. Owing to the exceptional number of people attending the meeting for this item, additional meeting rooms had been provided, with the webcast of the meeting being broadcast to screens in those rooms. The Chairman announced that she would be bringing Item 6 forward on the agenda and would be extending the public speaking time to 30 minutes to allow sufficient time for those wishing to speak on the item. Any members of the public wishing to speak on another matter would have an opportunity to do so once consideration of Item 6 had been concluded.

**43 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**44 PUBLIC SPEAKING TIME/OPEN SESSION**

Before Cabinet considered the Item 6 on the agenda concerning Available Walking Routes to Schools, the Chairman invited members of the public to speak on the matter.

Bollington Town Councillor Ken Edwards commented that the Council's proposal to remove free school bus transport from Bollington to Tytherington High School was bringing anxiety and stress to local children and adults. He added that the proposal was not economically efficient or morally right and would lead to increased inequality.

Emanuel Botwe, Head teacher at Tytherington High School, asked the Council to provide evidence to support the view that the Emergency Services agreed with the proposal. He also asked if the Council had considered the issue of personal safety when making its decision about whether to withdraw free transport from Bollington to Tytherington School. Finally, he referred to a House of Lords ruling in 1988 relating to George v Devon which he said required local authorities to consider whether it would be practical for parents to accompany their children on the route and whether it would be normal for children of a certain age to be accompanied.

Heidi Reed felt that the Middlewood Way on route to the Tytherington High school was isolated and poorly lit and therefore unsafe to walk. She also said that it was inaccessible to emergency service vehicles.

Donald Muir felt that the Council's school transport policy was flawed and out of date and had been based on out-of-date guidance. He asked the Council to update its policy before considering any changes to available walking routes and school transport provision. In particular, he felt that the evaluation of available walking routes should be a risk-based assessment which included child safety, and that there should be a recognition that personal circumstances may influence the ability of a parent to accompany their child to school.

On behalf of a Dr & Mrs C Murdock, Emanuel Botwe called on the Cabinet to release in full all correspondence between the Council and the Emergency Services relating to available walking routes to school so that parents of vulnerable at risk children could make an informed choice on how their children should get to school.

Mrs S Buckle, the parent of a child attending Wheelock Primary School, said that she would not allow her children to use the proposed walking route to school as it was overgrown and poorly lit. Mrs Buckle also commented that this change presented a challenge to her work and life/family balance as a working mother.

Jeanette Walker, the Head Teacher of Malbank School, referred to the unmanned railway crossing which her school children would have to cross in walking to school, which she considered to be dangerous.

At the conclusion of public speaking, the Chairman thanked those who had spoken for their contribution to the debate.

### 45 AVAILABLE WALKING ROUTES TO SCHOOL PROGRAMME

Cabinet gave further consideration to this matter in the light of the recommendations of the Children and Families Overview and Scrutiny Committee and the officer response to the recommendations.

On the 14<sup>th</sup> June 2016, Cabinet had considered a report in relation to a 'review of the available walking routes to school' and had resolved as follows:

"That Cabinet

1. notes the reclassification of routes that have been re-assessed as available walking routes to school and agrees that free school transport for those routes be withdrawn from April 2017; and
2. authorises the Executive Director for People to spend £150,000 from the Local Transport Plan budget allocation for 2016/17 to improve further walking routes to school to bring them up to required standard so that free school transport for those improved routes may be subsequently withdrawn."

Cabinet's decisions had subsequently been called in for review on the basis that:

- a) relevant information was not considered;
- b) viable alternatives had not been considered; and
- c) the decision taken by Cabinet could be open to challenge.

On the 19<sup>th</sup> July 2016, the Children and Families Overview and Scrutiny Committee considered the call-in of the Cabinet decision and made a series of recommendations to Cabinet as set out in the report.

The officer response to the Committee's recommendations and subsequent recommendations to Cabinet were set out in Appendix 3 to the report.

At the invitation of the Chairman, Councillor Rhoda Bailey, Chairman of the Children and Families Overview and Scrutiny Committee, addressed the meeting, paying tribute to everyone who had taken part in the process. She went through the Committee's recommendations as set out in the report and noted that some of these had been accepted by the Cabinet. She urged Cabinet to ensure that any necessary improvements to the proposed walking routes were completed before the proposals were implemented.

The following councillors were invited to address Cabinet in relation to the proposals, having expressed the wish to do so: Councillors A Stott, S Corcoran, B Dooley, S Edgar, D Flude, L Jeuda, G Merry, A Moran, S Pochin, J Saunders and M Warren. Among the views expressed were that

some working parents would find it difficult to accompany their children to school; some routes were unsafe for children to walk along alone and could attract opportunistic predators; the cost of transport would be prohibitive for large families; there had been a lack of consultation with schools and local ward members; the safety of children should take precedence over financial savings; and the weight of opposition across the political parties and the views of the cross party overview and scrutiny committee, local ward members and local MPs should not be ignored.

On the question of consultation with local ward members, the Portfolio Holder for Children and Families confirmed that meetings with local ward members for the areas affected had been offered.

At the conclusion of member speaking, the officers presented the report which focussed primarily on the recommendations of the Children and Families Overview and Scrutiny Committee. The officers advised that the Emergency Services had confirmed that they would be able to access Middlewood Way if necessary; that children with long term health issues and families on low incomes had been taken into account by the Council's policy; and that the Council had a duty to apply its policies consistently and fairly across the Borough which would inevitably lead to the removal of school transport where a walking route was deemed to be available. Finally, the officers indicated that the process had provided for a nine month period before implementation to allow sufficient time for engagement with the affected schools and local communities. Cabinet members then asked the officers a number of questions to clarify certain aspects of the report.

At 4.00 pm the Chairman announced a 10 minute adjournment.

Following the adjournment, the Chairman summed up the debate by commenting that the Cabinet had acknowledged the concerns of local schools and residents and had considered carefully the advice and recommendations of the Children and Families Overview and Scrutiny Committee. In doing so, the Cabinet had had regard to its responsibility to all the residents of the Borough in applying the Council's policy on Available Walking Routes to School in a consistent and equitable manner.

The Cabinet had welcomed the debate on the re-assessment of the five walking routes to school, had listened to the views of the schools and residents and had taken on board the suggestions and comments made as reflected in the revised recommendations in the report. The Chairman thanked everyone concerned for their participation in and contribution to the debate.

The Portfolio Holder for Children and Families then moved the recommendations in the report with a number of additional amendments.

### **RESOLVED**

That having reconsidered its decisions of 14<sup>th</sup> June 2016, and the minutes and recommendations of the Children and Families Overview and Scrutiny Committee meeting of 19<sup>th</sup> July 2016, Cabinet resolves as follows:

That the decisions taken by Cabinet on 14<sup>th</sup> June 2016 be confirmed subject to the following:

1. Middlewood Way be confirmed as an available walking route;
2. the implementation of changes to the availability of routes be postponed until September 2017;
3. the Executive Director - People be given delegated authority (in consultation with the Portfolio Holder for Children and Families) to discuss with relevant schools and academies, and arrange such transitional grant funding as the Executive Director considers appropriate, so that where practicable any child who currently receives free school transport will continue to receive subsidised transport until they either conclude their education at their current school or move to another school, and the Executive Director report back on progress;
4. the highway improvements recommended by the Children and Families Overview and Scrutiny Committee, and identified as 'to be implemented' in Appendix A to the report, be approved and monitored by the relevant Portfolio Holders with a view to implementation by 2017;
5. for any future route assessments, where changes to the classification are being considered, local members to be invited to accompany officers on a route review;
6. the Executive Director - Place be requested to review the Council's Sustainable Modes of Travel Strategy and bring a revised strategy to Cabinet for consideration and approval; and
7. Cabinet note the Children and Families Overview and Scrutiny Committee's disappointment at a perceived lack of consultation in relation to the proposals and log the ongoing engagements with overview and scrutiny on this policy as a whole, but in particular with regard to the routes before Cabinet today.

### **46 PUBLIC SPEAKING TIME/OPEN SESSION**

There were no further members of the public wishing to speak at the meeting.

**47 QUESTIONS TO CABINET MEMBERS**

Councillor S Corcoran had read in the press that the Chief Inspector of Weights and Measures did not have the required qualifications. He asked what were the implications and what mitigation measures had the Council put in place. At the Chairman's request, the Director of Legal Services confirmed that a person had been appointed as Chief Inspector of Weights and Measures without the qualification required by the Weights and Measures Act 1985 but that person no longer occupied the role and a person with the relevant qualification had been appointed. The Director confirmed that none of the work carried out under the previous, unqualified post holder had been invalidated and he was confident that there would be no adverse consequences to decisions in this area.

Councillor D Flude referred to a study by Brighton University which had found that there had been a decline in local authority compliance with equalities duties under the Equality Act 2010. She asked what the Council was doing to improve its compliance with the Act. The Portfolio Holder for Corporate Policy and Legal Services replied that currently he was reasonably satisfied that the Council was complying with its responsibilities under the Act but would now seek further confirmation and confirm in writing.

Councillor R Fletcher commented that a number of years ago, Network Rail had announced that it was going to replace all half barrier railway crossings across the country. He referred to the response by Network Rail in relation to the half barrier crossing at Nantwich as referred to in the Available Walking Routes report which stated that the crossing complied with Network Rail's risk assessment and that no further action would be taken. He asked if the Council would write to Network Rail to ascertain its intentions with regard to the crossing as he felt that the response received previously was not correct. At the Chairman's request, the Executive Director for People replied that the officers had ensured that the correct individuals at Network Rail had been contacted about the crossing in Nantwich and the response had been as outlined in the report. However, Network Rail had indicated that it had a programme of reassessment of its crossings and the Executive Director would be able to confirm over what period the reassessment was undertaken. The Deputy Leader and Portfolio Holder for Highways and Infrastructure undertook to raise the matter in his role as Director of Rail North and would reply in writing to Councillor Fletcher.

Councillor Fletcher also referred to street lights that had been re-lit on the Alsager/Church Lawton boundary. When the Council recently removed lights which had become surplus to requirements at this location, they also removed lights that had been re-lit. He asked if the technicians who were removing redundant lights around the Borough could be made aware of lights that had been re-lit so that those lights were not removed.



48 **MINUTES OF PREVIOUS MEETING**

**RESOLVED**

That the minutes of the meeting held on 13<sup>th</sup> September 2016 be approved as a correct record, with a small correction of F Fletcher to R Fletcher.

49 **NOTICE OF MOTION - TAX COMPLIANCE AND PROCUREMENT PROCEDURES**

Cabinet considered the following motion which had been moved by Councillor S Hogben and seconded by Councillor S Corcoran at the Council meeting on 28<sup>th</sup> July 2016 and referred to Cabinet for consideration:

*“This Council notes that:*

- corporate tax evasion and avoidance are having a damaging impact on the world’s poorest countries, to such a level that it is costing them far more than they receive in aid*
- this is costing the UK as much as £30bn a year*
- this practice also has a negative effect on small and medium-sized companies who pay more tax proportionately.*

*This Council further notes that the UK Government has taken steps to tackle the issue of tax avoidance and evasion by issuing Procurement Policy Note 03/14 (PPN 03/14). This applies to all central government contracts worth more than £5m.*

*This Council also notes the existence of voluntary schemes promoting tax compliance such as the Fair Tax Mark, which can serve as an independent means of verification. This council notes the 2015 Public Contract Regulations which state (in section 4) that local government can choose to adopt Procurement Policy Note 03/14.*

*This Council believes that bidders for council contracts should be asked to account for their past tax record, using the higher standards in PPN 03/14.*

*This Council therefore calls for procurement procedures to be amended to require all companies bidding for service and works contracts worth more than figures to be agreed with the Chief Operating Officer to self-certify that they are fully tax-compliant in line with central government practice using the standards in PPN 03/14, applying to contracts of the size specified above.*

*This Council asks the Cabinet to publicise this policy and to report on its implementation annually.”*

The Council had sought to apply the best practice outlined by the Government, and its procedures followed those laid out by the

Government's Crown Commercial Service Department. Ensuring tax compliance was an important attribute that the Council considered as good practice.

At the invitation of the Chairman, Councillor S Corcoran spoke on this matter.

The Director of Legal Services advised that any changes to the Council's procurement procedures would require suitable amendments to the Council's Contract Procedure Rules in the normal manner. This was noted.

**RESOLVED**

That the Council's procurement procedures be amended with effect from 1<sup>st</sup> January 2017 to require all companies bidding for contracts of £5m or greater to self-certify that they are fully tax compliant in line with the UK Government's Procurement Policy Note (03/14).

Note: At this point, the Chairman vacated the Chair and shortly afterwards left the meeting. The Deputy Leader took the Chair for the remainder of the meeting.

Councillor D Brown in the Chair

**50 EVERYBODY SPORT & RECREATION ANNUAL PERFORMANCE REPORT 2015- 16**

Cabinet considered the second Annual Performance Report from "Everybody Sport & Recreation" (ESAR) for the financial year 2015-16 in respect of the delivery of services on behalf of the Council.

Councillor A Kolker, Chairman of the Trust, and Peter Hartwell, Chief Executive of the Trust, attended the meeting and at the invitation of the Chairman spoke on the report and the work of the Trust.

**RESOLVED**

That the progress made by the Trust in its second year of trading as an independent Charitable Trust, and the Annual Report, be noted.

**51 CREWE GREEN ROUNDABOUT IMPROVEMENTS - PREFERRED OPTION AND PROCUREMENT**

Cabinet considered a preferred option for the junction improvement at Crewe Green Roundabout and a procurement route for the delivery of the scheme.

Option 3 as detailed in the report was considered to be the most effective in achieving the Council's objectives, was the one most favoured in public consultation and had the lowest cost.

### **RESOLVED**

That Cabinet

1. approves Option 3 as the preferred design solution in accordance with the layout shown at Appendix 1;
2. approves the use of the Scape Civil Engineering and Infrastructure Framework for the procurement of the scheme works with the NEC Target Cost form of contract;
3. authorises the Director of Legal Services to enter into any necessary delivery agreements (or supporting agreements) for the provision of services by the Contractor;
4. authorises the Executive Director of Place, in consultation with the Highways and Infrastructure Portfolio Holder, to enter into negotiations with third party landowners for the acquisition of the land and rights necessary for the construction of the scheme;
5. authorises the Executive Director of Place to take all necessary action to undertake the advance diversion of any utility services necessary to deliver the scheme;
6. authorises the Director of Legal Services in consultation with the Portfolio Holder to enter into such legal agreements as necessary to acquire all land and rights to that land necessary for the construction of the scheme and to dedicate that land as highway;
7. authorises the Executive Director of Place, in consultation with the Highways and Infrastructure Portfolio Holder, to proceed with all necessary technical work, including preparation of a detailed design, land assembly, investigation and conduct of diversions of statutory-undertakers apparatus to enable the Highway Works in regard of the Preferred Option;
8. approves the continuation of Jacobs as designers for the scheme under the existing arrangements with them for delivery of highway professional services; and
9. authorises the Executive Director of Place in consultation with the Highways and Infrastructure Portfolio Holder, to complete the assembly of the necessary third-party funding contributions for expenditure on the scheme and authorise the forward funding of the scheme up to £1.7m.

## 52 CREWE MARKETS

Cabinet considered a report setting out an approach for moving forward on setting and implementing the future vision for the market offer in Crewe.

Crewe Town Councillor Simon Yates attended the meeting and at the invitation of the Chairman spoke on the matter, warmly welcoming the report.

### **RESOLVED**

That Cabinet

1. agrees to the principle of developing a vision, business plan and delivery programme for the markets jointly with Crewe Town Council;
2. approves the allocation of £50,000 of revenue funding from the sustainability revenue budget for this work; and
3. notes the potential future capital requirements for this project, the funding of which will be subject to a separate report and decision.

## 53 PREVENT DUTY & CHANNEL DUTY PROGRESS REPORT

Cabinet considered a report on the Council's responsibilities under the Prevent Duty Guidance 2015 and the Channel Duty Guidance 2015. The report also outlined the work taking place in Cheshire East and sub-regionally with Cheshire West and Chester, Warrington and Halton Borough Councils.

### **RESOLVED**

That

1. the collective progress to date be noted and the Council's partners be thanked for their involvement, support and contributions;
2. the responsibilities placed upon the Council by the Prevent and Channel duties be noted; and
3. the Pan Cheshire Prevent Strategy be noted and supported.

## 54 CHILDREN'S RESIDENTIAL HOME TENDER

Cabinet considered a report on progress with the tender process to put in place a wholly commissioned service for Children's Homes in Cheshire East. The report sought delegated authority to award the contract.

**RESOLVED**

That

1. authority be delegated to the Deputy Chief Executive and Executive Director for People, in consultation with the Portfolio Holder for Children and Families, to award the Children's Homes contract; and
2. the Director of Legal Services be authorised to enter into the contract with the successful bidder and any ancillary legal documentation required including the granting or taking of leases, underleases and licence agreements (after having consulted the Head of Assets in respect of any property agreements).

**55 LAN SWITCH REPLACEMENT PROJECT**

Cabinet considered a report recommending the procurement and installation of replacement Local Area Network equipment that would deliver a PSN compliant infrastructure for the Council.

**RESOLVED**

That

1. Cabinet approves the procurement and award of contracts for the replacement of all EOL/EOS LAN equipment at an estimated cost of £3m over a seven year contract period, via the Crown Commercial Service RM1045 LOT 2 – Local Connectivity Services: in accordance with the Public Contracts Regulations 2015 and Cheshire East Borough Council's Contract Regulations;
2. the Chief Operating Officer, in consultation with the Portfolio Holder for Finance and Assets, be authorised to prepare and undertake the procurement, including any contract negotiations, and thereafter enter into the contract with the successful bidder;
3. the Director of Legal Services be authorised to enter into all necessary contractual documentation with the successful bidder and other bodies intending to participate in the contract; and
4. Cabinet notes that the recommendation is to procure and install replacement LAN equipment that will deliver a PSN compliant infrastructure for both councils. The requirement is to replace all EOL/EOS switches on the corporate LAN. There are 552 devices (over 232 sites) in scope at this time. The project will procure, order and implement the new hardware. The procurement will include support and maintenance contracts for five years, with an option for two 12 month extensions. The project will be implemented in a phased approach, phase one, 59 sites, will be replacing LAN equipment at sites that consume PSN services direct and public locations such as

Libraries, Leisure Centres and Children's Centres. Phase two, 173 sites, will be completed by end of December 2017.

The meeting commenced at 2.00 pm and concluded at 5.10 pm

Councillor Rachel Bailey (Chairman)

## Cheshire East Council

### Cabinet

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<b>Date of Meeting:</b>	8 <sup>th</sup> November 2016
<b>Report of:</b>	Executive Director of Place
<b>Subject/Title:</b>	Middlewich Eastern Bypass
<b>Portfolio Holder:</b>	Cllr David Brown, Highways and Infrastructure

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#### 1. Report Summary

- 1.1. Cheshire East Council has responded to the concerns of residents and businesses in Middlewich by seeking means to secure the delivery of the Middlewich Eastern Bypass. The Council's work has now resulted in the award of funding from the Department of Transport to take the scheme to its next stage, one of only seven schemes nationally to receive money in this funding round. This represents a significant step forward in the delivery of the project and continues the momentum that has been established since the Council took over control of its delivery in 2015.
- 1.2. Middlewich is a key service centre hosting four strategic sites for employment and housing. The bypass is a strategic highway scheme which will facilitate future sustainable growth in and around Middlewich.
- 1.3. In May 2016, Cabinet authorised feasibility work to develop plans for the Middlewich Eastern Bypass, including the following tasks:
  - Conducting a public consultation in Middlewich
  - Entering into negotiations with key stakeholders and developers to develop a funding strategy for the bypass
  - Undertaking an options appraisal for the route
  - Extending the validity period of the planning permission for the original bypass route.
- 1.4. This report details how the Strategic Case outlined in the May report and key requirements of the scheme have been used to identify option(s) to prepare the Outline Business Case. This will be necessary to secure any Government funding for the scheme and must reflect the Departments published guidance (WebTAG) on scheme appraisal.
- 1.4 All activities are progressing well and are running on time. During the recent public consultation in Middlewich, residents indicated that there is strong public support for the bypass and its early implementation to address

problems of congestion affecting the local road network. The existing planning permission for the previously consented route of the bypass has recently been extended by three years to 11<sup>th</sup> July 2019. This is without prejudice to the final design of the scheme but will avoid any subsequent abortive work should the existing consented route prove to be the preferred option.

- 1.5 The Council's success with the recent bid to the Fast Track stream of the Department for Transport's (DfT) Large Local Major Scheme fund has provided significant additional resources to progress scheme development. Liaison with the Department has now commenced and will continue to complete the Outline Business Case (OBC) for the bypass in March 2017. This report provides Cabinet with an update on discussions with DfT and recommends how the grant funding is used in this financial year to deliver this business case.

## **2. Recommendations**

Cabinet is recommended to :

- 2.1. Authorise the Executive Director of Place, in consultation with the Highways and Infrastructure Portfolio Holder, to undertake all necessary work to finalise the options appraisal and business case, undertake appropriate consultation and prepare a funding plan for the preferred option to enable submission of the Outline Business Case in March 2017.
- 2.2. Agree that the initial feasibility work has identified appropriate options to meet the strategic objectives of the bypass, and that these options should be further investigated for preparation of the Outline Business Case.
- 2.3. Note that upon completion, the Outline Business Case will be brought back to Cabinet for approval before it is submitted to the Department for Transport.

## **3. Options Appraisal**

- 3.1 During the feasibility stage, detailed appraisal of options has been completed giving consideration to the strategic objectives of the bypass, environmental constraints, costs and deliverability.
- 3.2 Eight possible alignments for the bypass, including the existing consented route, have been assessed as part of the options appraisal. These are shown in Appendix 1. Following assessment of each option, Option 5 is considered to achieve the best set of outcomes for the scheme. The next best option, at this stage, is considered to be Option 1.
- 3.3 It is proposed that these two route options (Option 5 and Option 1), as outlined in Appendix 1 to this report, are taken forward for further investigation during preparation of the Outline Business Case. A summary of the overall Option Assessment from the feasibility work is included in Appendix 2 of this report.



#### 4. Reasons for Recommendations

- 4.1. Earlier this year an opportunity was identified to apply to the Department of Transport (DfT) for funding for further scheme development during the current financial year through the fast-track stream of their Large Local Major Transport Schemes programme.
- 4.2. An application was made through the Cheshire and Warrington Local Enterprise Partnership, accompanied by letters of support from the MP for Tatton and key stakeholders and developers. The application was required to demonstrate the strategic need for the bypass, alignment with local, sub-regional, and national policies; and presented the economic case for the bypass based upon estimated scheme costs and monetised benefits.
- 4.3. The bid was successful and funding of £1.257m was awarded by DfT, which in addition to the Council's previously approved funding commitment of £0.75m, now gives a total budget of approximately £2m for the development of the scheme to Outline Business Case (OBC) stage by 31<sup>st</sup> March 2017.
- 4.4. The Middlewich Eastern Bypass was one of only seven schemes nationally to have been awarded a share of the £10m funding available through the fast-track programme reflecting the strength of case that has been made to date.
- 4.5. Securing this development funding from DfT is an important step in the delivery of the scheme but does not guarantee subsequent capital funding from DfT. Future approval of the OBC will move the scheme onto the DfT's Large Local Major Transport Schemes programme which will make future funding more likely, though not guaranteed.
- 4.6. The award of the DfT fast track funding now defines the requirements for further works to develop the scheme to OBC stage in accordance with the Treasury's business case requirements.
- 4.7. Liaison with the DfT officials has commenced, through an inception meeting and site visit on 30<sup>th</sup> September 2016. This enabled DfT civil servants to appreciate the nature of the local area and the context for the bypass. The Council's delivery programme for the Outline Business Case has been updated to reflect all of the issues raised during the meeting. Arrangements for on-going technical liaison have been confirmed with the DfT. The Council has a detailed understanding of these procedures, which are consistent with other current schemes including Congleton and Poynton major schemes.
- 4.8. Two options will now be taken forward into the OBC stage based upon a preferred option and an option based upon an amended version of the original alignment of the scheme.

- 4.9. The work done to date on the scheme has been critical to the identification of viable routes for the bypass and has enabled the selection of a preferred option which best meets the requirements of the previously approved Strategic Case for the bypass. A second option has also been clearly identified which is based upon the original bypass route. The two options now need to be fully assessed and compared to select the option to be taken forward with the OBC which will be submitted to DfT for approval.
- 4.10. Entry to the Large Local Major Programme requires rigorous assessment and compliance with well established DfT process and procedures in the assessment of the two options. The requirements are understood and are well known to the Council, with previous schemes having been subject to DfT requirements and progressing successfully.
- 4.11. The funding is for the current financial year 2016/17. It is therefore critical that the extensive works to be undertaken in the production of the OBC can progress without delay to meet the programme. Failure to meet programme and / or DfT requirements may compromise future further funding opportunities for the scheme.
- 4.12. The award of funding for the development of the OBC does not guarantee future DfT funding, either for scheme development costs beyond the OBC stage, or for implementation of the scheme. It is essential that all avenues for funding the continue to be investigated to identify the scale of funding which will be required from other funding sources, such as from nearby development.

## 5. Background

- 5.1. The bypass has been a consented scheme for a number of years following the development of a scheme by Cheshire County Council to provide a bypass to the town centre and enable access to the Midpoint 18 strategic site. Initial sections of the scheme from the A54 have been constructed since 2000.
- 5.2. Development and delivery of the bypass was originally in the hands of the Private Sector, with funding largely flowing from development opportunities, but after the award of a planning consent for the Midpoint 18 masterplan and completion of the bypass in 2006, economic uncertainties restricted opportunities for further substantial development and funding opportunities for construction of the remainder of the bypass became severely restricted.
- 5.3. Due to continued lack of progress on the scheme the Council took control of delivery of the bypass in 2015 and a programme of works has been underway since that time to achieve the objective of delivering the bypass, whilst also developing the scheme to suit a broader set of local and regional objectives that have evolved since the original route was conceived.
- 5.4. The May report to Cabinet detailed the Strategic Case for the bypass and outlined how the objectives in the Strategic Case would be used in the options appraisal to develop a preferred solution.

5.5. The Strategic Case stated the primary objective for the bypass as being 'To deliver a highway scheme which functions as a bypass to deliver the traffic solution for Middlewich'. In so doing, the bypass will contribute to the following strategic outcomes;

- To support the economic growth agenda for Middlewich and the sub-region, facilitating the delivery of 1,950 dwellings and 6500 jobs in the town
- To mitigate problems of traffic congestion in the town, and on the strategic network linking mid Cheshire to M6 Junction 18
- To improve environmental conditions within the town, through reductions in traffic-related noise, air quality and severance.
- To facilitate the delivery of a package of complementary measures to support town centre regeneration, accessibility and public realm.

5.6. Implicit within these objectives are considerations relating to :

- The quality of the bypass alignment and route standard
- Alleviation of traffic congestion on the local highway network
- Alleviation of road safety concerns on the local highway network
- Impacts on non-peak journeys in terms of distance travelled and time taken

5.7. The May report also identified key requirements to be delivered by the bypass and their relative importance. It also outlined how the Strategic Case would be used as a primary "filter" of route options, followed by an assessment against site constraints and the delivery of the key requirements, to evaluate each route to objectively assess the relative merits of each option.

5.8. The key requirements were :

- Fulfilling the delivery of the Local Plan
- Delivery of further development opportunities
- Facilitation of high growth city HS2 objectives (Northern Gateway)
- Facilitation of an east-west by-pass (strategic future proofing)
- Connectivity with Cledford Lane
- Supporting the delivery of a new railway station site
- Facilitating rail opportunities
- Timeliness of delivery and length of construction period.

- Environmental impacts
- Cost effectiveness of environmental mitigations.

These factors have informed the assessment of the various options for the bypass, informing the recommendation of options to develop further for the Outline Business Case (see Appendix 2).

- 5.9. Throughout the feasibility stage, the Council has engaged with all of the land-owners / developers with interests affected by any of the options. As we proceed towards the Outline Business Case, this engagement will continue, although it is appropriate to redesignate this forum as a Stakeholder Engagement Group. This reflects the need to ensure that the project governance for the Fast Track process must be consistent with the Council's corporate project governance and assurance procedures, with an appropriate Project Board being convened by the Executive Director of Place.

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

Middlewich and Brereton Rural

- 6.1. Cllr Simon McGrory
- 6.2. Cllr Michael Parsons
- 6.3. Cllr Bernice Walmsley
- 6.4. Cllr John Wray

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

The Scheme supports the emerging Local Plan Strategy Policy CO2 and is included in the associated Infrastructure Delivery Plan. The Eastern By-Pass also aligns strongly to Cheshire and Warrington Strategic Economic Plan and it is included in the Local Transport Plan 2015 Policy B2 – Enabling Development

### **7.2. Legal Implications**

The outputs of this Outline Business Case Stage will be prepared to ensure that the relevant requirements of the statutory planning process are met.

Engagement of key stakeholders, residents and members of the public is an obligation of the local authority during the planning and delivery of major highway projects. The proposed approach to consultation and engagement will ensure that the Council takes appropriate measures to discharge its obligations to

stakeholders before confirming a preferred route option. That route will, of course, be subsequently subject to the normal, formal consultation process.

The route of the scheme, alternative schemes, funding of the scheme, land acquisition, costs of land acquisition, potential consideration of the need for use of Compulsory Purchase Powers, and consideration of procurement and State Aid issues have all yet to be considered. All of these points will need separate legal consideration at the material time, on the points they raise, in light of the powers under the Constitution. In addition, funding to be provided by a capital contribution from the Council will have to be identified and form part of a capital bid and be a Key Decision.

### **7.3. Financial Implications**

The Middlewich Eastern By-Pass will be delivered through a blend of scheme funding including third-party developer contributions secured by the Council. The viability and affordability of any scheme will be a fundamental part of the Outline Business Case process. In addition an up-to-date cost estimate for the proposed solution will be prepared as part of the business case process.

The 2016/17 budget includes a specific capital allocation of £750,000 for the Middlewich Eastern By-Pass. Spending on the initial design stages of this Project will be managed within overall capital approvals in the Medium Term Financial Strategy and spending or changes to this allocation will be reported in accordance with the budgetary framework

### **7.4. Equality Implications**

- Equality implications will be considered in the options appraisal and completion of the Outline Business Case

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

- Any future planning application will require an Environmental Assessment which will take into account the effect on the rural community.

### **7.6. Human Resources Implications**

- Successful completion of the Outline Business Case for this major road scheme relies on activities from a large team of qualified and experienced staff in a range of specialist disciplines, including highway design, environmental appraisal, traffic modelling, economic appraisal and cost consultancy. Therefore, arrangements have been put in place to engage appropriate resources under the Councils existing contractual arrangements for delivery of highway professional consultancy services.

Without this provision, the Council would be unable to meet the timescales for successful delivery of the fast-track bid programme.

### 7.7. Public Health Implications

- The recommendations have no immediate impact on public health. Issues associated with noise and air quality will be assessed as part of the ongoing programme of works associated with the bypass leading ultimately to an Environmental Assessment.

### 7.8. Other Implications (Please Specify)

- N/A

## 8. Risk Management

- 8.1. Risk management issues are unchanged from previous Cabinet reports. A risk register has been produced in the preceding stages of the project development and this will be reviewed and updated through the current stage of works. Capital cost risks are currently addressed through the inclusion of an appropriate level of Optimism Bias uplift to estimated costs. The evaluation of cost risks will move to a Quantitative Risk Assessment approach in the OBC development.
- 8.2. Key risks to the Council continue to relate to the affordability of the scheme and this will be addressed through the continued development of the high level funding strategy.
- 8.3. Programme risks relating to environmental surveys in support of planning objectives continue to be managed by undertaking surveys in support of all options within the current programme of works. Ecology site surveys will be complete in advance of the completion of the OBC.

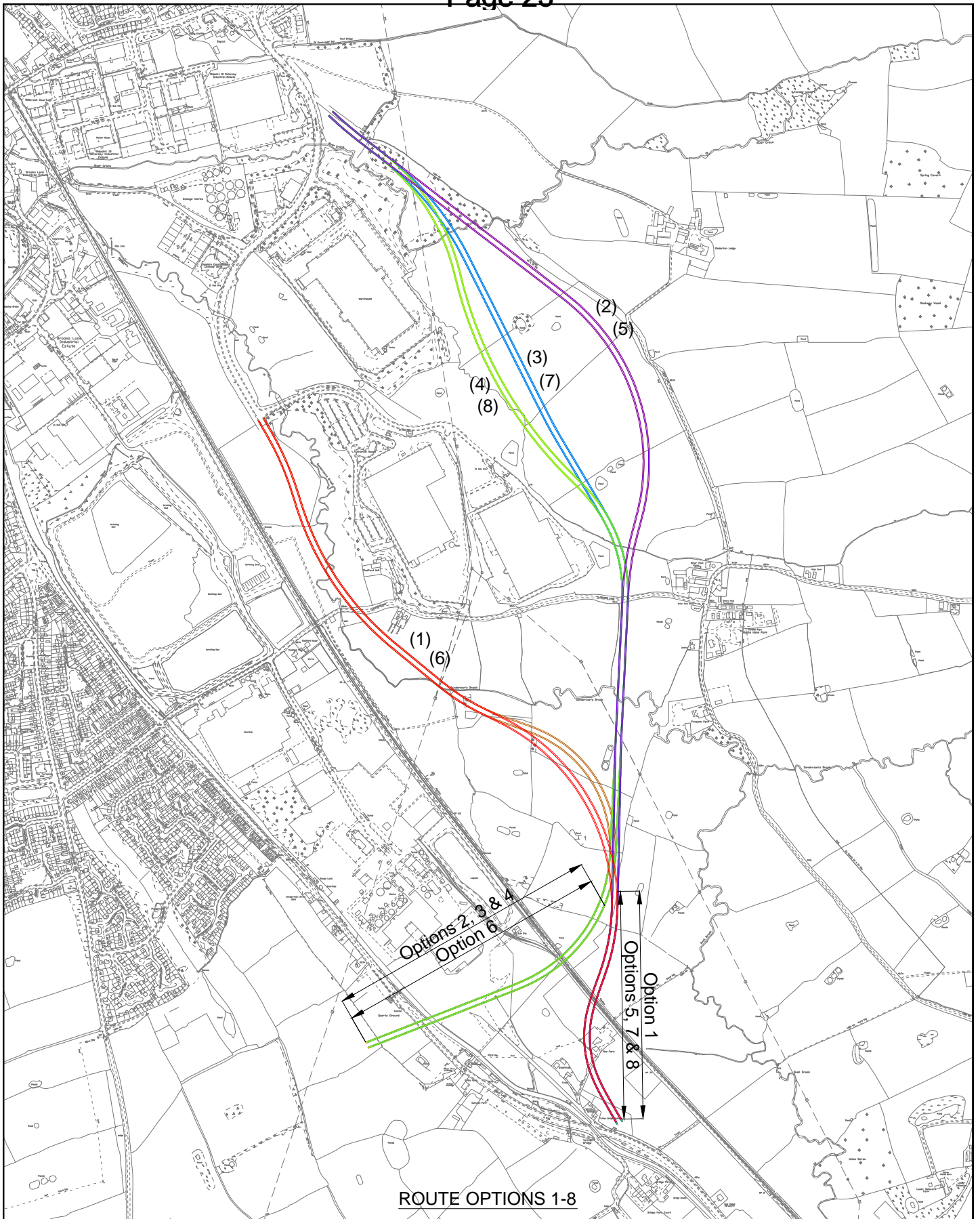
## 9. Access to Information/Bibliography

- 9.1. The background papers relating to this report can be inspected by contacting the report writer.

## 10. Contact Information

Contact details for this report are as follows:

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ROUTE OPTIONS 1-8

**KEY**

- |          |          |
|----------|----------|
| Option 1 | Option 5 |
| Option 2 | Option 6 |
| Option 3 | Option 7 |
| Option 4 | Option 8 |

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Client  
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Project  
MIDDLEWICH EASTERN BYPASS

Drawing title

**PRELIMINARY ROUTE  
OPTIONS**

Drawing status

Scale NTS @ A4 DO NOT SCALE

Jacobs No. B1832077

Client no.

Drawing number

**B1832077-FIGURE-002**

Rev

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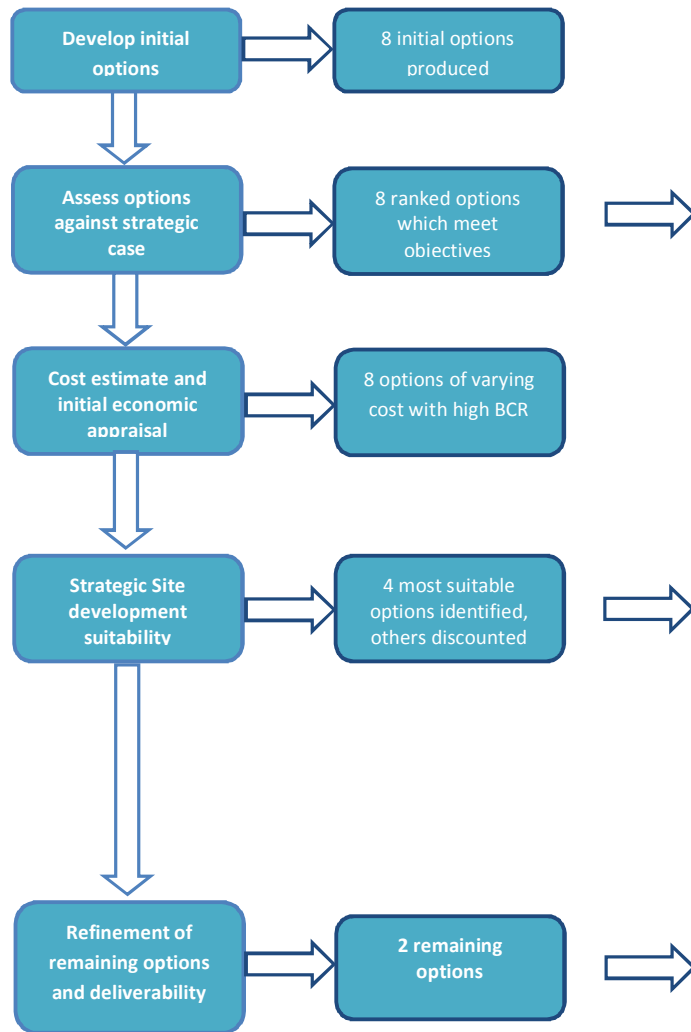
Rev	Rev. Date	Purpose of revision	Drawn	Checked	Rev'd	Appr'd
P01						

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## Middlewich Eastern Bypass Options Assessment Process



Option	Weighted Score	Ranking
1	167	6
2	226	1
3	187	4
4	193	3
5	205	2
6	179	5
7	149	7=
8	149	7=

Option	Weighted Score	Revised Ranking	BCR
1	167	3	7.99
2	226	1	4.88
5	205	2	7.2
6	149	4	5.16

Option	Weighted Score	Revised Ranking	BCR
1	167	2	7.99
5	205	1	7.2

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Middlewich Eastern Bypass - Updated Preliminary Route Options Assessment  
01/09/1916

Route Option	Meets the Strategic Case (R/A/G)				Further Key Requirements - Options Scoring																										Affordability								
	Alignment Quality	Alleviation of Congestion	Alleviation of Safety Concerns	Impacts on non-peak journeys	Fulfilling the delivery of the Local Plan			Delivery of further development opportunities			Facilitation of High Growth City HS2 objectives (Northern Gateway)			Facilitation of an east-west by-pass (strategic future proofing)			Connectivity with Cledford Lane			Delivery of a new railway station site			Facilitating rail opportunities			Speed of delivery			Environmental impacts			Cost effectiveness of environmental mitigations.			Total Weighted Score & Option Ranking		Financial Case		
					Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Weighting	Score	Weighted Score	Total Weighted Score	Ranking	Cost Estimate Q2 2016 (Order of Magnitude incl Optimism Bias)	BCR	Affordability
1	✓	✓	✓	✓	9	5	45	6	1	6	8	1	8	6	2	12	2	4	8	6	5	30	6	3	18	5	5	25	3	5	15	3	0	0	167	6	£ 33,281,174	7.99	TBC
2	✓	✓	✓	✓	9	5	45	6	5	30	8	5	40	6	5	30	2	5	10	6	5	30	6	5	30	5	1	5	3	2	6	3	0	0	226	1	£ 51,356,637	4.88	TBC
3	✓	✓	✓	✓	9	2	18	6	3	18	8	5	40	6	5	30	2	5	10	6	5	30	6	5	30	5	1	5	3	2	6	3	0	0	187	4	£ 50,600,362	5.10	TBC
4	✓	✓	✓	✓	9	2	18	6	4	24	8	5	40	6	5	30	2	5	10	6	5	30	6	5	30	5	1	5	3	2	6	3	0	0	193	3	£ 51,131,589	4.93	TBC
5	✓	✓	✓	✓	9	5	45	6	4	24	8	2	16	6	4	24	2	5	10	6	5	30	6	5	30	5	4	20	3	2	6	3	0	0	205	2	£ 39,097,841	7.20	TBC
6	✓	✓	✓	✓	9	3	27	6	3	18	8	5	40	6	3	18	2	4	8	6	5	30	6	3	18	5	1	5	3	5	15	3	0	0	179	5	£ 46,717,850	5.16	TBC
7	✓	✓	✓	✓	9	2	18	6	2	12	8	2	16	6	4	24	2	4	8	6	5	30	6	5	30	5	1	5	3	2	6	3	0	0	149	7	£ 38,284,744	7.48	TBC
8	✓	✓	✓	✓	9	2	18	6	2	12	8	2	16	6	4	24	2	4	8	6	5	30	6	5	30	5	1	5	3	2	6	3	0	0	149	7	£ 38,411,765	7.48	TBC

- Notes:
- 1) Strategic case objectives (R/A/G) assessment - only items with amber or green rating to be considered further
  - 2) Weightings are taken from the strategic case based upon the requirements with highest priority being assigned the highest weighting
  - 3) Scores are on a scale of 1 to 5 with a lower score indicating a lower ranking assessment
  - 4) Weighted Scores are direct multiplication of weighting and score

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## Cheshire East Council

### Cabinet

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<b>Date of Meeting:</b>	8 <sup>th</sup> November 2016
<b>Report of:</b>	Executive Director of Place
<b>Subject/Title:</b>	Congleton Link Road – Procurement Strategy
<b>Portfolio Holder:</b>	Cllr David Brown, Highways and Infrastructure

---

#### 1. Report Summary

- 1.1. In July 2013 Cabinet approved that the preferred solution to address Congleton's transport problems was a new link road between the A536 and A534. Since then strong progress has been made in the development of this project.
- 1.2. Congleton Link Road is the single largest infrastructure project the Council has undertaken to date. It is essential to the successful delivery of the Council's Local Plan and to resolve long-standing economic and environmental impacts arising from congestion in the town. The link will also improve connectivity across the Borough, particularly for Macclesfield to the M6. The road will be a new principal highway between the A534 Sandbach Road close to its junction with Sandy Lane and the A536 Macclesfield Road to the South of the village of Eaton.
- 1.3. Based on these benefits the scheme was provisionally awarded £45m of Government Growth Deal funding and has demonstrated outstanding levels of local support (c85%) through two large scale public consultations.
- 1.4. The project has been granted planning permission, the compulsory purchase process for the scheme has commenced and the Council has also agreed in principle to underwrite the funding of the project.
- 1.5. This report and the attached annexes set out the options available for the Council to procure a contractor to deliver the project, reviews the benefits and risks of each approach and recommends a preferred procurement strategy.

#### 2. Recommendations

The Cabinet are recommended to:

- 2.1. Note the findings of the Procurement Report attached at Annex A;

- 2.2. Note the comparison of procurement routes timescales attached at Annex B;
- 2.3. Approve the use of the Restricted Procedure for the procurement of the contractor through a NEC3 Option A Priced Contract with Activity Schedule with Contractor Design (Design and Build contract)
- 2.4. Approve the publication of the OJEU (Official Journal of the European Union) contract notice and all tender documentation prior to the commencement of the CPO Public Inquiry;
- 2.5. Delegate the power to the Executive Director of Place to carry out the short-listing of interested suppliers using a Selection Questionnaire (SQ) and then, after the completion of the CPO Public Inquiry, invite the shortlisted suppliers to tender for the project;
- 2.6. Note that further Cabinet authority will be required prior to the award of any contract;
- 2.7. Approve that Ringway Jacobs prepares the initial suite of contract and tender documents;
- 2.8. Authorise the Director of Legal Services to procure additional legal support to approve the contract documents prior to their publication.

### **3. Reasons for Recommendations**

- 3.1. Congleton Link Road has been granted planning permission, has an allocation of provisional Government funding of £45m and a resolution from the Council to underwrite in principle any funding shortfall. A Compulsory Purchase (CPO) process has been started to assemble the necessary land required to deliver the scheme.
- 3.2. It is necessary therefore to consider that if the CPO is granted a contractor will be required to deliver the scheme. The reasons for our recommended approach to procuring a contractor is set out below:

#### Procurement Strategy

- 3.3. The Design and Build approach is considered to provide the most competitive procurement option for this scheme. Furthermore, the risk of carrying out the work at agreed prices is largely borne by the contractor which will assist in providing cost certainty to the Council.

#### Procurement Route

- 3.4. It is recommended that the Restricted Procedure route is used since it gives access to the full range of contractors and potentially sharpens competition. The Selection Questionnaire (SQ) process would then enable an appropriate tender list to be drawn up from those best matched to the Council's key requirements for delivering the scheme.

Issuing of Tender Documentation prior to the commencement of any Public Inquiry.

- 3.5. The shortlisting process (SQ) following issue of tender documentation is anticipated to take around 10 weeks. This includes the timeframes for the assessment of the results of the process. If this work is undertaken prior to the public inquiry, rather than waiting for its completion it provides a direct time saving to the programme.

#### 4. Other Options Considered

- 4.1. As set out in Section 5.0.

#### 5. Background

- 5.1. A full comparison of the projected timescales for procuring the project through different routes has been undertaken and is summarised in the table below. Full programme dates are contained in Annex A.

	PROCUREMENT ROUTE				
	1.	2.	3.	4.	5.
	OJEU (Tender <b>before</b> inquiry, before SoS decision)	OJEU (Tender <b>after</b> inquiry, before SoS decision)	Highways England Framework  (Tender after inquiry, before SoS decision)	OJEU (Tender after SoS decision)	Highways England Framework  (Tender after SoS decision)
Advance Construction works	January 2018	March 2018	January 2018	September 2018	<i>Not Possible – Framework expired</i>
Main Construction Start Date	June 2018	September 2018	June 2018	February 2019	

- 5.2. This confirms that if the Council initiates the SQ process via the OJEU route prior to the public inquiry (Option 1) the route to construction is as quick as the using the Highways England framework (Option 3.) with the benefit of seeking tender prices from a wider pool of contractors.

- 5.3. The Highways England framework route ceases to be an option if procurement is not progressed until the Secretary of State's Decision. A new scheme is expected to be put in place by Highways England but no details are yet available.

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

- 6.1. Brereton Rural – Cllr John Wray
- 6.2. Congleton East – Cllr David Brown, Cllr Geoff Baggott and Cllr Glen Williams
- 6.3. Congleton West – Cllr Gordon Baxendale, Cllr Paul Bates and Cllr George Hayes
- 6.4. Gawsorth – Cllr Lesley Smetham
- 6.5. Odd Rode – Cllr Rhoda Bailey and Cllr Liz Wardlaw

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

This report recommends the procurement approach for delivering the Congleton Link Road. This scheme assists in delivering the following key corporate priorities:

- OUTCOME 1 *Our local communities are strong and supportive*
- OUTCOME 2 *Cheshire East has a strong and resilient economy*
- OUTCOME 4 *Cheshire East is a green and sustainable place*
- OUTCOME 5 *People live well and for longer*

### **7.2. Legal Implications**

The proposed procurement route of the Restricted Procedure will allow the Council to test the market by inviting interested parties to submit an expression of interest in response to the OJEU Notice. The Council can then carry out a short-listing exercise (using a Selection Questionnaire) and only those meeting the Council's selection criteria will be invited to tender. A minimum of five suppliers must be invited to tender (unless fewer suitable candidates have met the selection criteria and these are sufficient to ensure genuine competition). Finally, no negotiation with tenderers is permitted, just clarification of the tenders submitted and a finalisation of contract terms with the successful tenderer. The Restricted Procedure should only be used where the Council is able to adequately specify its needs.



The Public Contracts Regulations 2015 require the Council to treat all economic operators equally and without discrimination. In addition, the Council must act in a transparent and proportionate manner. If the specification of the project is changed between the OJEU Notice and the award of contract this could lead to the procurement being challenged. There is therefore some risk in proceeding with the Restricted Procedure before the conclusion of the CPO Public Inquiry as it is possible that the CPO Public Inquiry could influence the specification of the project. This risk is considered in paragraphs 8.4 and 8.5 below.

### **7.3. Financial Implications**

The costs incurred by the Council (both internal and external professional fees) in undertaking the procurement exercise are included in the approved scheme budget for the Congleton Link Road.

### **7.4. Human Resources Implications**

Support will be needed from both Legal Services and the Procurement Unit in finalising the Contract Documentation.

### **7.5. Equality Implications**

None arising from matters relating to procurement strategy

### **7.6. Rural Community Implications**

None arising from matters relating to procurement strategy

### **7.7. Public Health Implications**

None arising from matters relating to procurement strategy

## **8. Risk Management**

- 8.1. Issuing tenders before the outcome of a public inquiry could potentially prejudice the outcome of the inquiry (ie: legal challenge on the basis that going out to tender influences the Secretary of States Decision)
- 8.2. In practice, the tender documentation will be written to explicitly state that the construction of the road would be dependent on the outcome of the public inquiry. By doing this the risk (of abortive tendering costs) is transferred to the Contractors bidding for the work. The Inspector will consider the needs and merits of the scheme in isolation from the procurement exercise.

- 8.3. In waiting for the conclusion of the inquiry to issue final tender information to the successful shortlisted contractors, the Council will have opportunity to include scope for any changes that the inspector may recommend to the scheme; though confirmation of these would clearly have to wait until the Inspectors final report.
- 8.4. If there is a significant change to the scope of the procurement following the Secretary of State's decision (and this is only available to the shortlisted providers) there is a risk that other providers could make a legal challenge.
- 8.5. This is considered to be small risk. In reality any significant changes to the scheme would require a new or varied planning permission; which would change the timescales for the procurement and essentially restart the procurement process.
- 8.6. If the Secretary of State's decision were delayed the Council would be in receipt of tenders for the scheme but be unable to award. In this case, it may be necessary to build in a safety margin into the tender validity period; or include mechanisms for the final tender price to be adjusted if the award date is delayed.
- 8.7. Issuing tenders prior to the public inquiry has significant programme benefits (c 3months on the programme with consequential construction inflation savings) and any risks are considered manageable through the contract documentation. Programme comparisons are included at Annex B.
- 8.8. Ringway Jacobs (or Jacobs) will not be involved in the tender assessment should there be any prospect of conflict of interest with any of the tenderers.
- 8.9. The proposed Design and Build contract offers early price certainty as the price will be presented once tenders are returned ( compared to other routes such as ECI where the contractor is appointed on the basis of a quality assessment with a target cost developed later) and risk transfer to the contractor.

## 9. Background Papers

- 9.1. Annex A – Procurement Report
- 9.2. Annex B – Comparison of procurement route timescales

## 10. Contact Information

Contact details for this report are as follows:

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## **Congleton Link Road**

## **Procurement Summary Report**

**Oct 2016**

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## 1 Procurement – Contract Approach

The following procurement options were considered:

- Design and Build during statutory process.
- Design and Build after Secretary of State Decision.
- Early Contractor Involvement (ECI).
- Construction only contract – e.g. NEC3 ECC Option A or C.

It was concluded that Design and Build options with invitation to tender for a NEC Option A Lump Sum Contract during the Statutory Process would be the preferred procurement Option for the tender process. The reasons for this are described below.

### 1.1.1 Design and Build during statutory process

This Option (with invitation to tender shortly after Public Inquiry) would allow a competitive tender price to be included in the funding application submitted to the DfT, and enable the start of the construction phase at the earliest opportunity. The Design and Build Lump Sum tender would also provide some cost certainty and is considered to provide CEC with best value for money. Design and Build contracts offer early Price Certainty and optimum risk transfer to the contractor.

Concern was expressed that undertaking this before the Secretary of State (SoS) Decision could be seen as prejudging the outcome of the Public Inquiry. Feedback from experience within the industry has confirmed that that inviting tenders before the Secretary of State's decision was not unprecedented with award of contract being after SoS Decision. Additionally, the Inspector is independent and will need to conclude that there is a compelling case for the scheme and that the public benefit outweighs the private loss. The Inspector's recommendation will be made independently of the procurement process. However the following risks were identified.

- The statutory process delays or significantly amends the scheme thus requiring negotiation and/or significant change to the contract (or delay to the originally foreseen programme)
- Potential lack of interest/commercially acceptable price due to contractors not being confident in the scheme going ahead.
- Provides any objectors with ammunition to claim that the outcome of the statutory process was being prejudged, and increases the risk of procedural challenge/judicial review.

Following this review it was recommended that:

- Cheshire East Council would need to obtain Cabinet and Legal approval regarding invitation to Tender during the Statutory Process and SQ in advance of Public Inquiry.
- The Tender invitation documents should clearly state that the award of a contract will be subject to a successful Secretary of State Decision, and approval of funding.

### **1.1.2 Design and Build after Secretary of State Decision**

Procurement using Design and Build with the tender process starting after the Secretary of State's decision is not preferred due to a delay of at least 9 months in starting work on site and the increase in construction costs that would result due to inflation. See Annex B..

### **1.1.3 Early Contractor Involvement (ECI)**

The use of an ECI procurement route using an NEC3 Option A Lump Sum or Option C Target Cost Contract negotiated after the Public Inquiry was also rejected. ECI would provide some price and programme certainty, as the design and construction programme is better developed and there is opportunity to reduce risk prior to starting on site. However, experience suggests the following.

- Scheme development costs (phase 1 of ECI) are higher when procured through ECI than when procured directly from the designers. This is primarily due to Contractors adding their overhead and profit onto the designers costs which they procure through a subcontract.
- In construction (phase 2 of ECI) the Target Cost is derived through negotiation and Contractors predominantly seeking to include a high level of risk within the target which in a competitive D&B they would have to include within the tender price.

The price of the ECI option, being a negotiated price, is likely to be higher than the Design and Build option.

### **1.1.4 Construction only contract**

With this route, all tender documentation is required to be ready and published at the same time as the OJEU contract notice. The restricted procedure requires tenderers to prequalify by submitting a Pre-Qualification Questionnaire (SQ) which limits the number of tenderers submitting a final price.

This process is more favourable with bidders as they only have to complete the tender documentation in stages and are not required to complete the tender documentation if they are not short-listed and therefore less resource hungry for them.

A construction contract (NEC3 ECC Type A) was rejected because of the increased programme. Although Tenderers would be pricing a fully developed design, providing certainty of price, the design of the scheme would not be complete until after the statutory process resulting in a delay to the project construction start date as the tender process could not begin until after the Secretary of State's decision. Additionally, with the detailed design work being carried out in advance of the SoS

decision, there is the risk of this work being abortive with costs being borne by the Council. Additionally, the opportunity for the Tenderers to offer alternatives and reduce overall cost/programme is minimal.



## 2 Procurement – Options to Secure the Services of a Contractor

The following three options were identified for procuring the services of a contractor.

- OJEU Notice - Restricted Procedure.
- OJEU Notice – Open Procedure, open to all contractors.
- Use of a Framework to which CEC has access i.e. Highway England's Collaborative Delivery Framework (CDF) the Midlands Framework and the SCAPE Framework.

It was concluded that the OJEU Notice - Restricted Procedure and the CDF would both be suitable and that a detailed comparison of both routes should be undertaken.

### 2.1.1 OJEU Notice - Restricted Procedure

The restricted procedure requires tenderers to prequalify by submitting a Pre-Qualification Questionnaire (SQ) which limits the number of tenders submitting a price. It was concluded that this was the most appropriate method. The SQ would enable an appropriate tender list to be drawn up, of tenderers interested in the work, and who Cheshire East were likely to want to appoint.

### 2.1.2 OJEU Notice – Open Procedure

An open OJEU procedure is open to all contractors and this option was dismissed because of the potentially large number of tenderers to be assessed and the time to do so.

### 2.1.3 Use of a Framework to which CEC has access

The CDF is Highway England's framework for procuring works on the Strategic Road Network. It is open to all English Local Highway Authorities.

Congleton Link Road, with a construction estimate of £50m would fall into the CDF Lot 3a high value construction work category ("schemes between £25m and £40m, may be extended to £300m"). The following contractors are on the framework.

- Amey
- Galliford Try Infrastructure Ltd
- HOCHTIEF (UK) Construction Ltd
- John Sisk & Son Ltd/Lagan Construction Group Ltd JV
- Kier Infrastructure & Overseas Ltd
- VINCI Construction UK Ltd (trading as Taylor Woodrow) / Vinci Construction Grands Projects JV

The Midlands Alliance framework is run by Leicestershire CC and only applies to schemes up to a construction value of £25m. The expected value of the contract means that the Midlands Framework is not applicable on the Congleton Link Road scheme.

### SCAPE Framework

A presentation was given to Cheshire East Council on 16 May 2016 by Scape Procure and Balfour Beatty on the use of the Scape Framework.

Scape Group is a public sector owned built environment specialist. The Scape Civil Engineering & Infrastructure Framework is a national framework delivered by Balfour Beatty. It has a four-year duration and an overall value of £1.5 Billion and is available to all public bodies in the UK. The nominal project value for contracts is between £1M and £40M; however Scape is not capped at that value and has been used on contracts up to £79m. The framework uses NEC options A or C and is OJEU compliant.

The framework allows a project to be developed from inception to post completion with Balfour Beatty being involved in the early stages of projects. It offers a quick way to market with individual packages of work being market tested and managed using an open book approach. The framework also includes cost planning and risk management. Scape is a collaborative arrangement and the core management team is selected from all parties in the contract. The success of the contract would depend on CEC putting in place the right controls at the outset of the contract, including influencing the quality of the management team, and then exercising these controls.

There is a management fee for using the framework.

The Scape Framework would be similar to ECI in that it would offer early collaboration with CEC. It undoubtedly has advantages and disadvantages, however, it is not being recommended for the Congleton Link Road for the following reasons.

- In Section 1 of this report it was recommended to pursue a Design and Build Contract in favour of ECI because provided better cost certainty.
- The framework is restricted to one contactor, Balfour Beatty and although each individual package is tendered, this precludes the use of other major contractors with the expertise to construct Congleton Link Road.
- Increased onus on CEC to effectively control the contract.
- There are fewer examples of a scheme of this value being procured through SCAPE. CEC has not used this framework before and, it is considered preferable to test it on a smaller value contract.

### 3 CDF route compared to OJEU route

#### 3.1 Use of Collaborative Delivery Framework

This section of the report compares the advantages and disadvantages of using the CDF compared with following the OJEU process with a particular emphasis on the programme implications of both routes.

A meeting was held with Highways England on 8 December 2015. The key points from this meeting were

- CDF was appropriate for D&B and ECI contracts using NEC Options A or C.
- CEC should complete a commissioning form to reserve a place on the framework.
- Congleton Link Road suitable for Lot 3A contractors (6No.) but HE looking at extending this to Lot 2 (5No) Contractors.
- Some form of pre-market engagement held including a Contractor awareness day.
- CEC can use its own tendering system.
- Price/Quality ratings can be altered. The Highways England range is 70:30 to 30:70 which is consistent with CEC.
- 4-year framework with final date to place a contract of November 2018.
- Procurement period is up to 3 months shorter and reduces tendering costs in that CEC has access to nationally known and accomplished contractors that have already been through a vetting procedure for contacts of the size (£25M - £100M) of CLR (circa £50M).

As a result of this meeting it was concluded that

- CDF Lot 3a would provide a suitable means of procuring the contractor for Congleton Link Road.
- Obtaining a place on the framework would not commit CEC to using the framework but that some lots on the framework were getting close to their ceiling which could preclude its use in the future.

CEC has since applied for and obtained a place on the CDF Framework. This would be on the basis of procuring the works through an Option A Design and Build Contract.

### 3.2 Comparison of CDF and Traditional OJEU Options

#### 3.2.1 Collaborative Design Framework

<b>Positives</b>	<b>Negatives</b>
<p>Shorter procurement period than OJEU of between 3-5 months. Saving time and money.</p> <p>Some form of pre-market engagement held including a Contractor awareness day, shorter than SQ.</p> <p>Access to nationally well-known contractors that have already been through a vetting procedure for contacts of the size of CLR.</p> <p>Contractor interest gained through contractor awareness day.</p> <p>Appropriate for D&amp;B and ECI contracts using NEC Options A or C.</p> <p>Congleton Link Road contract value around £50million. This is ideal for Lot 3A which is for contracts in the range £25-100million.</p> <p>CEC can use its own tendering system.</p> <p>Price/Quality ratings can be altered. The Highways England range is 70:30 to 30:70 which is consistent with CEC.</p> <p>Tender documentation needs to be prepared at ITT.</p> <p>The CDF framework can be used with minimal Highways England input (other than adherence with and reporting on Key Performance Indicators (KPI's)).</p>	<p>Restricted to 6 previously identified tenderers.</p> <p>No real feel for their 'appetite' at time of making bid (9-12 months' time) even if they say they are keen now and risk that insufficient number of tenderers will bid.</p> <p>4-year framework with final date to place a contract of 4 November 2018. If programme slips e.g. due to High Court challenge, this option may not be available and tender approach / documentation would have to be revisited.</p> <p>If OJEU process is commenced prior to the inquiry (as recommended), there is no time saving in the CDF approach.</p>

#### 3.2.2 OJEU Notice

<b>Positives</b>	<b>Negatives</b>
<p>Appropriate for D&amp;B and ECI contracts using NEC Options A or C.</p> <p>Not limited to number of contractors and may attract high profile UK and EU contractors who would be expressing a definite interest in the scheme and result in a potentially a more competitive price due to larger market.</p> <p>CEC can use its own tendering system</p> <p>Open OJEU procedure available</p> <p>Price/Quality ratings to suit with no restrictions.</p>	<p>Potentially 3-5 months longer tendering procedure, if SQ cannot commence until after Public Inquiry resulting in a start on site 3 months later.</p> <p>Open OJEU procedure onerous because of the potentially large number of tenderers to be assessed.</p> <p>Tender documentation needs to be ready when the contract OJEU notice is published.</p> <p>If SQ cannot commence until after PI, there is greater likelihood that early ecological work would start later and miss ecological windows that would be achieved with CDF.</p>

### 3.2.3 Programme

Annex B includes a programme comparing the CDF and OJEU options. These are:

- Option 1A – SQ before PI hearing, ITT after hearing.
- Option 1B – SQ after PI hearing.
- Option 1C – Collaborative Design Framework (ITT after PI hearing).
- Option 1D – SQ after SoS Decision.

This confirms that If the OJEU process is commenced prior to the inquiry (as recommended), there is no time saving in the CDF approach.

## 4 Conclusions

This report has reviewed the options for procuring a contractor on Congleton Link Road which is being promoted by Cheshire East Council. In summary the findings are:

- A construction only contract need not be explored further.
- A restricted OJEU notice approach provided the best way to achieve an appropriate / competitive tender list
- Cheshire East Council would need to obtain Cabinet and Legal approval regarding invitation to Tender during the Statutory Process and SQ in advance of Public Inquiry.
- The Tender invitation documents should clearly state that the award of a contract will be subject to a successful Secretary of State Decision, and approval of funding.
- Both D&B and ECI provide acceptable methods for procuring the work, however, it is considered that overall, the D&B option would give Cheshire East Council best value for money, and earliest completion. The ECI option provides better programme certainty, and more flexibility in dealing with any programme slippage, but is likely to result in a greater cost. The Design and Build Lump sum tender would provide early cost certainty.
- Tendering immediately after PI hearing is preferred to tendering after Secretary of State's decision due to the significant programme advantages provided. This Option would allow a competitive tender price to be included in the funding application submitted to the DfT, and enable the start of the construction phase at the earliest opportunity.
- Both tendering using the CDF and following the OJEU procedure offer acceptable means of procuring Congleton Link Road. Using the CDF has the advantages of using nationally well-known contractors that have already been through a vetting system and provides a much shorter procurement period and tender documents do not need to be available until Instructions to Tender. There is a small risk that not all contractors would wish to tender. The OJEU route would open up the contract to other high profile UK and EU contractors who would be expressing a definite interest in the scheme.
- The tender process is longer with the OJEU route and there is a requirement for the tender documents to be available at publication of the OJEU Notice.
  - If SQ can start in advance of Public Inquiry, then tenders for both the OJEU and CDF routes would be the same and achieve the same programme.
  - If SQ starts after Public Inquiry, contract award would be three months' later.
  - If SQ were to start after Secretary of State Decision, there would be a further delay of around 6 months to award of contract; compared with tendering after Public Inquiry.

- CDF is 4-year framework with final date to place a contract of 4 November 2018. If programme slips e.g. due to High Court challenge or other factors outside of the Council's control, this option may no longer be available. (Earliest contract award currently January 2018)
- Overall, the OJEU route is preferred to CDF because it offers a wider range of contractors and avoids the risk of missing the cut-off date of 4 November 2018 that applies to CDF.
- The Scape framework offers an alternative to both CDF and the traditional OJEU route that offers a fast route to market with cost planning and risk management at an early stage, although not cost certainty. Although the framework has a notional value of between £1m and £40m, it has been used on contracts greater in value than anticipated for the current estimated construction cost for Congleton Link Road. However, it is limited to delivery by a single supplier. CEC would need to confirm that they retain sufficient control in the procurement and implementation process, including the selection of the management team.

## 5 Recommendations

The following recommendations are made:

1. Procure the construction works for Congleton Link Road on a Design and Build contract utilising a NEC3 Option A Priced Contract with Activity Schedule with Contractor Design.
2. Obtain Cabinet and legal approval to commence the SQ process in advance of Public Inquiry with invitation to tender immediately after completion of Public Inquiry and contract award after Secretary of State Approval.
3. Subject to it being acceptable to commence the SQ process in advance of Public Inquiry which would allow Invitation to Tender just after the closure of the Public Inquiry, it is recommended that the contract is procured using the OJEU route. This is because:
  - It gives access to a wider range of contractors.
  - It avoids the risk of missing the cut-off date of 4 November 2018 that applies to CDF.
4. In the event that it is not acceptable to invite tenders at the same time as the Public Inquiry, CEC should retain the option to use the Collaborative Delivery Framework, provided it was confident of achieving award of contract in advance of 4 November 2018.
5. Commence preparation of tender documents as soon as practicable in order to maximise procurement activities.



## ANNEX B – Comparison of Procurement Option Timelines

ACTIVITY	DURATION/LOGIC/NOTES	START	END	
<b>Option 1A - SQ Before PI Hearing</b>				
Prepare Tender Documents OJEU, SQ and draft contact issue	Allow 17 weeks	28/09/2016 16/03/2017	25/01/2017	
SQ return period	Min 30 Calendar Days	16/03/2017	15/04/2017	
Assess SQ returns	Allow 6 weeks	15/04/2017	27/05/2017	
Tender period	10-week tender period, starts two weeks after end of PI hearing	29/06/2017	07/09/2017	
Tender Return		07/09/2017		
Tender Evaluation	8 weeks	07/09/2017	02/11/2017	
CEC Cabinet Approval of Contract Award	8 weeks	02/11/2017	28/12/2017	
Contract Award	Section 2 subject to Business Case Approval	04/01/2018		
Construction (Section 1 works)	Allow 6 months	04/01/2018	05/07/2018	
Full Business Case	8 weeks starting after tender evaluation	02/11/2017	28/12/2017	
Approval of Business Case	Allow 12 weeks	28/12/2017	22/03/2018	
Service of Notice to Enter	3 months, assume start after business case approval	22/03/2018	21/06/2018	
Service of Notice to Treat	3 months, after business case approval	22/03/2018	21/06/2018	
Construction (Section 2 works)	Allow 21 months	<b>21/06/2018</b>	<b>19/03/2020</b>	

OPTION 1A AND 1C IDENTICAL

ACTIVITY	DURATION/LOGIC/NOTES	START	END
<b>Option 1B - SQ After PI Hearing</b>			
Prepare Tender Documents	Allow 17 weeks to end April 2017	12/12/2016	10/04/2017
OJEU, SQ and draft contact issue	Starts two weeks after PI hearing	29/06/2017	
SQ return period	Min 30 Calendar Days	29/06/2017	29/07/2017
Assess SQ returns	Allow 6 weeks	29/07/2017	09/09/2017
Tender period	10-week tender period, starts one week after tender evaluation	16/09/2017	25/11/2017
Tender Return		25/11/2017	
Tender Evaluation	8 weeks	25/11/2017	20/01/2018
CEC Cabinet Approval of Contract Award	8 weeks	20/01/2018	17/03/2018
Contract Award	Section 2 subject to Business Case Approval	24/03/2018	
Construction (Section 1 works)	Allow 6 months	24/03/2018	22/09/2018
Full Business Case	8 weeks starting after tender evaluation	20/01/2018	17/03/2018
Approval of Business Case	Allow 12 weeks	17/03/2018	09/06/2018
Service of Notice to Enter	3 months after business case approval	09/06/2018	08/09/2018
Service of Notice to Treat	3 months after business case approval	09/06/2018	08/09/2018
Construction (Section 2 works)	Allow 21 months	<b>08/09/2018</b>	<b>06/06/2020</b>

ACTIVITY	DURATION/LOGIC/NOTES	START	END
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Option 1C - Collaborative Design Framework (CDF)(ITT after PI hearing)			
Conduct Mini-SQ		17/10/2016	31/10/2016
Prepare Tender Documents	Allow 17 weeks to end April 2017	12/12/2016	10/04/2017
Tender period	10-week tender period, starts two weeks after end of PI hearing	29/06/2017	07/09/2017
Tender Return		07/09/2017	
Tender Evaluation	8 weeks	07/09/2017	02/11/2017
CEC Cabinet Approval of Contract Award	8 weeks	02/11/2017	28/12/2017
Contract Award	Section 2 subject to Business Case Approval	04/01/2018	
Construction (Section 1 works)	Allow 6 months	04/01/2018	05/07/2018
Full Business Case	8 weeks starting after tender evaluation	02/11/2017	28/12/2017
Approval of Business Case	Allow 12 weeks	28/12/2017	22/03/2018
Service of Notice to Enter	3 months, assume start after business case approval	22/03/2018	21/06/2018
Service of Notice to Treat	3 months, after business case approval	22/03/2018	21/06/2018
Construction (Section 2 works)	Allow 21 months	21/06/2018	19/03/2020

OPTION 1A AND 1C IDENTICAL

ACTIVITY	DURATION/LOGIC/NOTES	START	END
<b>Option 1D - SQ After Confirmation of Orders by SoS (SoS Decision)</b>			
Prepare Tender Documents	Allow 17 weeks, start after PI	29/06/2017	26/10/2017
Confirmation of Orders by SoS (SoS Decision)		30/11/2017	
OJEU, SQ and draft contact issue	1 week after SOS Decision	07/12/2017	
SQ return period	Min 30 Calendar Days	07/12/2017	06/01/2018
Assess SQ returns	Allow 6 weeks	06/01/2018	17/02/2018
Tender period	10-week tender period, starts two SQ Assessment	03/03/2018	12/05/2018
Tender Return		12/05/2018	
Tender Evaluation	8 weeks	12/05/2018	07/07/2018
CEC Cabinet Approval of Contract Award	8 weeks	07/07/2018	01/09/2018
Contract Award	Section 2 subject to Business Case Approval	08/09/2018	
Construction (Section 1 works)	Allow 6 months	08/09/2018	09/03/2019
Full Business Case	8 weeks starting after tender evaluation	07/07/2018	01/09/2018
Approval of Business Case	Allow 12 weeks	01/09/2018	24/11/2018
Service of Notice to Enter	3 months, assume start after business case approval	24/11/2018	23/02/2019
Service of Notice to Treat	3 months, after business case approval	24/11/2018	23/02/2019
Construction (Section 2 works)	Allow 21 months	<b>23/02/2019</b>	<b>21/11/2020</b>

## Cheshire East Council

### Cabinet

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**Date of Meeting:** 8<sup>th</sup> November 2016

**Report of:** Executive Director of Place

**Subject/Title:** Housing Development Fund

**Portfolio Holder:** Councillor A. Arnold, Housing and Planning

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#### 1. Report Summary

- 1.1 The Local Plan creates a vision for the future which is to deliver jobs-led growth and sustainable vibrant communities. Affordable housing in Cheshire East plays a fundamental role in realising this ambition and contributes towards our five Residents First Outcomes. Affordable housing creates balanced, sustainable communities whilst driving forward improved health and well-being outcomes for modest-income households. Moreover, it provides the vital impetus for economic activity and raising aspirations. The provision of affordable housing equips an area with the long-term capacity for labour and economic fluidity that will attract and develop business growth.
- 1.2 Furthermore the inability to secure appropriate affordable housing can have a detrimental impact on our residents' lives, affecting their health and wellbeing and their children's ability to attain their educational ambitions.
- 1.3 Cheshire East has always explored and implemented initiatives to stimulate affordable housing growth. We have previously allocated sites within our ownership specifically for the provision of affordable housing and also allocated grant funding which has enabled us to work in partnership with Registered Providers and Developers to bring forward further supply. Through our initiatives we have facilitated the development of 77 additional affordable homes, with a further 41 either on site or due to commence shortly. These new homes have provided much needed rented accommodation for those who are not able to access home ownership.
- 1.4 We rely heavily on Registered Providers to provide us with affordable homes through their own development activity or through acquiring units secured through the planning process. The housing environment in which they are now operating in has changed and will continue to change significantly.
- 1.5 Government policy is now very much focused on home ownership. We have seen the introduction of Starter Homes and the withdrawal of subsidy for affordable rental units. The only subsidy available via the National Affordable

Housing Programme is for shared ownership and rent to buy products. This will limit the number of homes Registered Providers will be able to provide for rent.

- 1.6 The Council could take the decision not to provide any form of intervention and leave it to the market to address housing need. However market failure would have both financial and social implications for us, as outlined below.
- 1.7 Our social housing waiting list is currently managed at a level just below 7,000. On average we receive 517 new applications on a monthly basis. With a reduction in the level of rental units, there is the potential for the housing waiting list to increase, as we struggle to address need. This is likely to result in an increase in both families and single people presenting as homelessness.
- 1.8 We are already seeing a shortage in rental provision for single applicants and this is impacting on our ability to secure suitable accommodation for some of our Care Leavers and with our Corporate Parenting responsibility this is something which we cannot ignore.
- 1.9 The Housing Options team currently focus on preventing homelessness and use rented social housing as a mechanism to securing a home before a crisis situation occurs. This will become increasingly difficult and put pressure on the homelessness team if the level of rented provision declines. Research undertaken by Heriot-Watt University in 2007 demonstrated that the cost of taking a household through the homelessness route was £5,300 in comparison to an average of £826 per prevention. It is therefore more cost effective to be able to prevent someone from becoming homeless as opposed to them presenting in a crisis situation.
- 1.10 Bed and Breakfast costs are also likely to increase. With current expenditure at just under £100,000, we could see this rise significantly. Cheshire East can only recoup a percentage of this back through Central Government. For example the average Bed and Breakfast cost is £50 per night (£350.00 per week) however we are only able to claim the one bedroomed rate which in Crewe would be £90 per week, leaving a shortfall of £260 per week for the local authority to find.
- 1.11 It is crucial that we continue to explore ways in which to increase the level of rented accommodation across the authority. We currently have a development fund (formally the Housing Innovation Fund) in place which we have used to bring forward additional affordable housing. We are proposing to refocus the fund to enable the authority to utilise it for their own development activity and enable us to provide subsidy to Registered Providers or Developers to bring forward much needed rental provision.
- 1.12 The first year's allocation has been committed but we are now in a position to allocate a further £500,000. The revised policy (Appendix One) incorporates the following proposed changes:

- The ability for Cheshire East Council to access the funding in the first instance to progress Council-led affordable housing schemes before going out for expressions of interest to Registered Providers and Developers.
- That the Council may invite Expressions of Interest within the financial year in order for Registered Providers and Developers to apply for funding which will be considered against the criteria of the policy.
- Funding will only be allocated for schemes which will bring forward rental units as other funding is available for home ownership products.

## **2. Recommendation**

- 2.1 To approve the changes to the process for allocation as outlined in Appendix 1 in order to enable the allocation of the £500,000 already provided for within the capital programme.
- 2.2 To note that we will continue to use of the Right to Buy capital receipts to fund the rolling Housing Development Programme for the provision of affordable housing, with a maximum level of funding of £500,000 per annum or less dependent on the value of the actual capital receipts received in the previous financial year. This will be reviewed as part of the annual Budget Setting process.
- 2.3 To delegate authority to the Executive Director of Place in consultation with the Portfolio Holder for Housing and Planning to approve all grant allocations and enter into grant agreements with the recipients of funding in accordance with the policy and to make any future minor amendments to the policy.

## **3. Other Options Considered**

- 3.1. To withdraw the allocation of funding, however this would not demonstrate a commitment by the authority to assist in the development of affordable housing. With the reduction in subsidy available for rental units and the introduction of Starter Homes which will reduce the levels of affordable rented provision available through Section 106 agreements, this fund could provide much needed subsidy to bring forward rented provision.

## **4. Reasons for Recommendation**

- 4.1 Cheshire East Council need to facilitate the development of a range of housing types and tenures in order to meet the needs of our diverse community and ensure that residents have access to affordable, decent accommodation. There is a housing need for both intermediate products to assist residents into home ownership as well as rented provision.
- 4.2 The Housing and Planning Act 2016 has introduced Starter Homes as part of affordable housing provision. Whilst we have not yet received the technical details, it is expected that local authorities will need to allocate 20% of their affordable housing requirement to Starter Homes. This will require a revision of our current policy and will result in a reduction of rented provision through the Section 106 route.

- 4.3 The National Affordable Housing Programme is the mechanism in which Registered Providers can apply for subsidy from the Homes and Communities Agency (HCA) to assist them in their development activity. The new prospectus released recently is focused on the Government's ambition to promote homeownership and withdraws the subsidy for affordable rental units. The only subsidy now available is for shared ownership and rent to buy products. Whilst there is a need for options to assist residents into homeownership there is also a need to provide accommodation for those who will never be able to access home ownership due to low wages, insecurity of employment, poor credit histories or preference.
- 4.4 Prior to the allocation of funding to Registered Providers and Developers the Strategic Housing Service will consider council led initiatives for the development of affordable housing. Cheshire East Council has an ambition for growth and we are continually exploring new innovative ways in which to stimulate growth. Recent approval through the capital programme budget setting process has provided the opportunity to pilot the development of homes by the local authority. Through Engine of the North a scheme of family homes will be developed using modern methods of construction. If similar schemes come forward then the Housing Development Fund along with Section 106 contributions could help to fund future developments.
- 4.5 Access to housing in some areas is limited due to land availability. The Housing Innovation Fund can provide funding to purchase brownfield sites, which are not attractive to larger developers, in order to convert to residential use. This could provide further opportunities to take a scheme forward for residential development.

## **5 Background/Chronology**

- 5.1 Cabinet received a report in July 2014, which outlined two policies aimed at increasing the development of affordable housing. One of the policies focused around the utilisation of receipts from right to buy sales to reinvest in the development of affordable homes, following requests from Registered Providers to retain right to buy receipts. An annual allocation was agreed by Cabinet up to a maximum of £500k to demonstrate our commitment to Registered Providers and Developers to invest in affordable housing.
- 5.2 The Housing Innovation Fund was launched at the end of 2014, with a closing date for bids at the end of January 2015. 6 bids were received and evaluated, which resulted in four bids being awarded funding on a payment on completion basis. These projects are due for completion in 2017.
- 5.3 The uncertainty around housing delivery has led to the council reassessing the scheme. In particular it is felt that council led initiatives should be considered before any allocations to Registered Providers and Developers as we have more control over the process and can ensure that the funding is spent within the necessary timeframes or can be reallocated quickly.



5.4 The Strategic Housing Service are continuing to explore ways in which to increase the provision of affordable housing products and since the approval of the original scheme criteria, we are now working to bring forward two rural exception sites. We are piloting modern methods of construction and through the capital programme have been allocated a capital sum to develop volumetric housing for sale on an equity share basis. The Housing Development Fund can provide additional funding to contribute towards these new schemes and could also fund the acquisition of land to bring forward further provision. Consideration can also be given to the development of rental properties.

5.5 In April 2016 the HCA released the new prospectus “Shared Ownership and Affordable Homes Programme 2016-2021” which replaced the National Affordable Housing Programme. The new prospectus outlined the Government’s ambition to help residents into home ownership. The funding is therefore focused on bringing forward shared ownership and rent to buy units. Whilst there is a need for these products, there is no longer any subsidy for rental units. With the introduction of Starter Homes we will see a reduction in the level of rental units provided through Section 106 agreements and direct development by Registered Providers. With a waiting list of just under 7,000 it is essential that we explore all avenues to increase the level of rental provision. Through the Housing Development Fund we have the ability to offer subsidy to Registered Providers and Developers in order to enable them to develop rental units.

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

6.1 All Wards

## **7 Implications of Recommendation**

### **7.1 Policy Implications**

7.1.1 The housing offer in Cheshire East Housing is fundamental to the wellbeing and prosperity of the Borough, contributing towards the quality of Place. There are direct connections between the quality of the housing stock and health, educational attainment, carbon reduction and care for older people. Providing sufficient affordable housing of good quality is essential to maintain economic growth and vitality.

7.1.2 Housing is intrinsically connected to a range of strategic priorities emanating from national directives and Cheshire East’s strategic and service initiatives including the Local Plan Core Strategy, Cheshire East’s Business Plan and the Housing Strategy.

### **7.2 Legal Implications**

7.2.1 When awarding grants 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. A grant policy is a clear

statement of the criteria that the Council is applying and is essential if the Council is to defend any challenge to its decision making process.

- 7.2.2 The proposed policy for the allocation of capital receipts for affordable housing provision deals with the allocation of grants awarded to Registered Providers and Developers against a set criteria. The proposed policy includes a requirement that the recipients of grant funding enter into grant agreements with the Council which will include provisions which enable the payments to be phased and use of funding to be monitored. Conditions can be imposed requiring that the recipient report back to the Council upon expenditure of the grant, however this scheme is based on payment on completion. The Grant funding process based on the application of the Council's grant policy satisfies the Council's public law duties and reduces the risk of challenge.
- 7.2.3 State Aid may apply if grant funding is awarded over the State Aid threshold and other than at market comparable rates.
- 7.2.4 State Aid may receive deemed approval without notification on the basis that it fits within an already notified and approved aid scheme in the Member State concerned (approved as a framework scheme), or a so-called "block exemption" Regulation (in which the Commission has outlined the conditions under which a State Aid can be granted lawfully). State Aid qualifying for approval via a block exemption or prior-approved national framework scheme may be implemented immediately on the basis that the benefit of the grant or loan funding will be used by the Registered Providers for the purposes of fulfilling their statutory duty, namely the delivery of social housing, it is believed that the aid is automatically legitimate without any need for prior notification on the basis of Article 2.1(b) of the European Commission's 2005 "block exemption" decision in respect of services of general economic interest (SGEI).

### **7.3 Financial Implications**

- 7.3.1 Approval was previously given for a maximum annual capital allocation of £500,000 or less dependent on the value of the Right to Buy capital receipts received. This will be reviewed on an annual basis as part of the annual budget setting process.
- 7.3.2 The allocation is supported from income derived from Right to Buy (RTB) receipts which are pooled centrally in the capital reserve. The RTB receipts are received annually by Cheshire East Council from the three Registered Providers – Peaks & Plains Housing Trust, Plus Dane Group and Wulvern Housing.
- 7.3.3 The RTB receipts are shared in accordance with the original transfer agreement and take account of net income foregone, i.e., the amount of money the Registered Providers will lose due to the loss of rent from the property.

- 7.3.4 Under the Council's Capital Receipts Policy, all receipts are pooled centrally in the capital reserve and are fully allocated in line with corporate priorities as part of the overall development of the capital programme.

#### **7.4 Equality Implications**

- 7.4.1 There are positive equality implications. The aim of the project is to provide affordable housing provision, including rental and products to support residents into home ownership.
- 7.4.2 Both rental and home ownership products have a clear criteria for allocation.

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

- 7.5.1 Access to affordable homes in our rural communities is increasingly becoming an issue. Some residents are priced out of the communities in which they reside and are forced to seek more affordable homes in other areas. The provision of affordable housing will provide an opportunity for residents within rural communities to reside within an area of their choice.

#### **7.6 Human Resources Implications**

- 7.6.1 There are no identified implications at this stage. Engine of the North will be commissioned to undertake any Local Authority lead development and their costs will be covered by the Housing Innovation Fund. Consideration will need to be given to required legal, finance and Planning support.

#### **7.7 Public Health Implications**

- 7.7.1 The provision of decent accommodation can have significant health benefits for residents. Poor housing can impact on a person's mental and physical health.

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

- 7.8.1 None Identified.

### **8 Risk Management**

- 8.1 N/A

9      **Contact Information**

Contact details for this report are as follows:

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## Appendix One:

### **POLICY GOVERNING THE ALLOCATION OF CAPITAL FOR THE PROVISION OF AFFORDABLE AND SPECIALIST HOUSING INITIATIVES.**

#### **1. Introduction**

This policy outlines the process for the allocation of capital funding where approval has been granted for the use of Affordable Housing.

A Definition - “Affordable housing is subsidised housing provided at an affordable cost to households whose needs are not met by the market with regard to local incomes and local house prices”.

NB This wording is adopted from the Council’s definition of Affordable Housing as set out in the Council’s standard s106 agreement pro-forma and, should the Council’s standard definition change then the above definition will be amended in accordance with any changes to the Council’s standard.

Cheshire East will in the first instance consider its own affordable housing development activities before inviting Registered Providers and Developers to submit expressions of interest. This could result in a fluctuation in the level of funding available for wider distribution as a result of Cheshire East’s own development activity.

Registered Providers and Developers will be notified of the date when Cheshire East will accept expressions of interest. Expressions of interest will be considered throughout the financial year. If the funding has been allocated then the Developer or Registered Provider will be notified and given the opportunity to resubmit when a further allocation is approved.

#### **2. Priorities in respect of allocating funds**

Expressions of interest will be considered for **New Affordable Housing schemes for rent (Affordable/Social): Where it can be demonstrated that a scheme cannot be delivered without subsidy.**

#### **3. Assessment process.**

Submitted bids will be scored against an approved set of criteria as outlined below, which will determine their priority against competing schemes and form part of the recommendations for approval.

Assessment Matrix	Definition		Assessor Score
<b>Value for Money</b>			
<b>Value for Money</b>	The number of units divided by the level of subsidy required. This will be compared against average subsidy costs.	Pass/fail	
<b>Added Value Attributes</b>			
<b>Housing Need</b>	Does the proposed provision fall within an rea of housing need Does the proposal meet priorities for type and size of provision	Pass/fail	
<b>Deliverability</b>	Recent proven track record in delivering affordable housing Financial stability Meets policies within the Local Plan Strategy	Pass/fail	
<b>Status</b>	Brownfield/ Rural Exception or conforms to the Local Plan Strategy	Pass/fail	
<b>Innovation</b>	innovation could include design, sustainability, community facilities, green infrastructure	Pass/Fail	
<b>Management score</b>	This is an additional criteria to be awarded based on an assessment of the scheme. This is to allow flexibility where a particular scheme may be beneficial/ meet certain strategic or corporate aims.	Pass/Fail	
<b>Total</b>			

### Approval for allocation of funds to be released

Approval will be sought from the Executive Director of Place in consultation with the Portfolio Holder for Housing and Planning.

## **Process for spending funds**

Payment will only be made on production of an invoice by the Developer or Registered Provider evidencing that works have been carried out. They will also need to sign a grant agreement which will set out funding terms and conditions

Failure to complete the works within the agreed timeframe will result in a withdrawal of funding.

## **Contacts**

Housing Policy Team  
Cheshire East Council  
Westfields  
Middlewich Road  
Sandbach  
Cheshire  
CW11 1HZ

Tel 01270 685642

[HousingPolicyCEC@cheshireeast.gov.uk](mailto:HousingPolicyCEC@cheshireeast.gov.uk)

## **Equal Opportunities**

An Equality Impact Assessment will be carried out in respect of this policy

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## Cheshire East Council

### Cabinet

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<b>Date of Meeting:</b>	8 <sup>th</sup> November 2016
<b>Report of:</b>	Chief Operating Officer
<b>Subject/Title:</b>	The Local Welfare Safety Net
<b>Portfolio Holder:</b>	Councillor Peter Groves, Finance and Assets

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#### 1. Report Summary

- 1.1 The Government's Welfare Reform represents the most fundamental changes to the benefits system in a generation, delivering £16bn in welfare savings in the last Parliament with a further £12bn of welfare savings expected in this Parliament. It has affected 45% of all households, and it is estimated that the combined impact resulted in an average loss of £1,615 per claimant household per year in 2015/16. The reforms have also introduced more distinct responsibilities between central and local government for welfare provision. DWP provide the spine of employment and housing support through Universal Credit, with discretionary welfare support devolved to local government.
- 1.2 Cheshire East Council is committed to building strong and supportive communities (outcome 1), helping residents to help themselves, enabling them to be self-reliant and not be dependent on welfare and public services but be part of a thriving and supportive community.
- 1.3 This report seeks to provide an overview of the findings and recommendations of the Welfare Reform Working Group that was tasked with developing a strategy to deliver a whole system response to support residents facing financial hardship as a result of welfare reform, engaging with partners and other agencies for prevention, early intervention and crisis support. The strategy, called ***the Cheshire East Local Welfare Safety Net***, is provided as an appendix to this report.

#### 2. Recommendation

- 2.1 Cabinet endorse the strategy for local welfare support and authorise the Chief Operating Officer to take all necessary actions to implement the strategy.

### 3. Reasons for Recommendation

- 3.1 Through its welfare reforms the government has attempted to establish clearer lines of responsibility between central and local government for welfare provision. DWP will provide the spine of employment and housing support through Universal Credit, with discretionary welfare support devolved to local government.
- 3.2 The abolition of the DWP's crisis loans and community care grants from April 2013 transferred responsibility and funding for discretionary welfare support to local authorities. DWP provided transitional grant funding for local welfare provision in 2013/14 and 2014/15, but from 2015/16 the funding was included in councils' revenue support grant (RSG) and so the funding will reduce in line with overall reductions to the RSG.
- 3.3 In Cheshire East, we established the Emergency Assistance scheme to support vulnerable people facing immediate hardship, to prevent homelessness, and to keep families together. The scheme provides rent deposits, furniture and white goods (recycled where possible) and emergency food (through local food banks where possible). Unlike the former crisis loans and community care grants administered by the DWP, it does not provide cash.
- 3.4 The Council has no budget allocated to local welfare provision in 2016/17 and beyond. Given the uncertainty over future funding the scheme under spent against its budget in the first two years and an earmarked reserve was created to provide funding for the scheme in 2015-16 and 2016-17. There is currently no budget or reserve to fund local welfare provision from April 2017.
- 3.5 The Welfare Reform Working Group was set the objective to develop a strategy to deliver a whole system response to support residents facing financial hardship as a result of welfare reform, engaging with partners and other agencies for prevention, early intervention and crisis support. The Group has reported its findings and recommendations in its report titled ***The Cheshire East Local Welfare Safety Net*** which is provided as an appendix to this report.
- 3.6 The Working Group included officers from a broad range of front-line Council services, Cabinet Members and key partners including DWP and Citizens Advice Services Cheshire East. They sought to understand what systems and schemes are already in place to support residents affected by welfare reform, where there are gaps and where there are opportunities for improvement. The Group considered that the strategy must deliver against the following objectives:
  - Help people to get into and stay in employment
  - Support people who are unable to access employment
  - Enable access to affordable housing
  - Develop self-reliance and financial responsibility
  - Provide a safety net to prevent crisis

- 3.7 The key recommendations of the strategy are provided below.
- 3.8 **Recommendation 1** – Commission the new Skills and Growth company to develop a “Pathways to Work” programme, providing employment strategies for individuals and improved coordination of services available within Cheshire East to tackle barriers to work and help residents find sustained employment.
- 3.9 **Recommendation 2** – Undertake a review of the Council’s debt recovery processes to identify opportunities for early intervention, promoting the support available to help residents manage their money and tackle debts.
- 3.10 **Recommendation 3** – Undertake a review of the Emergency Assistance scheme, consulting with residents and stakeholder groups to ensure the scheme is meeting need and providing value for money.
- 3.11 **Recommendation 4** – Establish a small team of Key Workers within the Benefits service to take a more proactive approach to engage with people at risk of crisis when they apply for financial support. This team of Key Workers will coordinate and lead support to tackle the root causes of the crisis, built around individual’s capability and need, with a relentless focus on stopping people disengaging. This could include linking the retention of the financial support to continued engagement. The team would also undertake a review of the support available to ensure that commissioned and community based support is comprehensive, relevant and providing value for money. Additional support may be commissioned if any gaps are identified.
- 3.12 **Recommendation 5** – Identify and proactively engage with residents and households that will be impacted by future reforms, in particular the new benefits cap, to help them understand the changes, how it will affect them and the support available to them.
- 3.13 **Recommendation 6** – £300k is included within the Council’s budget from April 2017 for the local welfare safety net, reducing to £250k in 2018/19 and 2019/20. This budget will be used to fund the Emergency Assistance scheme and intervention and prevention activities, including those recommended above, to help prevent poverty and reduce future demand for crisis support. It is not expected that the recommended “Pathways to Work” programme would be funded from this budget.

#### 4. Other Options Considered

- 4.1 The Council could opt to not invest in local welfare support, but there is strong evidence that there is a compelling business case for investing public resources into helping people thrive and preventing poverty rather than having to spend money picking up the pieces of lives broken by poverty. The Joseph Rowntree Foundation estimate that the total public service costs of poverty in the UK amount to around £78 billion, with a large proportion of public spend (about £1 in every £5 spend on public services) making up for the way that poverty damages people’s lives.

## **5. Background/Chronology**

- 5.1 The Welfare Reform Working Group was initially established in 2012 to monitor Government's Welfare Reform programme, in particular the impacts on the residents of Cheshire East and the delivery of Council services, and contribute to the development of local policies. The Group contributed to the development of the local Council Tax Support scheme and Emergency Assistance scheme that were implemented from April 2013 to replace Council Tax Benefit and the Community Care Grants and Crisis Loans that were part of the Social Fund previously administered by the DWP.

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

- 6.1 All wards and all ward members.

## **7. Implications of Recommendation**

### **7.1 Policy Implications**

- 7.1.1 The Council's Corporate Plan 2016-20 sets out the five outcomes that demonstrate how Cheshire East Council will put the residents of Cheshire East first in the way that services are provided. The implementation and development of the Local Welfare safety Net will directly contribute to the achievement of Outcome 1 – Our local communities are strong and supportive. This outcome is focused on helping residents to help themselves, enabling them to be self-reliant and not be dependent on welfare and public services but be part of a thriving and supportive community.

### **7.2 Legal Implications**

- 7.2.1 There are no specific legal implications in Cabinet accepting the recommendations. Council can rely on the general power of competence contained in section 1 of the Localism Act 2011 as authority to implement the recommendations.

### **7.3 Financial Implications**

- 7.3.1 The Council has no budget allocated to local welfare provision in 2016/17 and beyond. Given the uncertainty over future funding the scheme under spent against its budget in the first two years and an earmarked reserve was created to provide funding for the scheme in 2015-16 and 2016-17. There is currently no budget or reserve to fund local welfare provision from April 2017.
- 7.3.2 The strategy recommends that £0.3m is included within the Council's budget from April 2017 for local welfare provision, reducing to £0.25m in 2018/19 and 2019/20. This budget will be used to fund the Emergency Assistance scheme and a range of intervention and prevention activities.

7.3.3 A proposal has been included within the Council's 2017/18 business planning process and will be subject to consultation and review as part of the Council's budget setting process. If the proposal is not accepted the Emergency Assistance scheme will not be funded from April 2017 and the scheme will cease.

7.3.4 The recommended "Pathways to Work" programme would not be funded from this budget. Funding for a new programme of this nature would need to be considered by the commissioners within the Places directorate responsible for the commissioning of the Skills and Growth company.

#### **7.4 Equality Implications**

7.4.1 The objective of the Local Welfare Safety Net is to support all residents facing financial hardship as a result of welfare reform. As a consequence there are no equality implications resulting from its implementation and the continued funding of the Emergency Assistance scheme.

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

7.5.1 There are no specific implications to the rural community that would result from the implementation of the Local Welfare Safety Net.

#### **7.6 Human Resources Implications**

7.6.1 None

#### **7.7 Public Health Implications**

7.7.1 Socioeconomic deprivation is a critical determinant of health and the link between good employment and health is well established. There is therefore a need for residents to be supported in successfully managing welfare reform in order to ensure that any negative health and wellbeing impacts are mitigated. Furthermore, such support can reasonably be expected to deliver cost savings to the authority by averting the need for more costly interventions in the near and distant future.

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

7.8.1 There are no additional implications to consider.

### **8. Risk Management**

8.1 Failure to provide local welfare support could lead to increased incidents of poverty amongst Cheshire East residents. There is a compelling business case to invest in preventing poverty rather than spending money on the consequences of poverty.

8.2 There is a reputational risk from the Council not providing local welfare support.

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

- 9.1 The background papers relating to this report can be inspected by contacting the report writer.

## **10. Contact Information**

Contact details for this report are as follows:-

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# **The Cheshire East Local Welfare Safety Net**

**Final Report**

**October 2016**

## 1.0 Introduction

- 1.1 The Government's Welfare Reform represents the most fundamental changes to the benefits system in a generation, delivering £16bn in welfare savings in the last Parliament with a further £12bn of welfare savings expected in this Parliament.
- 1.2 Research published by the Learning and Work Institute estimated that the combined impacts of welfare reform resulted in an average loss in 2015/16 of £1,615 per claimant household per year (£31 per week). The reforms have affected 45% of all households, and the majority (60%) are households where someone works.
- 1.3 The Cheshire East Welfare Reform Working Group was established in 2012 to monitor Government's Welfare Reform programme, in particular the impacts on the residents of Cheshire East and the delivery of Council services, and contribute to the development of local policies. The Group contributed to the development of the local Council Tax Support scheme and Emergency Assistance scheme that were implemented from April 2013 to replace Council Tax Benefit and the Community Care Grants and Crisis Loans that were part of the Social Fund previously administered by the DWP.
- 1.4 In January 2016, the Group was tasked with reviewing local welfare support against the context of further planned reforms and to develop the Local Welfare Safety Net in Cheshire East, with the following goal:

***To deliver a whole system response to support residents facing financial hardship as a result of welfare reform, engaging with partners and other agencies for prevention, early intervention and crisis support.***

- 1.5 The Council's Corporate Plan 2016-20 sets out the five outcomes that demonstrate how Cheshire East Council will put the residents of Cheshire East first in the way that services are provided. The development of the Local Welfare safety Net will directly contribute to the achievement of **Outcome 1 – Our local communities are strong and supportive**. This outcome is focused on helping residents to help themselves, enabling them to be self-reliant and not be dependent on welfare and public services but be part of a thriving and supportive community.
- 1.6 Membership of the Working Group was reviewed and extended to include officers from a broad range of front-line Council services, Cabinet Members and key partners including DWP and Citizens Advice Services Cheshire East. The Working Group sought to understand what systems and schemes are already in place to support residents affected by welfare reform, where there are gaps and where there are opportunities for improvement. This report provides an overview of the findings of the Working Group and their recommendations to develop a comprehensive Local Welfare Safety Net for Cheshire East.



## 2.0 Welfare Reform

### 2.1 The Welfare Reform Act 2012 introduced the first wave of reforms.

#### Welfare Reforms introduced in 2013

**Universal Credit** was launched to replace a mix of out of work and in work working-age benefits - Jobseeker's allowance, Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit. Universal Credit was initially introduced for new single claimants only before being extended to couples and families in some areas.

Council Tax Benefit was replaced with local authority administered schemes for working age claimants. The Cheshire East **Council Tax Support** scheme introduced a maximum award of 80%, reduced to 75% from April 2016.

Introduction of £26,000 **Benefit Cap** to limit the total amount of benefits that working age people can receive. In April 2016, 33 households in Cheshire East were subject to the benefit cap.

**Removal of Spare Room Subsidy** reducing the amount of Housing Benefit a working age claimant is entitled to if they live in the social rented sector and have a spare bedroom. In April 2016, 1,417 claims for Housing Benefit in Cheshire East were under-occupying by 1 or more bedrooms.

Abolition of discretionary Social Fund Crisis Loans and Community Care Grants administered by DWP and transfer of funding to local authorities to provide local support. Cheshire East established the **Emergency Assistance** scheme in April 2013 to support vulnerable people facing immediate hardship, following a crisis or disaster, to prevent homelessness, and to keep families together and safeguard vulnerable people.

Introduction of PIP (Personal Independence Payments) to replace DLA (Disability Living Allowance) for new claimants, including complex capability assessments, particularly for people with learning difficulties. There have been widely reported delays in the wait time assessments, with some claimants waiting up to 6 months during which time they are only entitled to the lowest rate.

Other measures designed to reduce the coverage and value of working-age benefits, including restricting annual uprating of many working age benefits to 1%; lowering the rates for Local Housing Allowance; restrictions on working tax credits; the replacement of Disability Living Allowance with Personal Independence Payments.

### 2.2 The 2015 Welfare Reform and Work Bill introduced further reforms that will be introduced during this Parliament.

#### Further Welfare Reforms to be introduced from 2016

Reforms to Tax Credits, including restrictions in child tax credit to two children and the removal of the family element from 2017.

Child allowances will no longer be applied for the third and subsequent children born after 6 April 2017 in claims for child tax credit, housing benefit and universal credit, although there will be provision for "exceptional circumstances", such as multiple births. This will also apply to families claiming universal credit for the first time after April 2017.

Reduction in the Benefit Cap from £26,000 per year for families and £18,200 for single people to £20,000 for families and £13,400 for single people outside London from Autumn 2016. 359 households in Cheshire East will be affected by the lower benefit cap.

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Reduction in rents in social housing by 1% for four years resulting in a 12% reduction in average rents by 2020-21.

Housing benefit for social rented sector tenants will be subject to the same local housing allowance rates as currently apply to housing benefit claims in the private rented sector. Tenants will be required to fund any shortfall between the benefit they receive and their rent.

Removal of housing benefit for under 21s

A freeze in the rate of working-age benefits through to April 2019.

From 2017 new benefit claims by all groups will be for Universal Credit not existing benefits and tax credits. Existing benefit and tax credit claimants who do not have a change of circumstance will not be affected until 2018 at the earliest. It is expected that the bulk of existing claims will be migrated to Universal credit in 2019/20.

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- 2.3 Welfare reform has introduced more distinct responsibilities between central and local government for welfare provision. DWP provide the spine of employment and housing support through Universal Credit, with discretionary welfare support devolved to local government.

### 3.0 Assessing the impact of Welfare Reform on Cheshire East residents

- 3.1 The Council's Research and Consultation team have undertaken research to understand how Cheshire East residents have been impacted due to changes in both national and local welfare policy since 2012/13.
- 3.2 Overall, the number of residents claiming Job Seekers Allowance (JSA) or Universal Credit has approximately halved since 2013, from 5,665 (2.5% of the working age) in January 2013 to 2,550 (1.1%) in May 2016, which is lower than the national average (3.8% to 1.7% of the working age). In proportional terms, the decrease is similar to the national average, a 55% reduction for Cheshire East compared to 53% nationally.
- 3.3 Despite the introduction of Universal Credit in Cheshire East for new claimants in 2014, replacing JSA, the latest data (November 2015) shows there to be 390 residents in receipt of JSA for more than a year, 80 more claimants than February 2009. However, this figure is much lower than the peak of 1,385 claimants in April 2013.
- 3.4 The number of residents claiming incapacity benefits (IB or ESA) has increased, from 4,210 in February 2013 to 5,530 in November 2015, this represents an increase from 1.8% of the working age to 2.4%. This increase is similar to the national picture, where the proportion has increase from 2.4% to 3.3% of the working age. Nearly twice as many working age adults are therefore unemployed with a disability or health condition than on JSA in Cheshire East.
- 3.5 The decrease in the proportion of residents claiming out-of-work benefit is disproportionate across Cheshire East. For those people living in the least deprived areas - those in the 40-100% least deprived areas - which represents the bulk of Cheshire East residents, the proportion of people claiming any out-of-work benefit has decreased by a fifth (21%) from 6.3% (Q1 2013) to 5.0% (Q1 2015). For those people in the most deprived 10% of areas nationally, which includes six areas of Crewe, the proportion has decreased by a quarter (25%) but is still high compared to other areas, a reduction from 23.8% to 17.8% of people of working age.
- 3.6 The number of households in receipt of housing benefit has declined by approximately 13%, from 19,765 in January 2013 to 17,245 in April 2016, which is a greater decrease than the national average of 7%. In Cheshire East the household type with the largest proportional decrease was couples with dependent children, a decrease of 18% compared to a national decrease of 3%. However, this group only accounts for a small number of the total Cheshire East claimants, from 2,198 in January 2013 (11% of the total) to 1,805 in February 2016 (10%). Single parents accounts for 24% of the total Cheshire East claimants (4,100); this group has decreased by 10% since 2013 compared with a national decrease of 4%.
- 3.7 There are also 6,300 households receiving Council Tax Support which will be owner-occupied houses in receipt of other state benefits or in receipt of low income or earnings.
- 3.8 The rate of households who successfully made a claim through the Council's Emergency AssistanCE scheme is highest in areas of Crewe and Macclesfield. The ward with the highest rate of claimants per households was Crewe Central, with 62

successful claimants per 1,000 households. This rate is approximately five times that of the Cheshire East average

- 3.9 The number of homelessness interventions has broadly been increasing from 462 in 2013/14, to 876 in 2015/16. Whilst this may suggest that the need for homelessness prevention has increased over time, the increase can generally be considered positive, as it suggests that more households have been prevented from being homeless.
- 3.10 Rent Arrears for two of the three main registered housing providers appear to be decreasing, although more information is being sought from the providers to understand this in detail, including the impact of the Bedroom Tax (or Spare Room Subsidy).
- 3.11 The total number of children eligible for free school meals has decreased, from 9.6% of all children in January 2013 to 8.5% in January 2015. This January 2015 figure is lower than both Cheshire West & Cheshire (11.6%) and the North West (17.3%)
- 3.12 On the 30th September 2015 the latest Indices of Deprivation were released. The overall picture is mixed, although Crewe in particular appears to be relatively more deprived. The concentration of areas in the most deprived 10% of areas nationally has remained broadly the same, namely within Crewe Town. In 2015 there are 18 small areas in the most deprived 20% of areas nationally; this is an increase from 16 areas in 2010.

## 4.0 Delivering and Funding Local Welfare Provision

- 4.1 The abolition of the DWP's crisis loans and community care grants from April 2013 transferred responsibility and funding for discretionary welfare support to local authorities. It was intended that this new support, commonly referred to as local welfare provision, should be aligned with other services councils provided such as housing and social care.
- 4.2 In Cheshire East, we established the Emergency Assistance scheme. The purpose of the scheme is to provide support for the most vulnerable residents facing immediate short-term needs in an emergency or as a consequence of a disaster. Support provided through the scheme is intended to support vulnerable people facing immediate hardship following a crisis or disaster, to prevent homelessness, and to keep families together. Alternatively support may be required to assist vulnerable people to return to or remain in the community or to ease exceptional pressure on families. The scheme provides rent deposits, furniture and white goods (recycled where possible) and emergency food (through local food banks where possible). Unlike the former crisis loans and community care grants administered by the DWP, it does not provide cash. The below table provides a summary of the number of awards made under the scheme since it was established in 2013.

### Emergency Assistance Claims 2013-16

	Total Claims	Total Awards	Total expenditure	Expenditure by category			
				Furniture & white goods	Rent deposits	Emergency food	Other
2013-14	1,866	911	£410,181	£209,123	£182,677	£11,471	£6,911
2014-15	1,770	829	£417,502	£242,610	£156,771	£7,019	£11,102
2015-16	1,368	675	£273,782	£186,010	£71,758	£6,170	£9,845

- 4.3 For 2013-14 and 2014-15 the DWP provided transitional grant funding for local welfare provision. From 2015-16 the government included the funding for local welfare provision in councils' revenue support grant. DWP gave councils a total of £141 million in 2013-14 for local welfare provision and £30 million to administer it. For 2016-17, £129.6m was allocated in the revenue support grant (RSG), but this will reduce over coming years in line with the overall reductions to the RSG. The DWP spent £177m on crisis loans and community care grants in 2012-13.
- 4.4 Cheshire East received transitional funding of £612k in 2013-14 and 2014-15 for its local welfare provision through the Emergency Assistance scheme. In 2015-16 no specific grant for local welfare provision was received and the transitional funding of £612k was removed from the Council's budget. Given the uncertainty over future funding, the scheme under spent against its budget in the first two years and an earmarked reserve was created to provide funding for the scheme in 2015-16 and 2016-17. There is currently no budget or reserve to fund local welfare provision from April 2017.
- 4.5 Our neighbouring local authorities have faced the same challenge to establish local welfare provision in 2013 and now face the same funding challenge. Cheshire West and Chester, Warrington and Halton have all confirmed that their existing local welfare schemes will continue into 2017-18.

- 4.6 The National Audit Office published a report in January 2016 examining how English councils had implemented local welfare provision since April 2013 and the challenges councils face sustaining provision. They found that most councils spent less on local welfare provision than they were given because they were concerned about high demand and uncertain about funding after 2014-15. They also found councils provide different types and levels of support, but most commonly they provide furniture, white goods, food and fuel support. Councils generally provide goods in kind rather than cash as this reduces the scope for fraud and targets needs. It also reported that since April 2015 some councils have stopped or curtailed the provision they introduced in 2013 because there is no longer specific grant funding.
- 4.7 DWP published in July 2016 a report of research carried out by the Learning and Work Institute, BMG Research and Policy in Practice into the evaluation of the 'Universal Support – delivered locally' trials which ran in eleven local authority areas between September 2015 and November 2015. The trials were intended to test how best to identify, engage and support those who may have transitional personal budgeting or digital support needs for making and managing a claim for Universal Credit. The trials targeted particular claimant groups, such as those with problem debt, or was more universal, for example by screening new benefit claimants. Key to effective engagement was how the support was "sold" to the claimant – face to face contact with approachable and informative staff seemed most likely to lead to engagement of vulnerable claimants, who were then more likely to disclose information and build up trust. Cheshire East was not a participant in these trials but there are potential lessons for prevention and intervention activities that may be undertaken as part of our local welfare provision:
- Integrated and aligned support – not just leaflets and phone numbers
  - 'Staged' support, built around individual's capability and need, focused on highest priority needs first with each stage leading on to the next
  - Having the right quality support to refer to
  - Relentless focus on stopping people for disengaging – warm handovers, information sharing, regular contact, etc.
  - All of which works better where a key worker coordinates and leads.
- 4.8 Socioeconomic deprivation is a critical determinant of health and the link between good employment and health is well established (*The Marmot Review, 2010 - Fair Society, Healthy Lives. Strategic Review of Health Inequalities in England post-2010*). There is therefore a need for residents to be supported in successfully managing welfare reform in order to ensure that any negative health and wellbeing impacts are mitigated. Furthermore, such support can reasonably be expected to deliver cost savings to the authority by averting the need for more costly interventions in the near and distant future.
- 4.9 Poverty has been estimated to cost the UK public purse £78 billion (£69 billion with a further £6 billion for the knock-on effects on child poverty and for adults a further £2.7 billion), the largest components of this being health, schools, police & criminal justice and children & families (*Bramley G, Hirsch D, Littlewood M and Watkins D, 2016 - Counting the cost of poverty. Joseph Rowntree Foundation*). Knock on effects are far-reaching and include the need to manage poorer physical and mental health and even future lost tax revenues due to lower adult income associated with

childhood poverty. Crucially, interventions to support individuals and families have been shown to be not only cost effective but also cost saving. For example, programmes getting disadvantaged people back into work have been estimated to return £3 (through prevention of homelessness, crime, future need for benefits and health impacts) for every £1 spent (*The King's Fund, 2014 - Making the case for public health interventions*). Other schemes offering employment support have been found to generate £17 social return for every £1 spent through volunteering, reduced demand on services and increased taxation (*Public Health England and UCL Institute of Health Equity, 2014 - Understanding the economics of investments in the social determinants of health*).

## 5.0 Review of current local Welfare Provision

- 5.1 The Council has set a goal to deliver a whole system response to support residents facing financial hardship as a result of welfare reform, engaging with partners and other agencies for prevention, early intervention and crisis support. The Group considered that the whole system response must deliver against each of the following objectives. The first four objectives are focused on prevention and early intervention, with the final objective intended to provide the safety net to catch residents at risk of crisis. The following section of this report describes the existing services available to residents affected by welfare reform against each of these objectives.

**1. Help people to get into and stay in employment**

**2. Support people who are unable to access employment**

**3. Enable access to affordable housing**

**4. Develop self-reliance and financial responsibility**

**5. Provide a safety net to prevent crisis**

### Help people to get into and stay in employment

- 5.2 Through Job Centre Plus, DWP help people of working age find employment and administer claims for benefits including Job Seeker's Allowance, Employment Support Allowance and Universal Credit.
- 5.3 After an individual has been claiming Job Seeker's Allowance for an extended period Job Centre Plus can refer them to the Work Programme. The Work Programme was launched in 2011 aimed at getting unemployed people into sustained work. Claimants over 25 years of age are typically referred after 12 months, with claimants aged 18-24 referred after 9 months. The Programme uses providers from the private and public sector to provide assistance with work readiness (e.g. CVs, work experience) and tackle barriers to employment (e.g. language, drugs, alcohol, mental health, and homelessness). The providers are primarily paid for defined outcomes related to sustained employment. The Work and Health Programme will replace the Work Programme in 2017. Eligibility for the new programme will be more restricted, targeted at claimants with health conditions or disabilities and those unemployed for over two years. Jobcentre Plus will support all other claimants up to their eligibility for the Work and Health Programme.
- 5.4 Work Choice, commissioned by DWP, is a programme to help residents find and keep a job if they are disabled and find it hard to work. It is a voluntary scheme delivered in Cheshire East by the Council's Supported Employment team who are contracted to deliver the service by the Shaw Trust. Work Choice is primarily an employment scheme and the targets are paid jobs of at least 16 hours per week. The team set up and support work trials and placements to gain on the job skills. Referrals are often received from the Council's SMART teams (Social Work Teams) and Reablement teams.



- 5.5 The Skills and Growth Company is a new Cheshire East Council “arms-length” company bringing together skills and growth services under one structure. The Skills and Growth Company aligns all activities to a common goal: To get people into work, increase their skills and ensure businesses thrive, creating jobs, innovation and growth opportunities. As such, the company offers a new opportunity to review and align skills and employment related services across the council towards a common goal.
- 5.6 The Council provides a range of activities and services to develop skills for work. The Lifelong Learning and Adult Education service work with local organisations to create learning opportunities ranging from accredited vocational programmes to practical fun courses that widen participation in learning and improve employability.
- 5.7 Children’s Centres provide a range of activities that support parents and carers to access training and employment. Youth Support Services provide focused support for NEET (Not in Education, Employment or Training) young people and those who have a learning difficulty. The Council is also committed to supporting more carers into work through the Carers’ Employment Service.
- 5.8 The Council, along with other local employers, provides Apprenticeships for young people aged 16 and over. Apprentices are given a one year temporary contract for a 37 hour week and an apprenticeship wage that allows six hours per week studying for a National Vocational Qualification (NVQ). The Council has also developed a Social Value policy for its commissioning and procurement activity that includes encouragement for social employment opportunities such as creating apprenticeships for young Cheshire East residents and creating new job opportunities in the borough.
- 5.9 The Council’s Adult Services commission work to support disabled customers in community initiatives and community enterprises which support preparation for the world of work. Examples include Macclesfield Community Garden Centre and Crewe Supported Community Business. Care4CE, the Council’s Adult Social Care provider service, also provide the Occupational Opportunities service supporting customers with severe and enduring mental ill health.
- 5.10 Work clubs and job advice clinics are available in a number of the Council’s Libraries and other community hubs. Work clubs, work placements and apprenticeships are also provided by local Registered Housing Providers, primarily targeted at their tenants.
- 5.11 Citizens Advice Services Cheshire East provides residents with employment advice, in work benefits advice, self-employment advice and support, and work related volunteering opportunities.

### **Support people who are unable to access employment**

- 5.12 The DWP provides a range of disability-related financial support. The main disability and sickness benefits are:
- Personal Independence Payment (PIP) is a tax-free benefit for people aged 16 to 64 to help with the extra costs caused by long term ill-health or a disability.

Personal Independence Payment is gradually replacing Disability Living Allowance for Adults.

- Employment and Support Allowance offers financial support and work-related support.
- Carer's Allowance provides extra money to help look after someone with substantial caring needs.
- Disability Living Allowance for children is a tax-free benefit for children under 16 to help with the extra costs caused by long-term ill health or a disability.

5.13 The Council provides additional financial support for housing costs through Discretionary Housing Payments. These can be paid to support residents with disabilities who have been affected by welfare reforms such as the Removal of the Spare Room Subsidy. Disabled Facilities Grants can also be claimed towards the cost of adapting a home of a disabled person.

5.14 Within the Adult Social Care team, Financial Coordinators works with residents to undertake a financial assessment and welfare benefit check to determine a person's ability to pay for support and care packages provided by the Council. Charges are re-assessed for residents whose income is reduced as a result of welfare reform. A Money Management service can be provided for individuals who do not have the capacity to manage their own finances.

5.15 Citizens Advice Services Cheshire East provides advice and support to ensure residents with disabilities are receiving all benefits and income support they are entitled to.

### **Enable Access to Affordable Housing**

5.16 The Council is committed to helping residents access affordable, appropriate and decent accommodation. The Council does not have any council housing of its own and does not operate its own council housing waiting list, but it partners with local Registered Housing Providers to offer access to affordable homes of people wanting to rent or buy a new home through Cheshire Homechoice. The Council also liaises with the Private Rented Sector to ensure that everyone in Cheshire East has the opportunity to live in a safe, warm and suitable home. The Housing Standards and Adaptations team ensure that housing is safe to live in, and that owners carry out their legal responsibilities to maintain the property.

5.17 Under Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002) the Council has certain responsibilities towards people who are homeless or threatened with homelessness. Generally, homeless people are those who have nowhere to stay or will have nowhere to stay within the next 28 days. The legislation directs who the Local Authority provides accommodation to.

5.18 Citizens Advice Services Cheshire East provides advice on housing and homelessness, including specialist Housing caseworker support.

5.19 Through the emerging Local Plan, however, the Council has acknowledged that there is a need to provide much needed affordable housing. The Council is keen to enable people to live independently at all stages of their lives and to reduce cultures of dependency. The Council is keen to enable people to buy a home of their own

and promote wider home ownership. It also encourages families to grow and move into homes that match their current and future aspirations. There needs to be a wider choice of housing that can support people when they are older and allow them to remain independent for as much of their life as possible. Affordable housing is a means of achieving these goals; it can support broader home ownership through initiatives such as housing designed specifically for first time buyers and can allow families to grow through fixed discount and shared ownership housing. Securing housing at the right price supports a flexible and dynamic labour market and enhances the wider growth agenda.

### **Develop Financial Responsibility and Self-Reliance**

- 5.20 There is a broad range of money management and debt advice available to residents within Cheshire East.
- 5.21 Citizens Advice Services Cheshire East provides a Money Guidance Advice service, helping residents to set budgets, manage on their income, and tackle debts.
- 5.22 The Council's Housing Options team has a dedicated Money Advisor who provides advice and assistance regarding debts restricting access to housing or threatening any current housing situation. The Housing team also operate a Deposit Guarantee Scheme with Cheshire Neighbours Credit Union. Customers using the scheme are required to sign up to the Credit Union to repay a small amount each week to build up their own deposit over a 2 year period. Once the amount covered by the Council's bond has been saved this money is transferred to the landlord and the bond lapses.
- 5.23 Many of the Registered Housing Providers have Money Advice Officers providing basic money and budgeting advice. There are also several charities operating within the borough offering debt advice, including Step Change and Christians against Poverty.
- 5.24 Cheshire Neighbours Credit Union provides a wide range of practical, affordable and straightforward financial services. As a social enterprise they strive to improve and enhance the social, financial and economic well-being of their members by promoting sensible savings, prudent borrowing and affordable repayments on loans.
- 5.25 DWP is providing additional funding to help local authorities support new claimants of Universal Credit. The support includes Personal Budgeting Support to help claimants develop the confidence and motivation to manage their finances, and understand how Universal Credit changes affect them in terms of managing their money. The Personal Budgeting Support is provided by Citizens Advice Services Cheshire East, but referrals from DWP have been very low compared with expectations.
- 5.26 Financial education has formed part of the compulsory national curriculum since 2014. It is intended to equip students aged 11-16 with the financial skills to manage their money on day-to-day basis as well as to plan for future financial needs.

### **Provide a Local Safety Net to Prevent Crisis**

- 5.27 The Council offers a range of financial support to residents facing crisis. The Emergency Assistance scheme provides support for the most vulnerable residents facing immediate short-term needs in an emergency or as a consequence of a disaster. Support provided through the scheme is intended to support vulnerable people facing immediate hardship following a crisis or disaster, to prevent homelessness, and to keep families together. Alternatively support may be required to assist vulnerable people to return to or remain in the community or to ease exceptional pressure on families. The scheme provides rent deposits, furniture and white goods (recycled where possible) and emergency food (through local food banks where possible). Unlike the former crisis loans and community care grants administered by the DWP, it does not provide cash.
- 5.28 Discretionary Housing Payments and Section 13A Discretionary Discount for Council Tax may also be used to support residents facing crisis. These may be awarded as short term solutions to alleviate poverty and hardship and to give the claimant an opportunity to change their circumstances, e.g. find cheaper accommodation. They can only be used to help pay the rent for somebody who is already receiving some Housing Benefit. Discretionary Housing payments are administered by local authorities but funded by DWP. The Council receives an annual budget that it must not exceed. Section 13A Discretionary Discounts are funded by the Council.
- 5.29 The Council's Housing team can provide a limited amount of financial support through the Homelessness Prevention Fund. The fund is used to assist households facing homelessness to remain in their own homes or to access alternative accommodation if they have no other means of doing this themselves. Payments are limited to one per household within a two year period and are for a maximum of £600. Some of the Registered Housing Providers also have Hardship or Welfare funds available to their tenants.
- 5.30 In addition to financial support, the Council provides interventions for more vulnerable residents and families facing crisis. The Cheshire East Family Focus Programme, part of the Department for Community and Local Government's (DCLG) national programme, helps families struggling to cope and to help troubled families turn their lives around.
- 5.31 The Council commissions Housing Related Support and Floating Support Services (formerly known as Supporting People services) to meet the council's homelessness duties and to meet the needs of service users with mental health and substance misuse issues. However, the value of these services was reduced from £2.1m to £1.1m from 2016/17 to contribute to savings to the Adult Social Care budget as these services were assessed as being of a lower priority than other Adult Social Care services. There is a risk that the proposed welfare reform to apply the Local Housing Allowance to social rented accommodation and supported accommodation could lead to providers being financially unsustainable which could lead to a shortfall between supply and demand.

## 6.0 Summary and Recommendations

- 6.1 The second wave of Welfare Reforms will be introduced over the next 12-18 months. While the impact of individual reforms is relatively small, the combined impact can be significant on individuals and families. It is estimated that 45% of all households in the UK have been affected by the reforms, with the average loss of income to a claimant household in 2015/16 estimated to be £1,165. This will increase as further reforms take effect.
- 6.2 The number of Cheshire East residents claiming welfare benefit is reducing. The number of residents claiming Job Seekers Allowance (JSA) or Universal Credit has approximately halved since 2013 and the number of households in receipt of housing benefit has reduced by 13%. However, there are currently almost 25,000 households in Cheshire East in receipt of one or more welfare benefit.
- 6.3 Welfare reform has provided clearer lines of responsibility between central and local government for welfare provision. DWP consider that they provide the spine of employment and housing support through Universal Credit, with discretionary welfare support devolved to local government. DWP provided transitional grant funding for local welfare provision in 2013/14 and 2014/15, but from 2015/16 the funding was included in councils' revenue support grant (RSG) and so the funding will reduce in line with overall reductions to the RSG.
- 6.4 The Council has no budget allocated to local welfare provision in 2016/17 and beyond. The Emergency Assistance scheme is being funded from an earmarked reserve in 2016/17. Given the uncertainty over future funding, the scheme under spent against its budget in the first two years and an earmarked reserve was created to provide funding for the scheme in 2015-16 and 2016-17. There is currently no budget or reserve to fund local welfare provision from April 2017.
- 6.5 Outcome 1 from the Council's Corporate Plan is to develop strong and supportive local communities, with individuals and families who are self-reliant and take personal responsibility for their quality of life. The Council has set the goal to deliver a whole system response to support residents facing financial hardship as a result of welfare reform, engaging with partners and other agencies for prevention, early intervention and crisis support. The Welfare Reform Working Group considered that a whole system response must deliver against each of the following objectives:
  - (1) Help people to get into and stay in employment
  - (2) Support people who are unable to access employment
  - (3) Enable access to affordable housing
  - (4) Develop self-reliance and financial responsibility
  - (5) Provide a safety net to prevent crisis
- 6.6 The DWP is responsible for helping people of working age find sustained employment. Job Centre Plus (JCP) provides the first point of contact for jobseekers and will signpost to complimentary contracted and non-contracted services available within the borough, but this is dependent on the knowledge of individual JCP members of staff. There are a broad range of discretionary services available to residents seeking employment or looking to improve their employment, however, there is limited coordination to match provision with to an individual's circumstances

and needs. The narrowing of eligibility for the new Work and Health Programme will also significantly reduce the proportion of job seekers receiving intensive support to tackle barriers to work and help find sustained employment.

- 6.7 Government policy and funding for skills and employment is encouraging greater integration of local services focussed around the individual. This is not only with the intention of managing scarce resources better, but also of limiting the number of public interventions necessary to support people to progress in their lives. We are in a period of significant change with a number of new programmes and initiatives, such as the Apprenticeship Levy and the Youth Obligation, which will reshape the skills and employment landscape at national and local level.
- 6.8 **Recommendation 1** – Commission the new Skills and Growth company to develop a “Pathways to Work” programme, providing employment strategies for individuals and improved coordination of services available within Cheshire East to tackle barriers to work and help residents find sustained employment.
- 6.9 The DWP also provides the first point of contact for people eligible for disability-related financial support if they are unable to work. The Council provides additional discretionary financial support and helps to ensure residents are receiving all benefits and income support they are entitled to. There are also a range of national and local community and voluntary sector organisations, such as the Disability Information Bureau, providing support and advice to residents with disabilities.
- 6.10 The Council, working in partnership with social and private landlords, is the first point of contact for accessing affordable housing. It has, however, recognised the shortage of affordable housing within the borough, and will seek to address this need through the emerging Local Plan.
- 6.11 There are significant concerns over the impact of the planned welfare reform to apply the Local Housing Allowance to the social rented sector and in particular supported accommodation provision, and there is a risk that it could lead to providers being financially unsustainable leading to insufficient supply to meet levels of demand. There is no current mitigation for this risk and it will require careful monitoring to understand the impact and whether there will be a need in the future to subsidise supported accommodation through discretionary local welfare support if it is unsustainable from reducing levels of housing benefit.
- 6.12 There is a broad range of money management and debt advice available to residents to help them improve their financial responsibility, but these are mainly elective and are likely to be relied on to tackle a short term debt issue rather than develop long term financial capability.
- 6.13 The Council sends a Council tax bill to every household and raises invoices for other charges. When residents do not pay on time we initiate appropriate recovery action. We, therefore, have insight into those residents that are struggling to manage their money and pay their bills on time.
- 6.14 **Recommendation 2** – Undertake a review of the Council’s debt recovery processes to identify opportunities for early intervention, promoting the support available to help residents manage their money and tackle debts.

- 6.15 The Council provides a range of financial support to prevent crisis, but this provides temporary relief and generally leaves individuals to find their own solutions to the root cause of the crisis. There will be some individuals and families that receive more support from the Council or partner agencies through initiatives such as the Family Focus Programme or Supported Housing, but analysis of applicants to the Emergency Assistance scheme has told us that the majority are not receiving active interventions from the Council when they apply.
- 6.16 **Recommendation 3** – Undertake a review of the Emergency Assistance scheme, consulting with residents and stakeholder groups to ensure the scheme is meeting need and providing value for money.
- 6.17 **Recommendation 4** – Establish a small team of Key Workers within the Benefits service to take a more proactive approach to engage with people at risk of crisis when they apply for financial support. This team of Key Workers will coordinate and lead support to tackle the root causes of the crisis, built around individual's capability and need, with a relentless focus on stopping people disengaging. This could include linking the retention of the financial support to continued engagement. The team would also undertake a review of the support available to ensure that commissioned and community based support is comprehensive, relevant and providing value for money. Additional support may be commissioned if any gaps are identified.
- 6.18 **Recommendation 5** – Identify and proactively engage with residents and households that will be impacted by future reforms, in particular the new benefits cap, to help them understand the changes, how it will affect them and the support available to them.
- 6.19 **Recommendation 6** – £300k is included within the Council's budget from April 2017 for the local welfare safety net, reducing to £250k in 2018/19 and 2019/20. This budget will be used to fund the Emergency Assistance scheme and intervention and prevention activities, including those recommended above, to help prevent poverty and reduce future demand for crisis support. It is not expected that the recommended "Pathways to Work" programme would be funded from this budget.

## 7.0 Bibliography

- 7.1 [www.instituteofhealthequity.org/projects/fair-society-healthy-lives-the-marmot-review](http://www.instituteofhealthequity.org/projects/fair-society-healthy-lives-the-marmot-review)
- 7.2 [www.kingsfund.org.uk/audio-video/public-health-spending-roi](http://www.kingsfund.org.uk/audio-video/public-health-spending-roi)
- 7.3 [www.jrf.org.uk/report/counting-cost-uk-poverty](http://www.jrf.org.uk/report/counting-cost-uk-poverty)
- 7.4 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/356051/Briefing9\\_Economics\\_of\\_investments\\_health\\_inequalities.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/356051/Briefing9_Economics_of_investments_health_inequalities.pdf)
- 7.5 [www.nao.org.uk/report/local-welfare-provision/](http://www.nao.org.uk/report/local-welfare-provision/)
- 7.6 [www.gov.uk/government/publications/evaluation-of-the-universal-support-delivered-locally-trials](http://www.gov.uk/government/publications/evaluation-of-the-universal-support-delivered-locally-trials)

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## Cheshire East Council

### Cabinet

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<b>Date of Meeting:</b>	8 <sup>th</sup> November 2016
<b>Report of:</b>	Chief Operating Officer (Section 151 Officer)
<b>Subject/Title:</b>	2016/17 Mid Year Review of Performance
<b>Portfolio Holder:</b>	Cllr Peter Groves, Finance and Assets Cllr Paul Findlow, Corporate Policy and Legal Services

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#### 1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money for its residents during 2016/17. The report highlights financial and non-financial pressures and performance evidencing how the Council is working well with the community and its partners to achieve the outcomes of the Corporate Plan 2016 to 2020.
- 1.2. Local authorities within England are facing significant financial challenges as expected issues such as inflation and increasing demand, are, at the same time being compounded by reductions in government funding. Care services in particular are experiencing rising caseloads and increasing complexity of care needs as well as rising costs from minimum wage requirements for care providers. This is particularly relevant in Cheshire East as the Council's budget includes net expenditure of over £140m for services provided by the People directorate.
- 1.3. Against a backdrop of challenging circumstances Cheshire East Council continues to put residents first and has seen increased satisfaction levels for key services and improved value for money overall. The Mid Year Review of Performance provides evidence of how the Council engages with residents, businesses and its partners to achieve positive outcomes.
- 1.4. The Council is building on the achievements of the last three years. This report demonstrates that the overall financial health, performance, resilience and value for money at the Council is strong, and that the reserves strategy remains effective. A potential overspend of £1.2m (0.5%) is currently being forecast. In line with national trends this forecast is being strongly influenced by an increase in caseload and costs associated with Children in Care. Every effort will be made to reduce this forecast overspend throughout 2016/17. The Council has demonstrated excellent financial management over the last three years and this experience will be used to try to achieve a balanced outturn position by the end of the financial year.
- 1.5. In quarter two, examples of good performance were:

- Headline figures show the value of the Borough's visitor economy has soared by 55% since Cheshire East Council was formed in 2009
  - Outperforming the national averages with both A-Level and GCSE provisional results
  - Launching a new Information & Advice Hub to support residents in directing their own support needs
- 1.6. The attached report, **Annex 1**, sets out details of how the Council is performing in 2016/17. 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 6 Residents First Outcomes during the year.

**Section 2 Financial Stability** - provides an update on the Council's overall financial position. It demonstrates how spending in 2016/17 has been funded, including: service budgets, grants, council tax & business rates, treasury management, centrally held budgets and reserves.

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

## 2. Recommendations

- 2.1. Cabinet is asked to consider and comment on the mid year review of 2016/17 performance, in relation to the following:
- the summary of performance against the Council's 6 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 179 to 191 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 7**);
  - treasury management investments and performance (**Appendix 8**);
  - management of invoiced debt (**Appendix 10**);
  - use of earmarked reserves (**Appendix 11**);
  - update on workforce development and staffing (**Section 3**).

2.2. Cabinet is asked to approve:

2.2.1. A Supplementary Capital Estimate of £251,000 for Tatton Vision – Field to Fork, and virements to Monks Coppenhall and Hungerford Primary Schools as detailed in **Appendix 6**; and

2.2.2. The allocation of additional grant funding totalling £7,000, as shown in **Appendix 9**.

**3. Other Options Considered**

3.1. None.

**4. Reasons for Recommendations**

4.1. The Council monitors in-year expenditure through a quarterly reporting cycle. Quarterly reports reflect financial and operational performance and provide any requirements to note, approve or recommend changes in line with the Council's Financial Procedure Rules.

4.2. The overall process for managing the Council's budget focuses on value for money and good governance and stewardship. Changes that become necessary during the year must be properly authorised and this report sets out those areas where any further approvals are now required.

**5. Background/Chronology**

5.1. Monitoring performance is essential to the achievement of outcomes for local residents. This is especially important in an organisation the size of Cheshire East Council. The Council is the third largest in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Gross annual spending is over £720m, with a balanced net budget for 2015/16 of £247.9m.

5.2. The management structure of the Council is organised in to three directorates, People, Place and Corporate. The Council's quarterly reporting structure provides forecasts of a potential year-end outturn within each directorate.

5.3. At the mid year stage, the Council's reserves strategy remains effective with a potential overspend of £1.2m (0.5%) against a net revenue budget of £247.9m. Forecast capital expenditure in the year is £121.0m.

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

6.1. All

## **7. Implications of Recommendations**

### **7.1. Policy Implications**

- 7.1.1. Performance management supports delivery of all Council policies. The projected outturn position, ongoing considerations for future years, and the impact on general reserves have been fed into the assumptions underpinning the 2017/20 medium term financial strategy.

### **7.2. Legal Implications**

- 7.2.1. The legal implications surrounding the process of setting the 2013 to 2016 medium term financial strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the mid year stage in 2016/17. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 7.2.2. The only implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are governed by the Finance Procedure Rules.
- 7.2.3. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt within the individual reports to Members or Officer Decision Records that relate.

### **7.3. Financial Implications**

- 7.3.1. The Council's financial resources are agreed by Council and 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.

### **7.4. Equality Implications**

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

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

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

## **7.6. Human Resources Implications**

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

## **7.7. Public Health Implications**

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

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

- 7.8.1. None

## **8. Risk Management**

- 8.1. Performance and risk management are part of the management processes of the Authority. Risks are captured both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders. Risks identified in this report are used to inform the overall financial control risk contained in the Corporate Risk Register.
- 8.2. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2016/17 budget - and the level of general reserves – have been factored into the 2016/17 financial scenario, budget and reserves strategy.

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

**The following are links to key background documents:**

[Budget Book 2016/17](#)

[Medium Term Financial Strategy 2016/19](#)

[First Quarter Review of Performance 2016/17](#)

## **10. Contact Information**

Contact details for this report are as follows:

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# **Mid Year Review of Performance 2016/17**

Page 95

**November 2016**

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

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

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





# Introduction

Financial & Non-Financial performance at 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 £720m. The Council continues to achieve improvements in the area, 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 means that 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 is 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 'Best Fit' approach, to commissioning services, develops better ways to achieve the Council's six stated outcomes by using a mix of delivery mechanisms. The Council's philosophy is about much more than simply reducing costs through arranging cheaper provision or about traditional outsourcing. In 2013/14 the Council completed significant reviews of management structures to divert spending to front line services.

At quarter two, the Council's reserves strategy remains effective, with a modest reported overspend of £1.2 (0.5%) against a budget of £247.9m.

To support openness and transparency the report has three main sections, to provide background and context, and then eleven supporting appendices with detailed information about allocation and management of public money during 2016/17:

**Section 1** provides a summary of Council performance and brings together service achievement highlights against the 6 Residents First Outcomes in the Council's four year Corporate plan.

**Section 2** provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2016/17 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 Council's Residents First Outcomes.
- **Appendix 2** explains Budget changes since First Quarter Review.
- **Appendix 3** shows the latest position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists approved Supplementary Capital Estimates and Virements up to £250,000.
- **Appendix 6** lists requests for Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 7** lists Capital Budget reductions.
- **Appendix 8** provides details of Treasury Management investments.
- **Appendix 9** lists requests for allocation of additional Grant funding.
- **Appendix 10** analyses the position on Outstanding Debt.
- **Appendix 11** lists details of Earmarked Reserves.

Peter Bates CPFA CIPD MBA

Chief Operating Officer (Section 151 Officer)

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# 2016/17 Outturn Forecast at Mid Year Review - Financial Position

2016/17 Mid Year Review (GROSS Revenue Budget £583.4m)	Revised Budget (NET) £000	Forecast Actual Outturn £000	Forecast Over / (Underspend) £000	For further information please see the following sections
SERVICE DIRECTORATES				
People	142.3	145.0	2.7	Section 1 - Paragraphs 16-17, 46-54, 126-128, 141-142
Place	32.0	33.0	1.0	Section 1 - Paragraphs 24, 36-38, 56
Corporate	76.4	75.3	-1.1	Section 1 - Paragraphs 70-72, 88, 147 -149
Total Services Net Budget	250.7	253.3	2.6	
CENTRAL BUDGETS				
Specific Grants	-20.2	-20.2	0.0	Section 2 - Paragraphs 158-160
Capital Financing	14.0	12.8	-1.2	Section 2 - Paragraphs 192-196
Transfer to Earmarked Reserves	2.8	2.8	0.0	Section 2 - Paragraph 211
Corporate Contributions / Central Budgets	0.6	0.4	-0.2	Section 2 - Paragraph 202
Total Central Budgets	-2.8	-4.2	-1.4	
<b>TOTAL NET BUDGET</b>	<b>247.9</b>	<b>249.1</b>	<b>1.2</b>	
	Planned Contribution 2016/17 £m	Forecast Quarter 2 £m	Variance Quarter 2 £m	Impact on Reserves Quarter 2 Forecast £m
Impact on Reserves	-1.0	-1.2	-2.2	
General Reserves Balance	2016/17 Budget (estimated) £m			Quarter 2 Forecast
Opening Balance April 2016	12.8	Actual		13.0
2016/17 Impact on Reserves (see above)	-1.0	Forecast		-2.2
Closing Balance March 2017	11.8	Forecast		10.8

# Overview of Performance ~ Putting Residents First

## ACHIEVING THE COUNCIL'S SIX OUTCOMES

Cheshire East Council provides more than 500 services, supporting over 375,000 residents, and over 17,500 businesses.

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

- Supporting the successful Cheshire East stage of the Tour of Britain
- Developing Participatory Budgeting processes with members of the community
- Finalising arrangements for the transfer of the Youth Offending Specialist Services into a pan-Cheshire service
- Holding an underage volunteer operation around the sale of e-cigarettes and products across Cheshire East

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

- Headline figures show the value of the Borough's visitor economy has soared by 55% since Cheshire East Council was formed in 2009
- Continuing to make strong progress on the Council's major transport schemes
- Meeting with 'Top 25' businesses to discuss their success support needs
- Reaching over 91,800 premises with faster broadband via Connecting Cheshire

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

- Outperforming the national averages with both A-Level and GCSE provisional results
- Undertaking final arrangements to open the new Crewe Engineering and Design University Technical College
- Working with partners to develop improved arrangements for children and young people with special educational needs and disabilities (SEND)

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

- Achieving or exceeding targets in turnaround of planning applications within timescales across all types of application
- Working closely with the community to tackle fly tipping in targeted areas
- Delivering a comprehensive programme of countryside events
- Working to lift people out of fuel poverty

### 5 ~ People live well and for longer

- Delivering a successful first year of an advice service to private landlords, and increasing landlord accreditations
- Increasing swimming attendances and library usage in the first six months of the Crewe Lifestyle Centre
- Launching a new Information & Advice Hub to support residents in directing their own support needs
- Completing 2,065 adult needs assessments and re-assessments

### 6 ~ A Responsible, Effective and Efficient Organisation

- Receiving Audit Findings Report from external auditors with strong feedback on the Council providing Value for Money
- Increasing staff survey responses, indicating a positive improvement in engagement
- Implementing the National Institute for Health and Care Excellence guidelines
- Developing an action plan to improve workforce wellbeing and resilience

## FINANCIAL STABILITY

Cheshire East Council is achieving outcomes based on sound financial management. In 2016/17 the Council will operate on an annual budget of more than £720m.

- At quarter two a potential overspend of **£1.2m** is being reported compared with budget.
- The potential overspend represents only 0.5% of the Council's net revenue budget of £247.9m, and early forecasts have historically tended to be reduced as the year progresses from robust management action to mitigate the pressures before year end.
- **Service Budgets** – a forecast overspend of £2.6m is reported.
- **Central Budgets** – are currently forecast to be underspent by £1.4m due mainly to lower than budgeted costs of capital financing.
- The Council is among the top third of Unitary Councils in terms of **Council Tax collection**. Over 99% of Council Tax and Business Rates are collected within three years.
- **Council Tax** increased in 2016/17 for the first time in six years.
- **Investment income** is £112,000 higher than budget at quarter two. The average rate earned on investments (1.1%) is higher than the London Inter Bank 3 month rate.
- **General Reserves** - the robust reserves strategy assesses risk at the beginning of the year, and protects the Council against potential overspending. At this stage in the year, the potential overspend of £1.2m is within the original forecast risks. Further mitigation of the forecast overspend is expected to be achieved.
- **Capital Programme** – total capital expenditure of £121.0m is forecast in 2016/17, which is a reduction of £21.7m since first quarter review following a review of in-year forecasts.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £94.7m, against which an underspend of £7.3m is currently forecast. Again the Council has forecast that there will be no requirement for additional external borrowing this financial year.
- Outstanding **Debt** (excluding local taxation) is £7.8m. Debt over 6 months old is £3.2m (around 4% of total debt raised annually) and this is covered by provisions to meet potential write-offs

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 375,000 residents. The budget to deliver these services in the period April 2016 to March 2017 is £730m, 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 core spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending:

Core Spending Power per Head Comparisons 2016/17			
	Cheshire East £	Rural East Riding of Yorkshire £	Urban Liverpool £
Grants	207	266	593
Council Tax	469	411	295
Total	676	678	888

2. The Council's Corporate Plan 2016-2020, which was agreed by Council on 25th February 2016, has six 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 six outcomes.

3. This report reflects activity that has taken place mostly in the period July 2016 to September 2016. Commentary is also provided on the financial impacts (both revenue and capital) of this activity.

## 1 ~ Our local communities are strong and supportive

### Active, Resilient and Connected Communities where people want to live

4. On 19th September, Council Leader Councillor Rachel Bailey and Chief Executive Mike Suarez took the opportunity to be involved in a 'Back to the Floor' community enforcement day in Crewe. Working alongside Communities and Health Portfolio Holder Councillor Paul Bates, Head of Community & Partnerships Steph Cordon, Community Enforcement Officers, local residents and volunteers from the Crewe Flytipping and Grotspots Group, and members of the Crewe Clean Team, they patrolled streets over several hours to deal with issues around fly-tipping and antisocial behaviour. This involved searching through dumped items, including bin bags and old household items, to search for evidence of who has dumped the items. On their travels they saw mattresses, sofas, a cat adventure tower, and a lot of maggots in a particularly unpleasant experience. It was also great to hear how some of our residents in Crewe are coming together, and working with our teams to deal with the issues their area faces.
5. Participatory Budgeting is a partnership programme developed jointly across Public Health and the Communities Team. Participatory Budgeting processes have been co-produced with

members of the community and so far 93 funding applications have been made to be put forward to Phase 1 of the application process. Those that meet the criteria will be invited to a Decision Day (Phase 2), where members of the community will vote for the projects to receive funding, which they feel most meet their local needs. The Macclesfield and Crewe Decision Days are scheduled in October 2016. Processes for Congleton and SMASH localities will now be developed via the 5 Town Partnerships: Sandbach, Congleton, Holmes Chapel, Middlewich and Alsager. The Public Health Intelligence Team has produced locality maps and profiles to support communities in Participatory Budgeting applications.

6. The Cheshire East stage of the Tour of Britain on 6th September was hailed a huge success after thousands of people lined local roads to cheer on their cycling heroes. The Tour, billed as the biggest free-to-attend sporting event in Britain, saw 120 top international cyclists racing 111 miles from Congleton to Tatton Park, in Knutsford. Council Leader Councillor Rachel Bailey said: "The whole event was an amazing, joyful and exciting spectacle and it was fantastic to see so many communities taking part and really getting into the spirit of this fabulous event."
7. Across the Countryside service, there have been to date 623 volunteers days in 2016/17 which amounts to 4,673 hours of dedicated volunteer time. A volunteer conference was being organised for October 2016 as a celebration of their work across Tatton Park.

#### **Communities where you are Safe, and feel Safe**

8. Officers from Partnerships & Communities attended Tatton Park to raise awareness around counterfeit goods, doorstep callers, crime prevention and community grants as part of the Tour of Britain

'village'. Along with other partners, officers engaged with a number of residents and visitors.

9. The CCTV Service acted as Bronze Command for the Police's operation 'Caveman' which covered the east Cheshire leg of the Tour of Britain. CCTV maintained quality communications with Silver Control at Police Headquarters and kept live images of the event on their monitors. CCTV monitored for any suspicious behaviour, any antisocial behaviour, any persons or indeed items likely to cause problems to the event or spectators' enjoyment of the event. As a bonus, during the event CCTV gained some good 'mentions' via the Cheshire Police Twitter account.
10. To enable the Council to continue to deliver high quality specialist youth offending services, and to deliver a preventative youth service across the Borough with less resources, arrangements were finalised in quarter 2 for the transfer of the Youth Offending Specialist Services into a pan-Cheshire service. The effectiveness of the new service will be subject to ongoing monitoring to ensure that it continues to be a high performing service delivering outcomes for young offenders. Preventative youth support aspects of the service have remained with Cheshire East Family Service to align with other early help support to families.
11. A warning to Cheshire East premises/retailers around the sale of e-cigarettes and their 'nicotine inhaling products' was given following an underage volunteer operation held on 25th August. This operation saw underage volunteers attempting to purchase nicotine inhaling products from 11 premises across Middlewich, Crewe, Congleton, Macclesfield and Wilmslow. Community Protection (Trading Standards Investigations) conducted an operation that involved the volunteers attempting a test purchase at each of the stated premises. Underage smoking and use of nicotine products is a current issue. It is still unknown what the

effects of using nicotine inhaling products, such as e-cigarettes, have on the user and specifically the effects of using them from a young age. All 11 premises refused the sale which is testament to them in ensuring age-restricted products are not sold and to the awareness raising undertaken by the service when the legislation was put in place on 1st October 2015.

12. Quarterly intelligence led a multi-agency operation in August targeting rogue traders, doorstep callers and distraction burglars. The operation was well received by householders and legitimate traders and as usual some good intelligence was obtained about rogue outfits.
13. A good start has been made to increasing our intelligence sharing and capability as we have increased communication and links between CCTV, CEO's, Trading Standards, Police and the Gypsy Traveller Liaison Officer, utilising the links already forged with the Cheshire Police Force Intelligence Bureau and the Trading Standards 'Memex' system. Further work is now underway to improve the capturing of intelligence (3 training sessions held), how it is stored and more importantly the analysis of the intelligence to target our resources and identify trends and patterns. Further work is to be undertaken in regards to organised crime with partners via the Organised Crime Group Board and landlords with our Housing teams.
14. The Magistrates court has recently upheld two decisions made by the licensing committee which had been put forward by the licensing enforcement team. In one case the authority revoked a licence based on previous criminal allegations and in a second case had refused to renew a licence for failing to disclose relevant information. Both cases were dismissed and in one case the Council's costs were awarded.

15. In a separate licensing enforcement case we successfully prosecuted a taxi driver applicant who was found guilty of failing to provide relevant information within his application. The applicant was fined £500, and ordered to pay costs and a victim surcharge totalling £572.
16. Partnerships and Communities are projecting an underspend of £62,000 due to further consideration of the feasibility of joining sub-regional arrangements for gypsy and travellers and the development of a transit site. Additional pressures exist due to the enhanced focus on fly tipping and new legal fees associated with gypsy and traveller work, but these have been offset by staffing savings due to delays filling vacancies.
17. Regulatory Services and Health are forecast to be on budget. They are incurring additional costs due to the Trading Standards prosecution case and increased dog kennelling fees but these have been offset by delays filling vacancies and higher income.

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

### **Business Growth and Tourism**

18. Findings of the annual STEAM (Scarborough Tourism Economic Activity Monitor) analysis of the visitor economy were launched at the Cheshire & Warrington Visitor economy conference in September. This analysis is done annually for the previous year's results, and shows that in 2015 Cheshire East's visitor economy grew by 4.4% in the tourism industry, and is now worth £842m.
19. Headline figures for the Borough show the value of the visitor economy has soared by 55% since Cheshire East Council was formed in 2009 and the number of visitors has risen by over 29%.



A total of 15.23 million people visited the Borough in 2015; an increase of 4.2% on 2014.

20. The number of people employed in the tourism sector also rose by 2.3% last year to a total of 11,100 (full-time equivalent) jobs – a rise of 22% since 2009.
21. A further boost was given by figures showing the number of visitors staying in the area, which has increased by 22% since 2009. The fact that more and more people are being drawn to visit Cheshire East is testament not only to its obvious natural attractions and bigger visitor draws, such as Tatton Park and our other beautiful country parks, but also to the vast array of excellent hotels, guest houses and small businesses that support them.
22. The 'Roald Dahl' events at Tatton Park have been a great success and significantly increased visits to the Mansion (up 25%), Garden (up 8%) and Farm (up 6%), plus boosted income from sales of the Totally Tatton Ticket (up 28%). Shops and catering are both performing well and up compared to last year, whilst the income from Park Entries is in line with financial targets. The variable weather in June and July hindered what could have been a record year, but August and September were generally dry and attracted good crowds at key weekends. Events have proved mixed this year, with concerts performing poorly but new events such as the Luna Cinema and Bear Grylls Race offsetting the impact of the downturn in the concerts. With pre-bookings looking good for Christmas and interest in the Roald Dahl Halloween looking good, Tatton hopes that by the end of December all aspects of trading, income and visitation will be outperforming expectations.
23. Quarter 2 audience figures for the Lyceum Theatre in Crewe stood at 7,252 seats sold, and projections for 2016/17 are for an increase

on sales from 2015/16. Target sales for the pantomime have achieved a 9% increase on the same period in 2015.

24. Within Growth and Regeneration there continues to be a pressure on the Assets Budget of £0.1m, this has reduced since Q1 however it is being mitigated in-year by a number of one-off savings, predominantly staff vacancies. These pressures within Growth and Regeneration are being offset by underspend within Regeneration and Skills and Lifelong Learning.

### **Jobs and Skills**

25. The Skills and Growth Company has successfully brought in £900,000 from European Social Funds to deliver a two-year career information, advice and guidance service in collaboration with Warrington and Cheshire West and Chester. The funding will help support more than 500 young people and create at least 150 new apprenticeships. Along with getting the go ahead for a pilot Careers Enterprise Company, the delivery of 3 Employment Readiness Programmes at Fallibroome, The Oaks and Ruskin Academies, a social media campaign aligned to GCSE/A-Level results promoting national apprenticeships, and dialogue starting with BT about delivery of their Barefoot Computing Programme, our Cheshire East students continue to receive improved support to gaining a foot on the ladder towards appropriate careers. For those students with special educational needs and disabilities (SEND), the Skills and Growth Company are working with SEND officers to broker opportunities with local employers, and are leading on the development of a supported Internship Model in partnership with the NHS.
26. Cheshire East Lifelong Learning has recently been awarded grant funding of £140,000 through a partnership with Golden Gates Housing Trust that has contributions from the Big Lottery and

European Social Fund. The Building Better Opportunities programme aims to support up to 180 people with complex needs and multiple barriers to work with the help and guidance they need to get back into employment. The direct delivery team have established partnerships with Cheshire East Communities Teams, and external agencies including Care4CE Mental Health Reablement Team South, to engage those who are hard to reach to deliver ESOL (English for Speakers of Other Languages), English and maths courses at Children's Centres across Crewe and Macclesfield. The seven ESOL classes have over 50 learners subscribed and a growing waiting list as storyboards demonstrate the benefits of improvement or confidence in English speaking such as accessing doctors, Citizens' Advice Bureau and schools independently.

27. On the demand side of employment, the Skills and Growth Company continue their work with high growth businesses to foster skilled individuals within the Borough, supporting the Rail Skills Board to develop a bid for European Social Fund Training Programme project (c£630k), working with WEAVE to support creative and digital employers with apprenticeships and workforce development planning, and working with Mid and East NHS Trusts to develop a skills hub in the Borough for health and social care. It also secured Crewe as a beneficiary for a Digital High Street programme being rolled out by Gloucestershire Local Enterprise Partnership (LEP), whilst through our local Cheshire & Warrington LEP it convened the Employer Skills Board to bring their insight and experiences to the development of an Apprenticeship Toolkit and an area-based skills review.
28. Five young people not in education, employment and training (NEETs) have been on work placement with the Youth Theatre from Total People. During their time with the Youth Theatre they learned about how to become a production team and supported

the Youth Theatre production "Swallows and Amazons". Since being on work placement, two of the young people have successfully become employed and one is having further experience to become a casual theatre technician. To top all of this off, they also passed their Bronze Arts Award; a Level 1 award on the Regulated Qualifications Framework comparing to GCSE grades D-G. The young people completed their work placement as part of the NCFE Entry Level qualification with Total People.

29. We also successfully had two other young people pass their Arts Award Silver, a Level 2 qualification on the Regulated Qualification Framework. The award compares to GCSE grades A\* - C, and this represents a 100% pass rate for all young people undertaking Arts Awards through Cheshire East Youth Theatre.

### **Inward Investment**

30. Cheshire East continues to promote its strategic employment sites, celebrating a major announcement that The AMR Centre based at Alderley Park is set to receive \$14million in matched funding from the world's biggest public-private partnership dedicated to tackling the major health issue — CARB-X or superbugs. The Skills and Growth Company also supported Amazon's recruitment for its Manchester Airport site, and will be a key partner of the Manchester Airport Transformation Project ensuring recruitment to support the airport's runway expansion is from the local pipeline. It is also working to realise a £1.27m loan for Cheshire Green employment site, at Wardle, agreed in principal by Cheshire and Warrington Local Enterprise Partnership from the Growing Places Fund, but conditional upon demonstrating occupier interest in the site.
31. Cheshire East's Leader and 10 of the 'Top 25' businesses met to discuss the support they need to succeed. The Skills and Growth

Company is a key delivery agent on behalf of the Council, supporting Royal London to secure planning permission for the development of a new flagship HQ building in Wilmslow, and Cheshire Lakes to secure planning permission for a £1.6m investment to develop a water sports and outdoor activity centre that anticipates being operational in Spring 2017 and will generate around 30 jobs. Other recent activity includes securing business sponsorship for the hugely successful Cheshire Leg of the Tour of Britain, and the launch of a sector-led review of commercial property in the Borough.

32. The Skills and Growth Company continues to support businesses in accessing government programmes and grants to reach their full growth potential. They have assisted 6 rural businesses in submitting initiatives to the LEADER scheme, part of the Rural Development Programme for England, aiming to create jobs and growth in the rural economy. Through a series of business events they have also brokered referrals to Manchester Metropolitan University's SMART Cheshire Innovation Programme providing a combination of expert workshops and individual coaching for micro and small businesses seeking to innovate, funded by European Regional Development Fund, and to the Cheshire East digital growth programme, a partnership with Creative England, to support the digital sector to stimulate growth.

### Infrastructure

33. **HS2 Consultation** – A new consultation document on potential changes to the route south of Crewe has been issued which will reduce the impact of the route in terms of height. The consultation will consider responses on environmental and equality assessments. It also refers to a potential relocation of the infrastructure maintenance depot away from Basford West, which would allow the retention of the existing development site.

34. Connecting Cheshire's 'Broadband without Brakes' campaign gathered momentum over the summer and was the basis for the Nantwich Show stand, culminating in stands at both the start and finish of Stage 3 of the Tour of Britain. The target is to provide over 97% fibre coverage across Cheshire by summer 2017. To date, combining Phases 1 and 2, the project has reached over 91,800 premises with faster broadband.
35. The Strategic Highways Infrastructure Team continues to make strong progress on the Council's major transport schemes by planning, developing and delivering major highway and transport infrastructure improvements, in conjunction with partner organisations. Latest updates on some of the current Delivery Schemes include:
- Poynton Relief Road – A planning application has now been submitted and formal consultation is underway. A decision on the application is expected in December.
  - Congleton Link Road – The scheme now has planning permission and work continues to progress the necessary orders for the scheme.
  - Sydney Road Bridge – Work is rapidly progressing with Network Rail and their contractor, Murphys, to determine a final preferred option. Discussions with nearby landowners are progressing well and work is now underway to progress the scheme to the planning application phase.
  - Crewe Green Roundabout – Crewe Green is a five-arm signalised roundabout, forming a major confluence of roads to the east of Crewe. Peak period congestion is severe and traffic modelling showed that the recent opening of Crewe Green Link Road (South) was predicted to add approximately 15% more traffic to the junction. Options have been developed to manage the revised traffic flows by remodelling the junction. In October, a report to Cabinet will recommend a preferred design and a procurement route.

- Middlewich Bypass – The scheme has been awarded funding by the Department for Transport (DfT) to further develop the scheme. There will be a report to cabinet in November to refine the options and to outline the DfT process required to progress to the next stage.

36. The Place Directorate is reporting a net pressure of £1.0m against the 2016/17 full year net budget of £31.9m at mid-year.
37. The most significant pressure is within Infrastructure and Highways where the Transport Commissioning budget is reporting a total pressure of £1.0m. The Bus service is facing a pressure of £0.7m which is a result of the recent withdrawal by GHA of local Bus services.
38. The Strategic Infrastructure service faces a budget pressure of £0.4m largely due to the costs of external consultants. This is offset by an underspend on car parking of £0.3m which is due to a combination of additional pay and display income and staff vacancies. With other management actions the service expects to achieve a balanced position.

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

#### **Securing the Best Start in Life**

39. As the Strategic Commissioner of school places, Cheshire East Council has a statutory duty to ensure a sufficiency of school places for children resident in its area. Annual forecasts, including the latest housing yield information, are submitted to the Department for Education in July each year and these are used to determine the sufficiency of school places across the Borough and to assess the level of basic need funding that local authorities will be allocated.

40. Priority work is underway in Cheshire East to review our approach to ensuring high standards in all schools, with sufficient schools places and effective support for those children not in school, ensuring that every child fulfils their educational potential.

41. Progress is being made on expansions to Monks Coppenhall and Hungerford Primary schools to address current need in Crewe. A consultation has also been launched on the expansion of Disley Primary.

#### **Highest Achievement for All Learners**

42. A-Level students in Cheshire East once again achieved results above the national average. The Borough's 1,526 students achieved a provisional pass rate of 99%, which is above the national average of 98%. The further breakdown of grades shows that the proportion of students achieving grades A\* to A was 26.4%; higher than the proportion nationally and well over half (54%) achieved an A\* to B grade.
43. Summer 2016 GCSE results also outperformed the national average, with a provisional pass rate of 66% achieving five or more A\*– C grades, including English and maths, 3% better than the validated 63% figure last year. This year, new national performance measures are being used to determine school performance. The results from this summer's examinations will be used in the new performance tables, due out in January 2017, which will include new measures to indicate how well students performed across eight key subjects.
44. Final arrangements took place in Quarter 2 to open the Crewe Engineering and Design University Technical College (UTC). A new school at the heart of Crewe, the College is committed to developing the highest quality school leavers who will be the next

generation of engineers, innovators, technicians and designers. The UTC is supported by Manchester Metropolitan University and employer partners including Bentley Motors, OSL, Siemens, Bosch, Network Rail, Air Products, James Walker, Chevron Racing, LEONI and Optical 3D. The school specialises in STEM subjects, offering industry-oriented courses, and combines the National Curriculum, Technical Award Qualifications, work experience and business acumen to cultivate clear routes into rewarding employment, apprenticeships or higher education.

### Inclusion

45. A key priority for 2016/17 is to develop targeted, coordinated and effective arrangements for children and young people with special educational needs and disabilities (SEND). A multi-agency 0-25 SEND Partnership has been set up to drive this work and to ensure it is in partnership with parents, schools and health services. A number of workstream groups support the board to implement a strategy that will ensure a more personalised response to the needs of children and young people with special needs and disabilities, giving families more choice and control, and helping them to live fulfilling lives and be as independent as possible. These include better communication and engagement with families, improved assessments and plans, preparation for adulthood and transition, joint commissioning and resources allocation (including sufficiency), and workforce development and performance. Initial feedback from partners and parent/carers is that this work has started to deliver improvements to the way the Council operates services for children SEND and that partnership arrangements are strengthening. Ongoing monitoring of progress will be extensive and reported to the 0-25 SEND Partnership.
46. Children and Families is forecasting an overspend of £1.5m at the mid-year stage. This is caused by the underlying pressure of

children in care, and the limit to how effectively this can be mitigated against via in-year activity.

47. The budget for children in care for 2015/16 was set in anticipation of further reductions in numbers based on reductions experienced previously. This reduction has not materialised and numbers have increased locally, regionally and nationally.
48. At March 2015 there were 357 children in care. The numbers increased by 30 (8.5%) to 387 in March 2016 and have reached 398 at August 2016. Increasing gatekeeping has resulted in the cases which are coming through being more complex and therefore cost more. Although children in care numbers have continued to rise they are still below the average level for similar authority areas.
49. The 2015/16 outturn for placements reflected an overspend of £2.2m. This pressure was partially addressed through the 2016/17 budget process (in the context of funding limitations) where an extra £1m was allocated to placements (plus £0.3m to fostering allowances). The end result is that the overspend has been reduced but the increase in client numbers and complexity has limited the impact.
50. The service continues to seek better value for money placements that provide the necessary support for vulnerable children and reduce cost on an individual basis. The service is also considering other ways of reducing pressures through local projects to improve outcomes and linking up with bids for Department for Education innovation funding.
51. The service has a pressure of £0.4m from a shortfall in adoption income plus other pressures of £0.6m across care in relation to: travel spend for visits; extra costs of allowances and direct

payments; and extending project work on different methods of care. It is expected these pressures can be managed.

52. In terms of the Directorate generally there are £0.3m of pressures caused by delays in delivering budget proposals. These are intended to reduce staffing costs and will be considered as part of a service restructure in line with the People's Directorate approach in due course. It is hoped that this action will enable the proposals to be delivered.
53. The service could also face pressures as a result of additional unaccompanied asylum seeking children should a national transfer scheme be put in place. This represents the shortfall between additional costs and grant funding available.
54. The service continues to work proactively to permanently recruit Social Workers and Social Work Managers. This is a critical element of our Ofsted improvement plan, and extensive efforts have been made to increase stability in the children's social work teams. Consequently, there has been a significant improvement with 88% of posts covered by permanent social workers.

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

##### **Planning and Sustainable Development**

55. Following Consultation on Proposed Changes to the Local Plan during the spring of 2016, the Council has formally considered all of the representations made and commented on each of the key issues raised. It has also prepared further proposed changes to the Local Plan as a consequence. All of this material was submitted to the Examining Inspector during July, enabling preparations to be made for Examination hearings to proceed in accordance with the agreed timetable. A procedural meeting was held on 23 August

and Examination hearings commenced on 13 September. Those hearings have kept to time over their first three weeks and were due to conclude on 21st October.

56. The Planning Service continues to face increasing levels of activity associated with the Local Plan Strategy. The increased number of appeals, combined with the substantial costs of Local Plan Examination and hearings are the key factors behind a reported £0.3m pressure within this service area. However the increase in planning enquiries has had a corresponding impact on planning fees. Other management action will be put in place to bring the planning service in line with its budget by the year end.
57. Turnaround of planning applications within timescales during the second quarter indicate very strong performance of 80% for Major planning applications with some 60 major applications being determined in the quarter within time (13 weeks). This significantly exceeds the target of 60%, reflecting the recent recruitment success at Principal Planning Officer level and focus on working with applicants to agree achievable target dates.
58. Turnaround of Minor applications (within 8 weeks) significantly increased from the previous quarter to 68% (having stood at 54% in Q1), ahead of the target of 65%. This again reflects on a significant effort from existing staff and recent recruitments to both deal with new applications effectively and reduce the backlog. Overall output has improved in recent quarters, but the percentage within the target timeframe is a result of the backlog of older applications.
59. The volume of "Other" planning applications (within 8 weeks) also reflects a significant increase from the previous quarter to achieve target at 80% (an increase from 64% in Q1). This includes a high number of householder applications. Recruitment at the Junior

Planning Officer level is starting to have a positive impact both on new applications and the remaining backlog. Training of new staff should improve the figure further over coming quarters.

## Waste Management

60. **Waste & Landfill** – in Quarter 2 the authority continued to utilise landfill for just under two thirds of residual waste, which goes to Maw Green Landfill in Crewe. The remaining black bin waste, largely from the north of the Borough, is being sent to utilise spare capacity at the Stoke-on-Trent waste-to-energy plant. This is possible through a temporary transfer station on the now-closed Macclesfield Landfill site.
61. Work is underway to provide permanent transfer facilities for all of the authority's waste from Spring 2017 at the central Environmental Hub currently under construction outside Middlewich. This will allow greater use of waste-to-energy plants outside the Borough as we seek to meet the Waste Strategy objective of ceasing using landfill as a primary disposal route.
62. **Reuse and Recycling** - During the second quarter the Council anticipates having collected 30,000 tonnes of waste for recycling through its silver and green bin schemes and the nine Household Waste Recycling Centres (HWRC). Of this material, 350 tonnes is reused through charitable partnerships and the HWRC.
63. Indicative estimated Waste, Recycling & Reuse tonnages for Quarter 2 are as follows:

Residual		
Landfill	Waste to Energy	HWRC
16,500	4,500	2,700
Recycling		
Household	HWRC	Reuse
9,800	3,800	350
Green Garden		
Household	HWRC	
14,000	2,200	

64. **Fly Tipping** – The two recently appointed community enforcement officers are working closely with the Crewe community to tackle fly tipping in targeted areas. There were 673 reported incidents of fly tipping/side waste in the second quarter, a similar figure to the second quarter last year.

## Environment

65. A comprehensive programme of countryside events was scheduled for the year and is currently being delivered by our Partners and the Countryside Rangers. The Countryside Rangers' social media "likes" have increased by between 7.6% - 15.3%, whilst their Twitter followers have increased by 5.6%. The email newsletter goes out monthly to 2,026 subscribers.
66. **Parks** - The two projects in South Park Macclesfield have been delivered on time. The Sports Action Zone was opened at the end of August by the Council Leader. The first phase of the de-siltation project of Ryles Pool has been completed. Phase 2 (Marginal Planting) will be carried out in Spring 2017.
67. **Playing Pitches** – Consultants have been appointed to complete the Playing Pitch Strategy. The Playing Pitch Strategy Steering Group, constituted from the Sports National Governing Bodies,

have agreed the remaining programme of works and the Local Plan Inspector is satisfied with the completion programme.

68. **S106** - ANSA are engaged in the delivery of over 20 park improvement projects funded from S106 developer contributions. They are working with local members and local community groups (Friends of Parks) to deliver schemes across the Borough.
69. **Orbitas** - There has been a 7.64% increase in units recorded compared to Quarter 1 in 2015/16. This is largely attributable to Crewe Crematorium being fully operational from May 2016 after an extensive refurbishment programme.
70. Overall Environmental Operations, including Bereavement Services, is currently reporting a £241,000 overspend for 2016/17 against a net £27.3m budget.
71. Within Bereavement Services there is currently a forecasted income shortfall of £116,000 for the year. This takes into account a number of variants throughout the year; the Crewe Crematorium refurbishment programme was offset by a period of down time at Macclesfield Crematorium due to emergency replacement of the lining.
72. There is a forecasted shortfall in markets income for the year of £61,000, which primarily relates to a continued reduction in trader occupancy levels in Macclesfield. Some mitigation may be possible by way of small 'invest to save' works to refresh vacant units and reduced start up rent for newcomers.

## Affordable Energy, Growing Energy Businesses & Independent Energy

73. Work has been completed to lift people out of fuel poverty using funding from National Energy Action's Technical Innovation programme. External wall insulation has been used to reduce fuel bills and extend the lifespan of 11 park homes in rural areas, helping residents to be able to afford to heat their home by reducing their fuel bills by up to £700 per year.
74. A further 22 residents are trialling innovative new technology to store the unused electricity generated by solar panels ready for them to use later in the day, reducing the amount they need to spend on power in the evening when electricity demand is at its highest.
75. The Skills and Growth Company has secured £150,000 funding from the Department for Business Energy & Industrial Strategy for heat network Masterplanning across Cheshire East; Heat Mapping at Hurdsfield; and Detailed Project Design for Crewe Town Centre. This follows the success for funding for a Heat Study for Macclesfield which is now at inception stage.
76. Cheshire East's Fairerpower scheme was a finalist for the Public/Private partnership category of the prestigious Association of Public Service Excellence Awards. The scheme has been showcased to South Staffordshire and Preston Councils as a trailblazer.
77. The deep Geothermal project for a test well and business support programme, that is awaiting the outcome of a £2.5m bid to the Local Growth Fund, has also passed the gateway for European Structural Investment Funds.



## 5 ~ People live well and for longer

### Empowering people to live independent, healthier and more fulfilled lives

78. The 'private landlord offer' which provides an advice service to private landlords via the Private Sector Liaison Officers has now been in place for 12 months. The 'offer' promotes the Council's rent bond scheme, the landlord accreditation scheme and provides guidance on advertising properties through Cheshire Homechoice. The 'offer' is gaining momentum all the time and there are now eleven Gold Standard landlords, eleven silver and 5 bronze.
79. The Council commissions a programme of services that deliver a combination of floating and accommodation-based housing-related support to many people with support needs in the Borough. Following an assessment of need, widespread consultation and market engagement, Strategic Housing are now well into the procurement of new services as from 2017/18. Extensive interest has been received from potential providers, with the award of contract expected in January 2017.
80. Following the awarding of funding from the Department of Communities and Local Government in April 2016 public consultation has now been carried out by Strategic Housing and Spatial Planning over the Local Development Order (LDO) boundaries in Macclesfield. Feedback from the public will now be reviewed prior to a further round of consultation later in the year. LDOs are intended to streamline the planning process and save time and money.
81. As required by legislation the Self-Build Register has now been launched from 1st April by the Strategic Housing Team. The register allows the Council to use this information to assess the demand for self-build plots in the borough that have planning permission and access to utilities. Demand can also be assessed by using the register in conjunction with other sources of demand information such as from estate agents.
82. **Crewe Lifestyle Centre** – having been fully operational since 1st April, the £15.1m Centre has seen its services including libraries, leisure, adult social care and family services continue to develop in the new building. Early successes include the number of swimming attendances triple compared to the same period last year, and the new gym being shortlisted as a finalist for "Newcomer of the Year" at the National Fitness Awards. Library usage has increased, as has the number of people gaining jobs following support at the Job Club.
83. **Peter Mason Leisure Centre Congleton** – following Cabinet approval, the project to upgrade the Leisure Centre has commenced its search for a partner to develop the scheme through to planning approval.
84. Everybody Sport & Recreation (ESAR) has continued to perform strongly and has recently been shortlisted as finalists in the North Cheshire Business Awards in the Best Employer and Best Business categories, whilst also winning the Best Apprenticeship Scheme Award. The Trust also had two of its staff and volunteers competing at the Paralympic Games in Rio, one of which returned with a track and field bronze medal.
85. The Half Year Performance for ESAR again showed some excellent results including a 12.4% increase in attendances at leisure facilities of 1,543,622 (compared to the mid-year actual of 1,373,417 in 2015/16). This includes increases against target in all the key user groups of: adults (19% ahead of target), young people under 16 (3%), people over 60 (13%) and those with a disability (20%).

86. Due to the success of the 'Bikeability' scheme, currently delivered by the Trust, the Department for Transport has awarded a further £590,000 to roll out the scheme through to 2020. Performance on this indicator has remained strong, despite it being the quieter period of the year during school closures in August. By mid-year 2,833 young people have been trained against a target of 2,114.
87. There has also been a considerable increase in leisure volunteer hours, with a mid-year total of 3,248 hours against the target of 2,605 hours. Many of these hours were in support of the successful Tour of Britain Stage Three visit to the Borough in September 2016.
88. The Leisure commissioning service is currently forecasting a net nil position against a net £2.3m budget.
89. **Drug and Alcohol Recovery** - The Recovery Accommodation Project is jointly commissioned by Public Health and Housing. Now in the third quarter of service delivery since January 2016, the project is becoming an embedded part of the Substance Misuse Recovery Community and Housing Support processes. So far the project has received 53 referrals which have resulted in: 35 residents housed in total - 18 residents currently housed, 3 waiting to be housed (open referrals) and 8 moved to alternative accommodation.
90. **Empowerment** - The 'change the conversation' training took place in July. This is a new approach to facilitate 'asset-based' conversations with people, focused upon the strengths of an individual, their families, networks and communities. An implementation plan is to be developed to initiate the rollout of this approach within the health and care system.

### Information, Advice & Guidance, Prevention and Early Intervention

91. Public Health have progressed work to expand our Family Nurse Partnership, funded by the Early Intervention Fund. This will result in an additional 3 full time nurses to work with young, disadvantaged families who need additional support as well as additional capacity for supervision and quality assurance. This will enable an additional 75 families to receive intensive support. It is expected that positions will be filled in Quarter 4.
92. Phase 2 of the Emotionally Healthy Schools (EHS) programme is under development with several components: 1) Child and Adolescent Mental Health (CAMHS) school link workers are being commissioned, funded by the Early Intervention Fund; 2) Support for school around identifying children with mental health needs is continuing funded by a grant from NHS England; 3) An EHS support team delivering a 'menu of tools' to support schools to improve their offer is being commissioned funded by a pooled partnership fund. School leadership is being identified to encourage schools to take up this offer, and work is being overseen by a strategy group (which is becoming a sub-group of the Children's Trust).
93. **Suicide Prevention / Mental Wellbeing** - In collaboration with CHAMPS (Cheshire and Merseyside Public Health collaborative) we have commissioned Merseyside Youth Association to train 20 individuals (school/ college staff, social workers, youth workers, family services, school nurses, mental health staff) in Cheshire East to complete the 'train the trainer' criteria on Youth Connect 5. Youth Connect 5 will deliver training to approximately 400 parents from Q2 2017/18. Youth Connect 5 supports parents to strengthen family relationships / resilience, which will support skills in listening and communicating with their children (10-18 year old) and teach an understanding of behaviour in the context of relationships.

94. In collaboration with CHAMPS we have commissioned Wirral MIND to deliver a 2 day gatekeeper suicide prevention train-the-trainer training to key frontline staff. This will enable them to deliver the Basic Suicide Prevention session; understand where they can find key information about suicide prevention; and develop a draft action plan, which lists the main actions for rolling the training out in their locality. They will be expected to cascade the training to frontline staff in 2017/18.
95. MindEd (a free training resource on children and young people's mental health for all adults) has been built into training for staff as an e-learning module piloted and promoted through the LSCB Learning and Development Group.
96. The **Alcohol Harm Reduction** Position statement and Forward Plan has been consulted upon during the Summer. The feedback is being reviewed and changes made before adoption and publication later in the year.

#### **Accessible high quality services, Information & Advice**

97. **Lifestyle Services** - The final part of Passport to Health (to be known as 'One You Cheshire East' from Q3) has been commissioned. The following Services are in place: Provider Plus (assessment, marketing, health promotion, lifestyle support workers and specialist Stop Smoking Services); Community Stop Smoking and Alcohol Service; NHS Health Checks; Sexual Health Testing and Contraception; Weight Management; Physical Activity; Healthy Eating and Falls prevention.
98. **Healthy Child Programme** - Our Family Nurse Partnership (FNP) has been selected as an ADAPT (Accelerated Design and Programme Testing) site by the FNP National Unit. This project will

provide smoking cessation advice and support and mindfulness/relaxation techniques to young mothers who are part of the FNP programme and will also provide practical support to their partners/families to give up smoking.

99. Work continues to integrate our 0-19 Health Child Programme Services (Health Visiting and School Nursing) with our Children's services. Health staff relocated to Children's Centres in Knutsford, Oakenclough, Broken Cross, Poynton and Congleton in August and this is presenting opportunities to streamline service delivery for families and facilitate further joint working. Four priorities (maternal mental health; transition to parenthood, emotional wellbeing; and early intervention in safeguarding) are being progressed by working groups of frontline workers. These are focusing on development of joint pathways, assessments and communications, data sharing and awareness raising.
100. **Substance Misuse and Alcohol Services** - A programme of early engagement is progressing to support the re-commissioning of Substance Misuse Services.
101. **Health Intelligence** – A Community Joint Strategic Needs Assessment (JSNA) project on the impact of technology on health and wellbeing was completed and content published in August 2016, incorporating Children and Young People's Mental Health & Wellbeing and Domestic Violence JSNA sections.
102. **Health and Social Care Transformation** - Officers from the Council are involved in system-wide planning with colleagues from the NHS to put in place the Sustainability and Transformation Plans required by NHS England. This builds upon our work with Eastern Cheshire and South Cheshire's CCGs transformation programmes (Caring Together and Connecting Care respectively) and the work of the Cheshire Pioneer Programme.

103. The Cheshire Care Record has been successfully implemented and is now live, allowing health and care professionals to more effectively share data and reducing the number of times people are asked to repeat their stories. This will lead to more efficient use of resources and better outcomes for people.
104. A new Advocacy Hub has been commissioned for all statutory independent advocacy services across Cheshire from June 2016 to help people who wouldn't otherwise be in a position to represent themselves fully through the social care and health systems. The Care Act 2014 requires councils to support vulnerable customers in this way and this new offer will reach more people in need of support.
105. The Council, in partnership with Eastern Cheshire Clinical Commissioning Group and South Cheshire Clinical Commissioning Group, has a shared commitment to support carers across the Borough. Carers' breaks grants have been awarded 16 grants to local voluntary, community and faith sector organisations totalling more than £366,000 in order to provide additional services to support carers during 2016/17.
106. A new Information & Advice Hub has been launched from September 2016 to support Cheshire East residents to direct their own support needs or to access lower level services that may be an alternative to longer term social care services. Led by Cheshire East CAB Ltd delivery partners include Age UK Cheshire East, Age UK Cheshire, Disability Information Bureau (DIB), Citizens Advice Cheshire East North and Deafness Support Network. The service can be accessed in a number of ways including a dedicated telephone helpline 9am-5pm weekdays, e-mail, website resources and face-to-face from 8 main sites and 11 outreaches across

Cheshire East. A web chat facility will be developed for Year 2 of the contract.

### **Public Protection, Health Protection & Safeguarding**

107. The newly formed People's Directorate is already enabling council officers to improve how we work. Early directorate management team meetings have identified ways in which we can deliver new projects more efficiently, standardise how we account for our performance and respond to risks that affect all of us who care or are cared for in Cheshire East. An example is planning to bring together recruitment activity across the whole care and support workforce – both children's and adults – or accelerating creation of lifelong services to minimise disruption and anxiety as our young people transition to adulthood.
108. Mark Palethorpe joined Cheshire East Council in September 2016 as Strategic Director of Adult Social Care and Health. Combining communities, health and care in a single division will enable a real strategic focus on wellbeing drawing on the diverse strengths to be found in across health and adult social care.
109. 24 workshops were held during August and September attended by a total of 120 Health and Adult Social Care professionals. Ideas generated through the workshops to improve local services for those in need of care and support through joint working are currently being collated and will be translated into a development plan for each locality team.
110. A new IT system has now 'gone live' in Adult Social Care. The benefits of this new system are that social workers and other care professionals can see all the information about someone they are looking after in one place. It also reduces the amount of typing needed so that social workers can focus on doing their jobs and

local people don't need to keep repeating their stories. Social workers and other care professionals can now view someone's health information directly from this new system, from medication to who your GP is. This process works vice versa too, as GPs and doctors in A&E can also view social care data. This new technology has been designed to improve decision making by giving those people making decisions about care and support the right information at the right time. That includes local people, who may be receiving care and support, whose information will only be shared with their consent.

111. Using technology to improve care is only possible with significant preparatory work. Firstly NHS numbers needed to be matched to social care records, and this now stands at over 90% in Adult Social Care. We also needed to make sure that our residents gave explicit consent to share their information and designed our new systems in such a way as to prevent any information being sent without consent. 80% of the people that we support have now given explicit consent and their information is being sent to the Cheshire Care Record so that their GPs, Consultants, Nurses or other professionals can see their information when it is appropriate and needed.
112. An evaluation of Adult Social Care and Health Dementia Reablement pilot has been completed. The findings of this will contribute to a wider evaluation of all Better Care Fund (BCF) schemes. This will allow partners to decide what the focus and content should be for the BCF for 2017-19.
113. NHS England and NHS Improvement published the NHS Operational and Contracting Planning guidance document "Delivering the Forward View: NHS Operational Planning Guidance". The guidance provides local NHS organisations with an update on the national priorities for 2017/18 and 2018/19, as well

as updating on longer term financial challenges for local systems. For the first time, the guidance covers two financial years, to provide greater stability and support transformation, and has been released three months earlier than normal to enable earlier agreement locally. Colleagues in DH and DCLG are currently developing the Better Care Fund policy framework which will also cover 2017/18 and 2018/19 and the Better Care Support Team (BCST) will be developing the Better Care Planning Guidance in parallel. Current expectations are that this guidance will be published in November 2016, with the first submission due before the end of December 2016.

114. Midlands and Lancashire Commissioning Support Unit are undertaking an objective review of the early discharge schemes, currently delivered by British Red Cross and Age UK Cheshire East, on behalf of Cheshire East Council and CCGs. A formal project plan is being finalised and a number of multi-disciplinary, multi-sectoral colleagues have been invited to contribute. The findings of the review will shape these services for the future to ensure we are able to provide the best possible services and outcomes for our residents within the available resources.
115. Adult Social Care is actively working with Health colleagues around the implementation of a gateway model covering the Connecting Care (South CCG) footprint. This will enable individuals with primary care Mental Health needs to access the correct services without delay. The service will act as a single point of access and will have input from health and social care professionals to ensure that people have access to the right care and support, in the right place, at the right time.
116. Adult Social Care are completing a recruitment exercise which will remove agency staffing to permanent appointments to stabilise our knowledge and our offer to our customers allowing a

continuity of care and professional contact. The service recently introduced a quarterly forum for all Adult Social Care Managers with the first meeting held in September with a theme of Leading in Challenging Times. The event was attended by 48 Managers from across Adult Social Care who, having heard key departmental messages from the Senior Leadership Team, had the opportunity to contribute their ideas for continuous improvement of the service.

117. The statutory Department of Health returns for 2015/16 Short and Long Term Services and Safeguarding have been submitted. The Department will actively monitor performance within the ASCOF measures when these are published to inform improvement planning.
118. 22 referrals and 7 disabled customers have been supported into paid work of at least 16 hours a week, with income of £30,540 generated. This represents a conversion rate of 83% compared to the national average of 59%. There are many positive outcomes including: a saving compared to more traditional care packages; increase in Council Tax revenue; a decrease in Housing Benefit pay-outs and a decrease in the number of residents unemployed on disability benefits. Our transition outcomes can evidence good examples of early intervention. Arrangements are secured with the Shaw Trust to take advantage of some subsidised places, funding of the first 13 weeks of employment, which includes jobs secured for young customers with autism. This also brings ongoing independence outcomes for vulnerable individuals and generates continued space for new referrals.
119. The service user sub group of the Cheshire East Safeguarding Adults Board completed a piece of work with Manchester Metropolitan University to produce a spoken word video on stopping adult abuse. It has provided a powerful channel of communication to raise awareness of adult abuse and how to

speak out. The video was launched on 12th September at the National Care Conference organised by the University and the Association of Directors of Adult Social Services.

120. 7,545 contacts from individuals to Adult Social Care were recorded during the period, relating to 5,108 individuals. There were 2,065 adult needs assessments and re-assessments completed during the period.
121. 5,648 people were accessing Adult Social Care services as at the September snapshot date (19th), compared with 5,897 at the end of the previous quarter. Service types seeing the largest drops were: Intermediate Care (-61); Direct Payments (-40); and Home Care (-38).
122. 1,373 people were receiving residential or nursing services from Adult Social Care – very similar to the previous quarter figure of 1,385; 4,275 were receiving community based support – this is slightly down on the previous quarter figure of 4,512.
123. 1,668 people were receiving Adult Social Care telecare services, in line with the previous quarter's figure of 1,683.
124. 193 Carer assessments were completed by Adult Social Care during the quarter compared with 450 for the previous quarter total. The current cumulative total of 643 for 2016/17 is though already ahead of the number completed by the end of September last year (570).
125. During the quarter, 57% of Adult carer assessments had an outcome of 'information and advice' or 'signposting to universal services'; 32% had an outcome of 'carer specific service'.

126. The Adult Social Care and Public Health budget remains under continued pressure not only here in Cheshire East but across the country. The pressure in Cheshire East comes from the combination of factors which all relate to meeting the needs of our most vulnerable residents. Demand for services creates pressure at the front line teams which in turn, means staff time assessing needs in order to provide the appropriate response becomes stretched. Sometimes we are able to offer information and advice which enables people to access the right services but on other occasions we are duty bound to provide services which meet the needs of our residents' eligible needs. The care market itself also contributes to the existing pressure as, despite the recent increase in fee levels, providers are struggling to both recruit and retain staff. This means that some providers are struggling to respond and so making placements and providing care packages remains a daily challenge.
127. The department has commenced work on a number of actions aimed at reducing the extent of any adverse pressure to the budget and continue to meet the outcome. The projection overspend is currently £1.25m against a base budget of £93m, meaning a variance of 1.3%. Further measures are also being considered to deliver savings based on service redesign with the resident always in mind whilst ensuring a safe service is maintained. A further financial risk at the present time relates to the current financial position of the Council's largest partner the local NHS who are already reducing direct funding to both the Council and key partners in the sector which can further add to the Council's financial pressure. These actions which are being implemented in order to produce a balanced position are only likely to increase during the winter period when demand for Health services has repeatedly been evidenced to rise. It should be recognised that savings and better outcomes have been successfully delivered in a number of areas but there is much more to do.
128. Colleagues in Finance and Performance are working to support the service to develop more detailed information using new systems, in order to help identify trends and enable appropriate action to be implemented earlier. This work involves a deep examination of the underlying position, which whilst positive over the last 3 years, contains inherent pressure which has been masked by temporary mitigations. Any growth in costs will also be identified through this exercise. This will lead to increased transparency and setting of clear outcomes going forward.
129. The Cheshire East Enforcement Policy was agreed by Cabinet in July 2016. The new policy provides details of our overarching approach to enforcement and is supported by service-specific policies which provide greater detail on available enforcement options appropriate to particular circumstances.
130. A total of 16 cared for children were successfully adopted by the end of quarter 2. It is positive that 6 of these were by 'foster to adopt' carers, meaning these vulnerable young people experienced less placement moves and achieved a permanent family much quicker. We anticipate that by the end of quarter 4 nearly 30 children and young people will have achieved adoption, which is a considerable increase on last year.
131. Cheshire East has established a new Corporate Parenting Committee to act in an advisory role to the Cabinet and to assist the Council in fulfilling its legal obligations and responsibilities towards cared for children and care leavers. The underlying principle of corporate parenting is that the local authority will seek the same outcomes for children and young people in care that every good parent would want for their own children or children

within their family. This includes providing the strategic direction to ensure that they are effectively supported to reach their potential through the provision of excellent parenting, high quality education, and opportunities to develop their talents and skills and effective support for their transition to adulthood. The Committee holds Council and partner agency services to account for the discharge of their responsibilities and has a work programme that will look in detail at services that improve outcomes for this vulnerable group of young people.

132. It is being reported nationally and locally that numbers of cared for children are increasing. Cheshire East remains at the lower end of our statistical neighbour group, with figures from Cheshire West and Warrington showing much higher rates. This is creating significant budget pressures and a growth bid has been submitted to address both the increased costs of caring for these children, many of whom have complex needs, and to allow for the rising average cost of care packages. These children and young people also need high quality staff to support their needs. There is good evidence that Cheshire East's recruitment and retention strategy for Social Worker and Team Manager posts is proving effective in attracting experienced, high performing staff from neighbouring councils.
133. Cheshire East Local Safeguarding Children Board (LSCB) is the key statutory mechanism for agreeing how partners co-operate to safeguard and promote the welfare of children and young people in the area. In order to provide effective scrutiny, the LSCB should be independent from the local authority and partners and, through an Independent Chair, be able to hold all agencies to account. Cheshire East's new Independent Chair, Gill Frame, took up post on 1st August 2016. Gill brings with her a wealth of experience and knowledge about Cheshire from work done on a pan-Cheshire basis

and is passionate about improving outcomes for children and young people.

134. Three Cheshire East services for children and young were recognised by the 'Investing in Children (IiC) Membership Award' in July for their work in ensuring that children and young people who use their services have a voice and are able to influence the services they use. The services awarded the IiC kitemark were the Cheshire East Safeguarding Children Board, the Safeguarding Children in Education Settings Team (SCIES) and Catch 22, a commissioned service that works alongside young people, their families and the police to find out what has caused them to run away and prevent them from running away again in the future. The award is given based on two criteria: there must be evidence of an active dialogue between the service and the young people who use its services; and evidence of change as a consequence of the dialogue. Children and young people who use the services determine whether the award should be given.
135. One of the key ways in which the LSCB listens to children and young people in Cheshire East is through an annual conference called 'Act Now'. This year's conference took place at Wychwood Park in Crewe in July and enabled young people from a range of schools across Cheshire East to talk direct to key professionals from different agencies about safeguarding issues important to them. This year's conference included presentations around being staying safe on social media, body image, exploring gender identity, staying resilient and safeguarding in schools.
136. The **Health Protection Forum** received reports in July regarding the Infection, Prevention and Control service provided in 2015-16 by both acute trusts. A presentation was also provided by the Consultant Microbiologist for the Trusts on trends in anti-microbial resistance covering the previous five years, which led to a



discussion about how the control of antibiotic prescribing can have a positive impact on reducing antibiotic resistance. The role of formularies covering the prescribing of antibiotics, and the joint work between pathology and CCG medical directors was also highlighted as a key approach to ensuring better use, and a reduction, in antibiotic prescribing.

137. The **Infection Prevention** Control service continues to perform well and is responsive to the needs across our Residential, Nursing Care, Dental, GP and Early Years settings. This work will continue to progress further with wider partnership developments e.g. with Environmental Health. This is linked to transformational developments for the Infection Surveillance system (ICNet).
138. A specific work programme has been developed for tuberculosis prevention across Cheshire East.
139. The **Winter Wellbeing** partnership has been preparing for the colder weather with a review of our preparations against NICE Guidance. The planning work has recently been judged as being 'good-excellent' in a report 'Get Warm Soon?' by National Energy Action.
140. The Vulnerable Person's Steering Group (sub group of the Extreme Weather Planning group) has taken a paper to the Information Governance Group, which proposes an improved process for the identification of vulnerable people using GIS mapping approach when an emergency situation such as flooding occurs.
141. It is currently envisaged that the Public Health ring-fenced budget will be fully committed within the year, with only a small proportion of the current earmarked reserve taken forward to 2017/18 in order to deliver the full year consequences of existing spending decisions. The budget is increasingly being further

integrated into the wider People's spending plans, evidenced this year by the investment being made in Early Intervention and Prevention activities in respect of children. These fit within the evidenced Public Health outcomes and tie in with the priorities of the Children's and Families department in terms of areas such as mental health and childhood obesity.

142. The Public Health team are planning future years investment through to 2020 bearing in mind evidenced priorities coming through areas such as the JSNA, and existing contractual commitments which span more than one financial year, set against the backdrop of reduced grant funding year on year.

## 6 ~ A Responsible, Effective and Efficient Organisation

143. During the second quarter, the Council received the Audit Findings Report from its external auditors, Grant Thornton, summarising their findings from the 2015/16 audit. The report was considered by the Audit and Governance Committee on 29th September, and anticipates providing an unqualified audit opinion in respect of the financial statements. In relation to Value for Money, the report notes: "we are satisfied that, in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources."
144. Audit and Governance Committee also received a report on 2015/16 customer feedback, noting that the Council received 3,597 instances of feedback during the year, of which 1,855 were compliments and 177 were suggestions. This demonstrates a significant 38% increase in compliments from the previous year, with compliments outnumbering complaints (1,565). With regards to the 129 complaints referred to the Local Government Ombudsman, the number upheld (20) of those investigated (45) stood at 44%, below the national average of 51%.

145. **Workplace Wellbeing** – the Cheshire East Corporate Wellbeing and Resilience Group has implemented the National Institute for Health and Care Excellence ('NICE') guidelines and developed an action plan to improve the wellbeing and resilience of the workforce. Staff have been encouraged to look after their own and their colleagues' wellbeing and have organised sponsored cycling challenges and events such as sponsored bake offs. Blood pressure checks have been held for staff and key messages for health improvement promoted. The work is being linked to the results of the latest staff survey.
146. The staff survey undertaken in Summer 2016 received an overall response rate of 59%, a significant increase from 45% from the last survey in 2014. Overall the results indicate a positive improvement with a notable increase in staff engagement. A number of areas of strength were highlighted, in particular a continued willingness to change, high levels of job satisfaction and a commitment to living the Cheshire East values and putting residents first. Senior Managers are developing an action plan to respond to areas for improvement, which include ensuring staff feel valued for their contributions, recognising and helping to ease pressures and involving staff more in planning and shaping the way services are delivered.
147. The Emergency Planning service has a pressure of £14,000 as they are expecting to receive unbudgeted accommodation costs for the use of buildings in Cheshire West.
148. At mid year, the overall budget for Chief Operating Officer Services is forecast to be underspent by £1.3m.
149. The majority of this underspending occurs in Professional and Commercial Services which is forecasting an underspend of £0.7m,

with around half of the underspend relating to an underspend on energy budgets due to low energy prices and greater savings than expected on the combined heat and power unit at Crewe Lifestyle Centre. Further savings relate to posts which have been vacant for periods of time. Underspends against budget are also being reported by Finance and Performance (£153,000), ICT Service Delivery (£121,000), Organisational Development (£79,000), Governance & Democratic (£97,000) and Communications (£31,000). The underspend is being partially offset by a projected overspend in Monitoring Officer and Head of Legal Services (£50,000). A balanced position is being reported by Commissioning.

## 2. Financial Stability

### Introduction

150. 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.
151. 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 has a direct effect on the financial performance of the Council and the Council's share of ongoing surpluses are currently held in the Trading earmarked reserve.
152. **Table 1** provides a service summary of financial performance at quarter two. For further details please see Section 1 and the notes below the table. Changes to service net budgets since the First Quarter Review are analysed in **Appendix 2**.
153. The impact of the projected service outturn position is to decrease balances by £2.6m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.

**Table 1 - Service Revenue Outturn Forecasts**

2016/17 Mid Year Review (GROSS Revenue Budget £583.4m)	Revised Budget (NET) £000	Forecast Actual Outturn £000	Forecast Over / (Underspend) £000
SERVICE DIRECTORATES			
Children & Families	45.2	46.7	1.5
Adult Social Care	92.6	93.9	1.3
Public Health	0.0	0.0	0.0
Community & Partnerships	4.5	4.4	-0.1
People	142.3	145.0	2.7
Directorate	0.4	0.4	0.0
Planning & Sustainable Development	-1.4	-1.4	0.0
Infrastructure & Highways (incl Car Parking)	7.9	7.9	0.0
Growth & Regeneration	4.3	4.3	0.0
Rural & Green Infrastructure	2.8	2.8	0.0
Client Commissioning			
Building Control	1.8	1.8	0.0
Skills & Growth	1.7	1.7	0.0
Transport	14.5	15.5	1.0
Place	32.0	33.0	1.0
Client Commissioning			
Leisure	2.3	2.3	0.0
Environmental & Bereavement	27.3	27.5	0.2
Chief Operating Officer (Finance, ICT etc)	46.8	45.5	-1.3
Corporate	76.4	75.3	-1.1
Total Services Net Budget	250.7	253.3	2.6

## Government Grant Funding of Local Expenditure

154. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2016/17 was £304.2m.
155. In 2016/17 Cheshire East Council's specific use grants held within the services was budgeted to be £259.1m based on Government announcements to February 2016. This figure was revised down at the first quarter stage to £248.1m.
156. Mid year has seen a further decrease in grant of £0.5m. This is due to a reduction of £0.4m in estimated Housing Benefit Subsidy payments, and £0.1m relating to an adjustment for Early Years funding and one academy conversion.
157. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
158. General purpose grants were originally budgeted to be £45.2m, but further in-year grant announcements increased this figure to £46.8m at mid year review.
159. Additional general purpose grants of £7,000 have been received during the second quarter of 2016/17. Requests for the allocation of grants received are detailed in **Appendix 9**.
160. **Table 2** provides a summary of the updated budget position for all grants in 2016/17. A full list is provided at **Appendix 3**.

**Table 2 – Summary of Grants to date**

	2016/17 Revised Forecast FQR £m	2016/17 Revised Forecast MYR £m	2016/17 Change £m
<b>SPECIFIC USE</b>			
Held within Services	248.1	247.6	-0.5
<b>GENERAL PURPOSE</b>			
Central Funding	26.3	26.3	0.0
<u>Service Funding:</u>			
People - Children and Families	1.3	1.3	0.0
People - Adult Social Care and Independent Living	1.2	1.2	0.0
Place	0.9	0.9	0.0
Corporate – Customer Operations	1.9	1.9	0.0
Corporate – Chief Operating Officer	15.2	15.2	0.0
Sub Total	20.5	20.5	0.0
Total General Purpose	<b>46.8</b>	<b>46.8</b>	<b>0.0</b>
<b>Total Grant Funding</b>	<b>294.9</b>	<b>294.4</b>	<b>-0.5</b>

## Collecting Local Taxes for Local Expenditure

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

## Council Tax

162. Council Tax is set locally and retained for spending locally. Council Tax was set for 2016/17 at £1,261.95 for a Band D property. This is applied to the taxbase.
163. 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 2016/17 was agreed at 142,186.60 which, when multiplied by the Band D charge, means that the expected income for the year is £179.4m.
164. 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 £218.9m.

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

	£m
Cheshire East Council	179.4
Cheshire Police and Crime Commissioner	22.9
Cheshire Fire Authority	10.2
Town and Parish Councils	6.4
<b>Total</b>	<b>218.9</b>

165. 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.
166. 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 £222.0m.
167. **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		
	2013/14	2014/15	2015/16
	%	%	%
After 1 year	98.1	97.9	98.1
After 2 years	99.0	98.9	*98.6
After 3 years	99.3	*99.1	**

\* year to date

\*\*data not yet available

168. The Council Tax in-year collection rate for 2016/17 has reduced by 0.1% compared to the same period last year at 58.3%.
169. Council Tax support payments (including Police and Fire) were budgeted at £16.7m for 2016/17 and at the end of the second quarter the total council tax support awarded was £14.6m. 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.

170. Consultation on changes to the Council Tax Support Scheme for 2016/17 was carried out in summer/autumn 2015, and the final scheme was agreed by full Council in February 2016.
171. Council Tax discounts awarded are £19.8m which is broadly in line with the same period in 2015/16.
172. Council Tax exemptions currently awarded total £3.7m which is broadly in line with the same period in 2015/16.

#### Non-Domestic Rates (NDR)

173. 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.
174. The small business multiplier applied to businesses which qualify for the small business relief was set at 48.4p in 2016/17. The non-domestic multiplier was set at 49.7p in the pound for 2016/17.
175. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester for 2016/17) 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 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.

176. The Cheshire 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. Income from this pilot is currently being held within the pool with distribution yet to be decided.
177. **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		
	2013/14	2014/15	2015/16
	%	%	%
After 1 year	98.2	98.1	98.1
After 2 years	99.2	99.3	*98.3
After 3 years	99.6	*99.6	**

\* year to date

\*\* data not yet available

178. The business rates in-year collection rate for 2016/17 has decreased to 55.8% compared to 57.3% for the same period in 2015/16.

## Capital Programme 2016/20

179. Since reporting the Capital Programme at the First Quarter Review stage the overall forecast expenditure for the next three years has decreased by £18.2m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	Revised Total Forecast Budget FQR 2016/20 £m	Amendments to MYR Forecast Budget 2016/20 £m	Amended MYR Forecast Budget 2016/20 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2016/20 £m
People Directorate	49.7	0.0	49.7	-1.0	0.0	48.7
Place Directorate	376.8	0.3	377.1	-18.0	0.3	359.4
Corporate Directorate	92.1	0.2	92.3	0.0	0.0	92.3
	<b>518.6</b>	<b>0.5</b>	<b>519.1</b>	<b>-19.0</b>	<b>0.3</b>	<b>500.4</b>

180. There are a number of reasons for the significant reduction in the capital programme. Realignment of the actual budget required for the Connecting Cheshire 2020 project alongside the funding available has resulted in a reduced budget requirement of £6.7m.
181. £11.0m has been removed from capital programme in relation to Highways projects over the next three years as part of a recent review of the programme to allow other Highways schemes to come forward in the Business Planning process and be subject to Council approval in February 2017.
182. The Hurdsfield Family Centre project (0.9m) has been removed for the foreseeable future.

183. There are also a number of Supplementary Capital Estimates totalling £0.3m for Members to note as listed in **Appendix 5** or to approve as detailed in **Appendix 6** of this report.
184. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

**Table 7 – Capital Funding Sources**

	FQR Total Forecast Budget £m	MYR Total Forecast Budget £m	Change £m
Grants	200.5	194.8	-5.7
External Contributions	69.0	69.6	0.6
Cheshire East Resources	249.1	236.0	-13.1
	<b>518.5</b>	<b>500.4</b>	<b>-18.1</b>

## Capital Budget 2016/17

185. At the Mid Year Review stage the Council is forecasting actual expenditure of £115.9m. This shows further slippage of £21.8m in to future years as Senior Responsible Officers and Project Officers have been asked to review and re-profile forecasts to reflect a more realistic capital outturn position, and also includes a £5m in-year budget reduction. The figure reported at First Quarter review was £142.7m.
186. Since the start of 2016/17 slippage on the capital programme has been measured on schemes that are at the Gateway 2 stage and are classed as committed schemes as these schemes should have commenced prior to or during 2016/17 and have a detailed

forecast expenditure plan in place. Schemes will be monitored on their progress during the year and re-categorised quarterly. This includes the net impact in 2016/17 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 7**.

187. **Table 8** below shows the actual expenditure incurred on those schemes against the revised Outturn Budget.

**Table 8: Changes to the 2016/17 Capital Budget**

Committed Schemes	Revised FQR Budget	Revised MYR Budget	Forecast Expenditure	Current Forecast Over / Underspend
	£m	£m	£m	£m
People Directorate	4.9	4.9	5.1	0.2
Place Directorate	42.3	47.3	42.9	-4.4
Corporate Directorate	42.3	42.5	39.4	-3.1
<b>Total Committed Schemes</b>	<b>89.6</b>	<b>94.7</b>	<b>87.4</b>	<b>-7.3</b>

188. At the Mid Year Review Stage the in-year forecast has been revised and £7.3m has slipped to future years.
189. **Appendix 5** details requests of Supplementary Capital Estimates and Virements up to and including £250,000 approved by delegated decision which are included for noting purposes only.
190. **Appendix 6** details requests for Cabinet approval to a supplementary capital estimate of £251,000 for the Tatton Vision – Field to Fork project, and virements to schools' schemes from the Basic Needs and School condition grants.

191. **Appendix 7** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.

## Central Adjustments

### Capital Financing Costs and Treasury Management

192. 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.
193. Investment income to August 2016 is £245,000 which is higher than the budgeted income of £133,000 for the period. The level of cash balances has remained high, although market interest rates have reduced since the Bank of England Base Rate was reduced in July. However, investments in the CCLA Investment Management Ltd property fund and use of corporate bonds and fixed term investments prior to the base rate reduction has contributed to higher rates of interest earned on investments. Investment returns in future quarters are likely to be lower as cash resources diminish and the current fixed rate investments mature.
- The average lend position (the 'cash balance') including managed funds up to the end of August 2016 is £76.4m.
  - The average annualised interest rate received on in-house investments up to the end of August 2016 is 0.72%.
  - The average annualised interest rate received on the externally managed property fund up to the end of August 2016 is 4.94%.



194. The Council's total average interest rate for the period April to August is 1.13%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.40%, and our own performance target of 0.75% (Base Rate + 0.50%).

**Table 9 – Interest Rate Comparison**

Comparator	Average Rate to 31/08/2016
Cheshire East	1.13%
LIBID 7 Day Rate	0.40%
LIBID 3 Month Rate	0.55%
Base Rate	0.25%
Target Rate	0.75%

195. As a result of lower debt repayments, due to slippage in the capital programme, there is an anticipated £1.2m underspend on the £14m budget.
196. A contributory factor of not exceeding the £14m budget and maintaining the underspend position, is the assumed reliance of achieving capital receipts of £10m in 2016/17 to finance capital expenditure. A list of proposed disposals for 2016/17 is detailed in the **Table 10** below. To date, the first seven assets listed below have been sold generating total receipts of £5.2m.

**Table 10 – Proposed Disposals 2016/17**

Asset Description
<b>Properties disposed of :</b>
Cypress House, Handforth
Pyms Lane, Crewe
Windsor Palace, Congleton
Canal Street, Congleton
Newall Avenue, Sandbach
Land at University Way, Crewe
Land at Frank Bott Avenue, Crewe
<b>Further proposed disposals :</b>
Land at Westfields, Sandbach
113 London Road, Macclesfield
Browning Street / Limelight Club Easement
Park Green Registrars
Lodmore Lane
2 Tunnickliffe Road, Macclesfield
Wilmslow Cemetery Lodge, Wilmslow
Holmes Chapel Public Convenience
Hilary Centre
Ethel Elks
Land at 6-8 Market Place
Farm Sales

197. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by

Council on 25th February 2016. Further details of counterparty limits and current investments are given in **Appendix 8**.

198. The Council has £7.5m invested in the CCLA managed property fund. Following the referendum decision to leave the EU (Brexit) the capital value of the fund has been devalued by 4%. This was a prudent industry wide move to prevent forced selling of assets in a potentially volatile market. A full review and revaluation of the fund will be carried out in due course with the expectation that the fund will be valued closer to the pre-Brexit levels. Meanwhile the fund continues to generate income of 4.9% which has exceeded any unrealised capital losses on the devaluation of the fund.
199. The aim has been to increase investments which fall outside of bank bail-in regulations, typically covered bonds and corporate bonds. However, in doing so, the Council should have regard to liquidity – the amount of cash available for investments. Although cash balances are currently high, the expectation is that cash resources will diminish over the course of 2016/17. Most bonds are issued for longer periods which has limited the availability of suitable bonds.
200. 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 £6.5m due to mature between November 2016 and March 2017.
201. 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 30<sup>th</sup> September the Council had

investments in one Corporate bond with Centrica plc for £2m. Full details are shown in **Appendix 8**.

### **Central Contingencies and Contributions**

202. A budget of £0.8m is held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. At quarter two it is forecast that spend will be in line with budget. Net unallocated savings budgets of £0.2m are also currently held centrally. Within this it is anticipated that an underspend of £0.2m on unallocated expenditure budgets will arise.

### **Debt Management**

203. The balance of outstanding debt has decreased by £4m since the end of quarter one, mainly due to settlement of year end invoices raised against Clinical Commissioning Groups. Balances remain within forecast levels and adequate provisions have been made. Details of the Council's invoiced debt position are contained in **Appendix 10**.

### **Outturn Impact**

204. The impact of the projected service outturn position is to decrease balances by £2.6m as reported above (**para 153**).
205. Taken into account with the central budget items detailed above and the approved use of general reserves below (**para 212**), the financial impact described in this report could result in a reduction in balances of £2.2m as summarised in **Table 11**.

**Table 11 – Impact on Balances**

	£m
Service Net Budget Outturn	-2.6
Central Budgets Outturn	1.4
Use of Reserves approved by Council	-1.0
<b>Total</b>	<b>-2.2</b>

### Management of Council Reserves

206. The Council's Reserves Strategy 2016-19 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is likely to remain at £11.8m throughout the medium term.
207. The opening balance at 1<sup>st</sup> April 2016 in the Council's General Reserves was £13.0m as published in the Council's Audited Statement of Accounts for 2015/16.
208. At the February 2016 meeting, Council approved the use of £1.0m of general reserves in 2016/17, to be transferred to earmarked reserves to meet additional costs associated with the Council's planning functions.
209. The overall impact of service budgets, central budgets and Council decisions is identified in **Table 11** above. **Table 12** shows how this impacts on the forecast closing balance of general reserves.

**Table 12 – Change in Reserves Position**

	£m
Opening Balance at 1 <sup>st</sup> April 2016	13.0
Impact on Balances at Quarter 1	-2.2
<b>Forecast Closing Balance at March 2017</b>	<b>10.8</b>

210. The projected balance of £10.8m reflects the current forecast that risks associated with budget achievement in 2016/17 may partly materialise, and would bring reserves to below the level planned in the 2016-19 Reserves Strategy. However, the Council will strive to identify remedial actions to bring about a balanced outturn position by year end. Overall the Council remains in a strong financial position given the major challenges across the public sector.
211. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31<sup>st</sup> March 2016 balances on these reserves stood at £53.3m, excluding balances held by Schools. Contributions of £2.5m to the Transitional Funding reserve, and £451,000 to the Collection Fund Management reserve, and a contribution of £140,000 from the Investment Sustainability reserve were approved as part of the 2016/17 budget.
212. Together with approved transfer of £1.0m from general reserves into earmarked reserves for planning costs (**para 208**), these items brought the earmarked reserves balance available in 2016/17 to £57.1m.
213. During 2015/16, an estimated £14.9m will be drawn down and applied to fund service expenditure specifically provided for.

Service outturn forecasts take account of this expenditure and funding.

214. A full list of earmarked reserves at 1 April 2016 and estimated movement in 2016/17 is contained in **Appendix 11**.

# 3. Workforce Development

215. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety and Workforce Development plans and changes for the second quarter 2016/17.

## Culture and Values

216. The staff survey 2016 was launched on 15th June and ran for four weeks. The response rate (59% compared to 45% in 2014) has been strong, supported by an ongoing communications campaign. The broad themes of the survey have remained similar to the 2014 survey with some small changes to build on the learning from the previous survey.
217. Overall the results indicate a positive improvement from 2014, with a notable increase in the overall engagement of colleagues. The survey results highlight a number of areas of strength. In particular continued willingness to change, high levels of job satisfaction and commitment to living our values and putting residents first. The results of the survey also highlight some areas where we are not always getting things right. Principally ensuring staff feel valued for the contribution they make, recognising and helping to ease work pressures and involving staff more in planning and shaping the way we deliver our services. Co-ordinated action planning is now underway.

## Building Capability and Capacity

218. The Corporate Training programme and Continuous Professional Development Portfolios ensure 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.
219. Over 2,026 reservations were successfully arranged for CEC employees to attend a range of regulatory and mandatory learning and development opportunities during the first quarter of 2016/17. A further 19 employees successfully secured funding approval via the Learning and Development Panel for role specific development, seeing £27,072 investment.
220. Developing management capability at all levels has continued with 23 managers and supervisors across the Council currently being supported to complete ILM qualifications through an external commissioning arrangement. A further 13 supervisors have recently been awarded their qualifications. A leadership and management programme for the Council's top 100 managers will be in place for 2017, complementing a series of corporate engagement events. These offers run alongside a corporate leadership and management standard course offer open to all managers across the Council.



221. The Workforce Development Team continues to work closely with numerous regulatory and professional bodies and links into several local universities and colleges to ensure academia and research based theories are inherent in everything we do, establishing teaching partnerships with Keele University and local FE colleges too. In 2016/17 we have supported three external students in Postgraduate research studies through data collection at Cheshire East. This is alongside supporting 20 Cheshire East staff to complete Undergraduate or Postgraduate qualifications through the CPD funding panel in quarter 2. As a recognised centre of excellence, quality assurance measures ensure that all employees and apprentices receive up to date training and surpass expectations of external verification and examination boards and feel fully supported throughout all stages of their career. Two external reviews of qualifications this quarter have reported high quality service.

### **Resourcing and Talent**

222. The Council has provided more than 15 work experience sessions for young adults and school children during quarter 2. The Council's apprenticeship scheme continues to expand, extending the range and levels of qualifications offered with a range of preferred suppliers. An officer working group has been established to ensure the Council is ready to respond to the changes being brought in by the Government around apprenticeships.
223. The Council continues to offer opportunities for Graduate Development. The offer is under development to provide tailored opportunities for permanent staff and recent graduates within service areas. This recognises the importance of early career development by providing opportunities to build networks, gain skills and obtain wider insights into a large organisation with a view to development careers within the Council.

### **Reward and Recognition**

224. To enhance the range of employee benefits an on-line "Rewards Centre" has recently launched with more than 700 staff already signed up. The Rewards Centre provides staff with over 6,000 different discounts and offers for well known high street retailers, days out, holidays etc, including discounts at over 120,000 stores including M&S, John Lewis, IKEA, Sainsbury's, Morrisons, and B&Q. Available through telephone, mobile, or website ordering, the Rewards Centre will help staff make their money go further and will support the attraction and retention of employees.

### **Education HR Consultancy**

225. The Education HR consultancy have continued to offer and provide two levels of service, Gold and Silver, with the Silver Service having no on-site support to schools and academies. Buy back from September 2016 is shown in **Table 14** below:

**Table 14 – HR Consultancy Buy back from Schools**

Education HR SLA Package	Number of Schools	Academy Primary	Primary Maint'd	Secondary Academy	Secondary Maint'd	Special Academy	Special Maint'd
3 Year Gold 2015-18	63	10	44	3	2	2	2
3 Year Gold 2016-19	9	5	3	0	0	0	0
1 Year Gold 2016-17	45	9	26	6	3	0	1
3 Year Silver 2015-18	2	0	2	0	0	0	0
3 Year Silver 2016-19	2	0	2	0	0	0	0
1 Year Silver 2016-17	7	2	5	0	0	0	0
<b>Totals</b>	<b>128</b>	<b>26</b>	<b>82</b>	<b>9</b>	<b>5</b>	<b>2</b>	<b>3</b>

226. In addition Knutsford Academy have confirmed that they will be buying back in March when their current contract with an alternative provider expires.

227. The team have provided support to schools and academies with the implementation of the new Occupational Health contract.

### Health and Safety

228. The Occupational Health tendering process has been successfully completed with the contract being issued to People Asset Management Ltd (PAM). Close working with PAM through the implementation plan has resulted in managers now fully accessing the new referral system (on-line and via phone) – meeting the September target for contract commencement. KPIs have been

agreed with the provider and service delivery monitoring meetings will commence with PAM in November 2016.

### Staffing Changes

229. As shown in **Table 15**, Cheshire East's employee headcount remained unchanged overall between June and September 2016; however over the same period the total number of full-time equivalent employees slightly increased by 0.6%.

**Table 15: Cheshire East Council employee headcount and FTE figures**

Directorate / Service	Employee FTE Jun-16	Employee FTE Sep-16	Employee Headcount Jun-16	Employee Headcount Sep-16
Corporate	869.4	853.1	1,043	1,022
Customer Services	278.7	274.6	357	351
Finance and Performance	79.9	76.9	83	80
Human Resources	45.1	41.5	51	47
ICT	187.6	185.2	194	192
Legal and Democratic Services	106.7	112.7	141	146
Communications and Media	10.7	13.7	11	14
Professional Services	123.5	119.4	168	161
Apprentices	36.2	27.2	37	29
People	1,690.3	1,721.8	2,312	2,330
Adult Social Care and Health	807.6	828.7	1,027	1,051
Children's Services	779.8	784.1	1,175	1,162
Community and Partnerships	101.9	107.1	109	115
Place	298.9	300.9	375	379
Growth and Regeneration	79.7	79.6	86	86
Infrastructure and Transport	41.3	41.1	43	43
Lifelong Learning	10.2	10.2	12	12
Planning and Sustainable Development	70.0	71.0	72	73
Rural and Green Infrastructure	96.7	97.1	161	163
<b>Cheshire East Council Total</b>	<b>2,859.5</b>	<b>2,876.9</b>	<b>3,721 *</b>	<b>3,721 *</b>

**Note:** The Chief Executive has not been included in any of the Directorate/Service information, but is counted in the overall Cheshire East Council headcount and FTE figures; similarly Executive/Directors and "Business Managers" will not appear in the "Service" totals but will appear in the overall "Directorate" figures. Employees with multiple assignments across services will appear in the headcount figures for each service, but will be counted only once in the total CEC headcount figure; where an employee has multiple assignments in the same service they will appear in the overall headcount figure only once.



## Absence

230. As shown in **Table 17**, absence levels over the first half of 2016/17 were similar to 2015/16 and 2013/14, and slightly lower than the same period in 2014/15. Proactive management of sickness absence levels will continue through 2016/2017.

**Table 17: Average days lost to sickness (per FTE employee) at the end of Quarter 2**

	2013/14	2014/15	2015/16	2016/17
Cheshire East (excluding Schools)	5.26	5.58	5.19	5.31

## Voluntary Redundancies

231. 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.
232. Four people have left the Council under voluntary redundancy terms in quarter 2, two of whom held posts within the management grades (Grade 10 or above). The total severance cost for all four employees was £344,000 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1.2m (which is the combined accumulated costs of the deleted posts).

# **Appendices to Mid Year Review of Performance 2016/17**

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**November 2016**

# Appendix 1 Cheshire East Council Residents First Outcomes



# Appendix 2 Changes to Revenue Budget 2016/17 since Quarter One

	Quarter 1 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 2 Net Budget £000
<b>PEOPLE</b>				
Children & Families	45,158			45,158
Adult Social Care & Independent Living	92,695	70	-51	92,714
Public Health	0			0
Community & Partnerships	4,462			4,462
	142,315	70	-51	142,334
<b>PLACE</b>				
Directorate	1,347		-982	365
Planning & Sustainable Development	-1,361		-22	-1,383
Infrastructure & Highways	7,914	1		7,915
Growth & Regeneration	3,247	6	1,068	4,321
Rural & Green infrastructure	2,745			2,745
Client Commissioning :				
Building Control, Land Charges and Planning Support	1,801		13	1,814
Skills & Growth	1,750			1,750
Transport	14,486			14,486
	31,929	7	77	32,013

	Quarter 1 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 2 Net Budget £000
<b>CORPORATE</b>				
Client Commissioning :				
Leisure	2,367		-107	2,260
Environmental	27,246		81	27,327
Bereavement				
Customer Operations	9,094		45	9,139
Chief Operating Officer - Other (e.g Finance, ICT, Legal, Facilities)	37,559		220	37,779
	76,266	0	239	76,505
<b>TOTAL SERVICE BUDGET</b>	<b>250,510</b>	<b>77</b>	<b>265</b>	<b>250,852</b>
Central Budgets				
Specific Grants	-20,244	-77		-20,321
Capital Financing	14,000			14,000
Corporate Unallocated	-329			-329
Corporate Contributions	1,154		-265	889
Contribution to / from Reserves	2,811			2,811
	-2,608	-77	-265	-2,950
<b>TOTAL BUDGET</b>	<b>247,902</b>	<b>0</b>	<b>0</b>	<b>247,902</b>

# Appendix 3 Corporate Grants Register

Corporate Grants Register 2016/17		Revised Forecast	Revised Forecast	Change	SRE / Balances
		FQR	MYR		(Note 2)
		2016/17	2016/17	2016/17	
	Note	£000	£000	£000	
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	1	142,268	142,201	-67	
Pupil Premium Grant	1	5,399	5,355	-45	
Sixth Forms Grant	1	4,230	4,230	-0	
<b>Total Schools Grant</b>		<b>151,897</b>	<b>151,785</b>	<b>-111</b>	
Housing Benefit Subsidy		79,000	78,566	-434	
Public Health Funding		17,258	17,258	0	
<b>TOTAL SPECIFIC USE</b>		<b>248,155</b>	<b>247,609</b>	<b>-545</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant		26,340	26,340	0	
<b>Total Central Funding</b>		<b>26,340</b>	<b>26,340</b>	<b>0</b>	

Corporate Grants Register 2016/17		Revised Forecast	Revised Forecast	Change	SRE / Balances
	Note	FQR 2016/17 £000	MYR 2016/17 £000	2016/17 £000	(Note 2)
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant		26,340	26,340	0	
<b>Total Central Funding</b>		<b>26,340</b>	<b>26,340</b>	<b>0</b>	
<b>People - Children &amp; Families</b>					
Troubled Families		875	875	0	
Youth Justice Board		299	299	0	
Staying Put Implementation Grant		109	109	0	
Remand Funding		19	19	0	
<b>People - Adult Social Care &amp; Independent Living</b>					
Independent Living Fund		948	948	0	
Local Reform and Community Voices		198	198	0	
Social Care in Prisons		73	73	0	
<b>Place</b>					
Adult Skills (Lifelong Learning)		749	749	0	
Property Search Fees New Burdens		22	22	0	
Extended Rights to Free Transport		118	118	0	
Capacity Support for Self Build & Custom House Building Register		0	6	6	SRE
Lead Local Flood Authorities		0	1	1	SRE
<b>Corporate - Customer Operations</b>					
Housing Benefit and Council Tax Administration		1,336	1,336	0	
NNDR Administration Grant		562	562	0	
Business Rates Revaluation 2017: S31 Grant Reimbursement		1	1	0	

Corporate Grants Register 2016/17	Revised Forecast		Change 2016/17 £000	SRE / Balances (Note 2)
	FQR	MYR		
	2016/17 £000	2016/17 £000		
Note				
<b>Corporate - Chief Operating Officer</b>				
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	
New Homes Bonus 2016/17	2,444	2,444	0	
New Homes Bonus 2017/18	0	0	0	
Affordable Homes 2012/13	85	85	0	
Affordable Homes 2013/14	82	82	0	
Affordable Homes 2015/16	63	63	0	
Affordable Homes 2016/17	222	222	0	
New Homes Bonus Returned Funding Grant 2016/17	90	90	0	
New Homes Bonus ESTIMATED OVERALL REDUCTION	0	0	0	
Education Services Grant	2,778	2,778	0	
Transitional Funding	2,973	2,973	0	
Electoral Register Transfer Programme Resource Grant 2016/17	58	58	0	
Additional Election Funding	37	37	0	
Additional Election Funding: N West Deadline Extension Funding	9	9	0	
<b>Total Service Funding</b>	<b>20,457</b>	<b>20,464</b>	<b>6</b>	
<b>TOTAL GENERAL PURPOSE</b>	<b>46,797</b>	<b>46,803</b>	<b>6</b>	
<b>TOTAL GRANT FUNDING</b>	<b>294,951</b>	<b>294,412</b>	<b>-539</b>	

## Notes

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

2 SRE - Supplementary Revenue Estimate requested by relevant service.



# Appendix 4 Summary Capital Programme and Funding

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget	2016/17	2017/18	2018/19 and
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	Future Years
	£000	£000	£000	£000	£000	£000	£000
<b>People Directorate</b>							
<b>Children and Families</b>							
Committed Schemes - In Progress	4,387	0	7	4,394	4,557	3,522	1,083
New Schemes and Option Developments	2,533	0	200	2,733	2,533	5,195	0
Recurring Programmes	400	0	-271	129	129	4,807	12,779
Longer Term Proposals	350	0	0	350	350	1,346	11,250
<b>Adult Social Care</b>							
Committed Schemes - In Progress	328	0	4	332	332	0	0
New Schemes and Option Developments	0	0	0	0	0	0	0
Recurring Programmes	684	0	-4	680	680	0	0
Longer Term Proposals	0	0	0	0	0	0	0
<b>Community &amp; Partnerships</b>							
Committed Schemes - In Progress	212	0	0	212	212	0	0
<b>Total People Directorate</b>	<b>8,894</b>	<b>0</b>	<b>-64</b>	<b>8,830</b>	<b>8,793</b>	<b>14,870</b>	<b>25,112</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2016/17	During Quarter	2016/17	2016/17	2016/17	2017/18	2018/19 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
<b>Place Directorate</b>							
<b>Infrastructure &amp; Highways (inc car parking)</b>							
Committed Schemes - In Progress	31,246	4,717	-65	35,898	34,468	11,222	86,961
New Schemes and Option Developments	3,288	-605	0	2,683	2,683	700	300
Recurring Programmes	2,240	0	0	2,240	2,240	14,717	2,270
Longer Term Proposals	22,296	-4,141	-5,000	13,155	6,472	20,018	61,144
<b>Growth &amp; Regeneration</b>							
Committed Schemes - In Progress	10,054	178	0	10,232	7,313	31,738	13,494
New Schemes and Option Developments	4,050	0	0	4,050	1,172	6,757	11,080
Recurring Programmes	2,853	0	0	2,853	2,803	2,761	1,650
Longer Term Proposals	5,000	0	0	5,000	0	6,900	10,700
<b>Rural &amp; Green Infrastructure</b>							
Committed Schemes - In Progress	1,023	135	2	1,160	1,160	930	0
New Schemes and Option Developments	100	105	0	205	180	274	0
Recurring Programmes	582	0	0	582	582	3,535	165
Longer Term Proposals	0	0	0	0	0	0	13,000
<b>Total Place Directorate</b>	<b>82,732</b>	<b>389</b>	<b>-5,063</b>	<b>78,058</b>	<b>59,073</b>	<b>99,552</b>	<b>200,764</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	2018/19 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
<b>Corporate Directorate</b>							
<b>Environmental</b>							
Committed Schemes - In Progress	19,558	232	0	19,790	19,791	16	0
New Schemes and Option Developments	60	0	0	60	60	0	0
Recurring Programmes	140	-61	0	79	79	220	0
Longer Term Proposals	150	0	0	150	150	230	12,120
<b>Bereavement</b>							
New Schemes and Option Developments	150	0	0	150	150	0	0
<b>Leisure</b>							
Committed Schemes - In Progress	2,690	0	0	2,690	2,690	3,203	5,353
<b>Customer Operations</b>							
Committed Schemes - In Progress	141	0	0	141	141	0	0
New Schemes and Option Developments	178	0	0	178	178	144	30
<b>Chief Operating Officer - Other</b>							
Committed Schemes - In Progress	19,916	0	0	19,916	16,784	5,148	0
New Schemes and Option Developments	775	0	0	775	775	5,112	0
Recurring Programmes	2,309	0	0	2,309	2,271	8,278	4,357
Longer Term Proposals	5,000	0	0	5,000	5,000	0	0
<b>Total Corporate Directorate</b>	<b>51,067</b>	<b>171</b>	<b>0</b>	<b>51,238</b>	<b>48,069</b>	<b>22,351</b>	<b>21,860</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2016/17	During Quarter	2016/17	2016/17	2016/17	2017/18	2018/19 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Committed Schemes - In Progress	89,555	5,262	-52	94,765	87,448	55,779	106,891
New Schemes and Option Developments	11,134	-500	200	10,834	7,731	18,182	11,410
Recurring Programmes	9,208	-61	-275	8,872	8,784	34,318	21,221
Longer Term Proposals	32,796	-4,141	-5,000	23,655	11,972	28,494	108,214
<b>Total Net Position</b>	<b>142,693</b>	<b>560</b>	<b>-5,127</b>	<b>138,126</b>	<b>115,935</b>	<b>136,773</b>	<b>247,736</b>

Funding Sources	2016/17	2017/18	2018/19 and
	£000	£000	Future Years
			£000
Grants	28,869	53,714	112,204
External Contributions	7,828	7,585	54,202
Cheshire East Council Resources	79,238	75,474	81,330
<b>Total</b>	<b>115,935</b>	<b>136,773</b>	<b>247,736</b>

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

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Supplementary Capital Estimates</b>		
<b>Infrastructure &amp; Highways (inc car parking)</b>		
Marsh Lane Holmes Chapel	306	Budget increased due to external contributions received in full.
<b>Rural and Green</b>		
ROWIP Cycle/Walking Schemes	1,850	Cranage Public Footpath No. 4: improvement of surfacing of route between Cranage and Holmes Chapel funded by Cranage Parish Council
	<b>2,156</b>	

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Capital Budget Virements</b>		
<b>Children and Families</b>		
Puss Bank Primary School Mobile	20,000	Virement of Schools Condition capital grant for Puss Bank Primary School to undertake works on a mobile unit.
<b>Adult Social Care</b>		
Adaptions to Stanley House	4,003	Virement of social care capital grant towards the costs of adaptations to Stanley House.
<b>Infrastructure &amp; Highways (inc car parking)</b>		
S106 Sandbach Town Drop Kerbs	5,883	Virement to cover forecast project cost from Road Safety Minor Works budget.
Capacity enhancements A534 Nantwich Road	6,646	Virement to cover forecast project cost from the Strategic Programme Delivery scheme .
<b>Environment</b>		
Restoration of South Park Lake	10,000	Virement to cover forecast project cost from the Parks Development fund - Cheshire East Resources
Meriton Rd Park Outdoor Gym	21,216	Realignment of two approved budgets for Meriton Road Park into one scheme.
<b>Total Capital Budget Virements Approved</b>	<b>67,748</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>69,904</b>	

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

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
<b>Supplementary Capital Estimates</b>		
<b>Rural and Green Infrastructure</b>		
Tatton Vision - Field to Fork	251,000	Increase in budget to reflect an additional £150,000 Heritage Lottery Funding , £71,000 from the Tatton Charitable Trust and a £30,000 contribution from Revenue.
<b>Total Supplementary Capital Estimates Requested</b>	<b>251,000</b>	
<b>Capital Budget Virements</b>		
<b>Children and Families</b>		
Monks Coppenhall Primary School	481,711	Following a detailed feasibility study for each school, additional funding is required to address specific site issues. This virement is wholly funded by grant received from the Department for Education, for Basic Need and School Condition Allocation.
Hungerford Primary School	370,981	
<b>Total Capital Budget Virements Requested</b>	<b>852,692</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>1,103,692</b>	

# Appendix 7 Capital Budget Reductions

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Children and Families				
Re-development of Hurdsfield Family Facilities	975,000	0	-975,000	Reduction due to removing the project from capital programme for the foreseeable future.
Devolved Formula Capital - delegated funding to school	6,006,777	5,994,420	-12,357	Reduction due to Monks Coppenhall converting to academy status and the funds transferring to the school directly.
Infrastructure and Highways				
S278s Highways				
A34 Astbury Mere	25,000	3,500	-21,500	All relating to S278 schemes, where the work is now complete or the decision made to not go ahead.
Hind Heath Rd, SBach, Richbrgh	8,000	0	-8,000	
Back Lane, Eaton	5,000	1,313	-3,687	
Astbury Lane Ends Congleton	3,500	1,997	-1,503	
Marthall Lane, Ollerton	2,127	2,047	-80	
S278 Land, Mill St Congleton	25,000	13,820	-11,180	
S278 Charter Way, Macclesfield	684	434	-250	
S278 Sherbourne Road, Crewe - 1268530	11,242	10,612	-630	
S278 Park House FmM - 1265520	4,500	4,032	-468	
S278 Kennels Fm, AstonM - 1263790	2,127	763	-1,364	
S278 The ROK DevelopmentM	22,500	11,745	-10,755	
S278 Clarence MillM	10,000	4,744	-5,256	
S278 20 Manchester Rd, MaccM	1,500	542	-958	
Client Commissioning				
Connecting Cheshire 2020	18,250,000	11,600,000	-6,650,000	Reduction in budget to reflect actual funding for the project.
Connecting Cheshire Phase 2	6,818,000	6,535,000	-283,000	Reduction in budget to reflect actual funding for the project.
Total Capital Budget Reductions	32,170,957	24,184,969	-7,985,988	

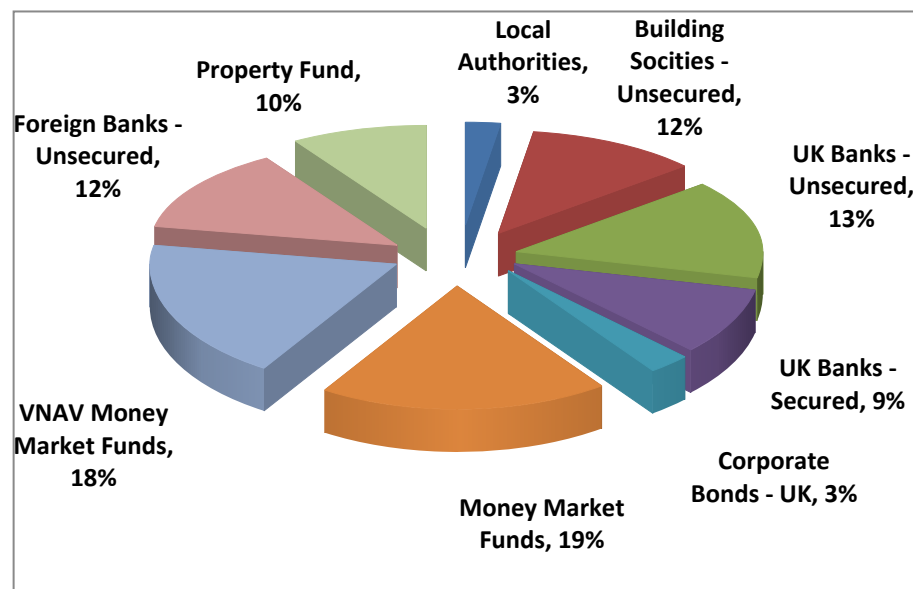


# Appendix 8 Treasury Management

## 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 £6m for unsecured investments and £12m 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 £12m per fund with a limit of 50% of total investments per fund. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m. 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 with a limit of £12m per country. Foreign investments held at 31st August 2016 total £9.0m with Canadian and Swedish Banks.
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. The Council is also making use of some Variable Net Asset Value (VNAV) Money Market Funds which invest for a slightly longer duration than the standard money market funds but where the rate of return can be quite variable. In the months of July and August these were returned 1.00% but this is expected to fall as the effects of the Base Rate cut work through the system.
5. Banks' credit ratings are kept under continual review. The 'Brexit' issue has resulted in a review of all UK credit ratings but has not yet had a material effect other than the UK credit rating being downgraded. Subject to availability and cash flow requirements the Council is seeking to invest in high credit quality covered bonds
6. Covered Bonds are fixed period investments (typically three to ten years) which are tradeable and where the investment is secured 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. The Council is looking to invest in shorter periods than most of the currently available bonds.
7. **Chart 1** shows an analysis of the investments by counterparty type. A full analysis of the types of investment and current interest rates achieved is given in **Table 1** with the maturity profile in **Chart 2** which also shows the value of investments potentially subject to bail-in in the event of counterparty failure and those which are exempt from bail in requirements.

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



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

Instant Access Accounts	Average Rate %	£m
Instant Access Accounts	-	-
Money Market Funds	0.44	13.9

Notice Accounts	Notice Period	Average Rate %	£m
Money Market Funds (VNAV)	2 days	0.84	13.5
Lloyds Bank	175 days	0.78	6.0
Santander (UK)	120 days	1.05	2.0
Santander (UK)	180 days	1.15	1.8
Svenska Handelsbanken	35 days	0.55	5.0

Fixed Term Deposits (Unsecured)	Start	Maturity	Rate %	£m
Lancashire County Council	02/12/2015	04/12/2017	1.00	2.0
Toronto Dominion CD	04/01/2016	03/01/2017	0.90	1.5
Nationwide Building Society	01/04/2016	03/10/2016	0.71	3.0
Coventry Building Society	11/04/2016	11/10/2016	0.60	1.0
Nationwide Building Society	11/04/2016	11/10/2016	0.71	2.0
Toronto Dominion CD	12/05/2016	10/02/2017	0.77	2.5
National Counties Building Society	13/05/2016	14/11/2016	0.75	1.0
Nationwide Building Society	11/07/2016	11/01/2017	0.53	1.0
Cumberland Building Society	12/07/2016	18/10/2016	0.47	1.0

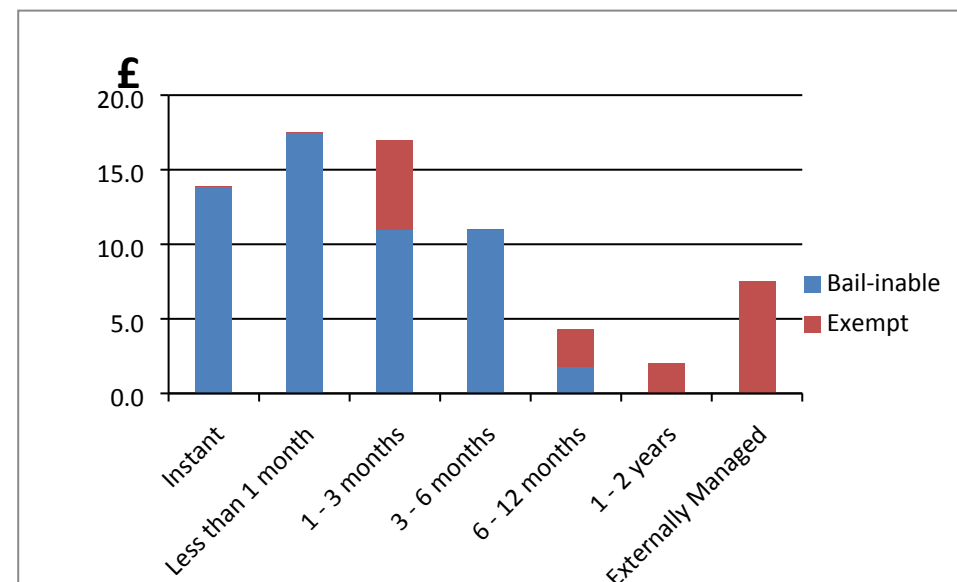
Secured Deposits	Start	Maturity	Rate %	£m
Bank of Scotland	17/06/2015	08/11/2016	0.84	2.5
Bank of Scotland	30/10/2015	08/11/2016	0.95	1.5
Lloyds Bank	26/08/2016	22/03/2017	0.66	2.5

Corporate Bonds	Start	Maturity	Rate %	£m
Centrica plc	12/05/2016	24/10/2016	0.98	2.0

Externally Managed Funds	£m
Property Fund	7.5

Summary of Current Investments	£m
<b>TOTAL</b>	<b>73.2</b>

**Chart 2 – Maturity Profile of Investments**



# Appendix 9 Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Adult Social Care	Social Care in Prisons (General Purpose)	70	<p>The 2016/17 grant allocation has been confirmed as £72,528. At First Quarter Review, only the increase of £2,000 from the 2015/16 grant was subject to a bid for funding, when in fact the full amount of the 2016/17 allocation should have been requested.</p> <p>The provision of social care in prisons is a new burden for local authorities introduced as part of the Care Act. 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.</p>
Place – Strategic Housing	Capacity Support for Self Build & Custom House Building Register (General Purpose)	6	This is a one off grant, its purpose is to set up and administer the Self Build & Custom House Building Register within the Housing Service.
Place – Flood Risk Management	Lead Local Flood Authority Grant (General Purpose)	1	Additional support to local authorities/LLFA's for expenditure legally incurred in the management of local flood risk.
<b>Total</b>		<b>77</b>	

# Appendix 10 Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates) for which the performance related data is contained within Section 2 of this report.
2. Annually, the Council raises invoices with a total value of over £75m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing, Markets and Building Control.
3. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. 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.
4. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor). In 2015/16 the team collected £1.8m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of quarter two was £7.8m. This is a reduction of £4m since June 2016 due to settlement of

invoices raised just before year end in Adult Social Care to Clinical Commissioning Groups.

6. The total amount of service debt over 6 months old is £3.2m; provision of £3.5m has been made to cover doubtful debt in the event that it needs to be written off.

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families	819	8	8
Schools	53	28	28
Adult Social Care & Independent Living	4,600	2,053	2,419
Public Health & Wellbeing	0		
Economic Growth & Prosperity	751	304	303
Chief Operating Officer: Commissioning Services:			
Environmental	385	205	205
Highways	782	270	270
Leisure	11	11	12
Communities	57	11	11
Other	347	287	287
	<b>7,805</b>	<b>3,177</b>	<b>3,542</b>

# Appendix 11 Earmarked Reserves

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Children &amp; Families</b>				
Children's Social Care	377	-377	0	To support implementation of Children's Social Care bill.
<b>Adult Social Care &amp; Independent Living</b>				
Extra Care Housing PFI	1,879	181	2,060	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning	450	-450	0	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law.
NHS Section 256	3,391	-1,695	1,696	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
<b>Public Health</b>	1,942	-1,638	304	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
<b>Highways</b>				
Severe Weather	360	-130	230	To provide for future adverse winter weather expenditure.
<b>Communities</b>				
Communities Investment	586	-236	350	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Emergency Assistance	569	-400	169	Carry forward of underspend on previous years' schemes to provide for future hardship payments.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Economic Growth &amp; Prosperity</b>				
Tatton Park	202	-30	172	Ring-fenced surplus on Tatton Park trading account.
Planning Costs and Investment Service Structure	358	-358	0	To meet potential costs within the Planning Service and Investment Service Structure.
Royal Arcade Crewe	500	-150	350	To provide for future costs relating to the Royal Arcade including repairs and maintenance.
<b>Chief Operating Officer</b>				
Elections	12	134	146	To provide funds for Election costs every 4 years.
Insurance & Risk	4,581	-81	4,500	To settle insurance claims and manage excess costs.
Investment (Sustainability)	2,744	-1,576	1,168	To support investment that can increase longer term financial independence and stability of the Council.
Collection Fund Management	8,570	319	8,889	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing	11,540	0	11,540	To provide for financing of capital schemes, other projects and initiatives.
Transforming Services	3,345	-785	2,560	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding	0	1,186	1,186	To provide financial support to services or projects during a period of transition to a lower overall cost base.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Cross Service</b>				
Trading Reserve	<b>1,179</b>	0	<b>1,179</b>	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	<b>3,186</b>	-2,876	<b>310</b>	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	<b>5,158</b>	-1,158	<b>4,000</b>	Unspent specific use grant carried forward into 2015/16.
Revenue Grants - Other	<b>2,404</b>	-949	<b>1,455</b>	Unspent specific use grant carried forward into 2015/16.
<b>TOTAL</b>	<b>53,333</b>	<b>-11,069</b>	<b>42,264</b>	

**Notes:**

- Figures exclude Schools balances of £8.058m at 1<sup>st</sup> April 2016.
- Forecast Movements in 2016/17 include the following budgeted and approved additions and reductions to earmarked reserves approved by Council

	£000
Planning costs and Investment Service structure	1,000
Transitional Funding	2,500
Collection Fund Management	451
Investment Sustainability	-140
	<u>3,811</u>