

Cabinet Agenda

Date: Tuesday, 13th June, 2017
Time: 2.00 pm
Venue: Committee Suite 1, 2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

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

It should be noted that Part 1 items of Council decision-making meetings are audio recorded and the recording will be uploaded to the Council's website.

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.

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 9th May 2017.

6. **Corporate Parenting Committee Annual Report 2016-17** (Pages 15 - 36)

To receive the Corporate Parenting Committee Annual Report 2016-17.

7. **Ansa Proposed Joint Venture Company** (Pages 37 - 50)

To consider a report seeking support for Ansa to establish a joint venture trading company with High Peak and Staffordshire Moorlands District Councils.

8. **Housing Repairs and Adaptations Framework** (Pages 51 - 62)

To consider a report on the procurement and establishment of a framework to commission low value domestic repairs and adaptations on behalf of vulnerable residents.

9. **Translation and Interpretation Services - Procurement** (Pages 63 - 68)

To consider a report on the procurement of translation and interpretation services via a framework agreement.

10. **Treasury Management Annual Report 2016/17** (Pages 69 - 84)

To receive the Treasury Management Annual Report for 2016/17.

11. **2016/17 Financial Outturn and Review of Performance** (Pages 85 - 176)

To consider the 2016/17 financial outturn and review of performance.

THERE ARE NO PART 2 ITEMS

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Cabinet**
held on Tuesday, 9th May, 2017 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 and
D Stockton

Members in Attendance

Councillors D Bailey, Rhoda Bailey, G Baxendale, S Corcoran, R Fletcher, D
Flude, M Grant, S Hogben, L Jeuda, A Moran, B Moran, H Murray, J Nicholas,
B Roberts, B Walmsley, L Wardlaw, G Williams and J Wray

Officers in Attendance

Kath O'Dwyer, Frank Jordan, Peter Bates, Mark Palethorpe, Dan Dickinson,
Ralph Kemp and Paul Mountford

Apologies

Councillors P Groves, S Gardiner and G Hayes

The Chairman reminded everyone that Foster Care Fortnight had started
on 5th May and that Mental Health Awareness Week had started on 8th
May.

130 DECLARATIONS OF INTEREST

Councillors P Bates and D Brown, as local members for Congleton,
declared non-pecuniary interests in Item 10 on the agenda – Delivery of a
Town Centre Regeneration Scheme for Congleton – The Mills.

131 PUBLIC SPEAKING TIME/OPEN SESSION

Sue Helliwell had been donated dog poo bags to run a campaign to try
and stop dog fouling on pavements and in public open spaces. She hoped
that Cheshire East Council would visit schools with a vet to explain the
health implications of dog fouling and the heavy fines dog owners faced if
they did not pick up after their dogs. One school had already shown an
interest.

The Portfolio Holder for Communities and Health replied that the Council
was planning a series of Dog Watch Campaigns for the summer and was
keen to work with Sue Helliwell to deliver a joint campaign in Alsager.
Dates for the campaigns would be confirmed over the next two weeks.

Cabinet considered a report recommending a preferred option for a supported bus network in Cheshire East as the basis for a 10 week period of public consultation.

The Portfolio Holder for Highways and Infrastructure reported that the Environment and Regeneration Overview and Scrutiny Committee at its meeting on 4th May 2017 had made the following recommendations which would be considered as part of the consultation:

1. That Disley be included as part of the consultation events.
2. That the consultation events in principal town and key service centre be expanded to include suitable shopping centres and railway stations.
3. That Members encourage all Town and Parish Councils to appoint a champion to improve engagement with them during this process.

Councillor J Wray, Chairman of the Environment and Regeneration Overview and Scrutiny Committee, spoke in relation to the Committee's consideration of the matter.

The Chairman stressed that this was a matter for consultation at this stage and that the outcome of the consultation would be reported back to Cabinet.

RESOLVED

That Cabinet

1. approves the proposals in the Preferred Option (Appendix 3 to the report) as the basis for 10 week period of public consultation;
2. authorises the Executive Director of Place, in consultation with the Portfolio Holder for Highways and Infrastructure, to conduct a Borough-wide public consultation in accordance with the Consultation Plan and Communications Plan (Appendices 1 & 4);
3. delegates authority to the Executive Director of Place, in consultation with the Portfolio Holder for Highways and Infrastructure, to approve the final versions of all consultation material; and
4. notes that the outcomes of the consultation and any proposed amendments to the network of supported local buses will be reported back to Cabinet.

133 **BENTLEY MASTERPLAN AND DEVELOPMENT FRAMEWORK**

Cabinet considered a report on the Development Framework and Masterplan produced by Bentley Motors and the outcome of recent consultation with local residents and stakeholders.

The consultation process had highlighted a range of issues and concerns regarding the vision of the Development Framework and Masterplan. These issues would need to be addressed once the full detail was available following submission of a planning application.

The endorsement of the Bentley Motors Development Framework and Masterplan did not prevent the Council at a later date, through its planning duties, from exercising its right to refuse future planning application proposals relating to the scope of the plan.

At the Chairman's invitation, Michael Straughan, Board Member for Manufacturing at Bentley Motors, addressed the meeting. Mr Straughan was accompanied by his colleague Sally Hepton.

RESOLVED

That the Development Framework and Masterplan produced by Bentley Motors as the basis of their future ambitions in Crewe be endorsed.

134 **QUESTIONS TO CABINET MEMBERS**

Councillor R Fletcher referred to the requirement to provide two pedestrian crossings at Sandbach Road South and Sandbach Road North, Alsager, which he said had originally been proposed by the former Cheshire County Council in 2007. He had been informed that the locations no longer met the necessary criteria for the provision of pedestrian crossings and he asked for an explanation. The Portfolio Holder for Highways and infrastructure undertook to send a written reply.

Councillor S Corcoran referred to the recent appointment of a Section 151 Officer to take over those responsibilities from the Chief Operating Officer, and the appointment of an Interim Director of Legal Services and Monitoring Officer. He asked who had taken those decisions. At the Chairman's request, the Acting Chief Executive replied that she had taken the decisions under the Council's urgency procedures following consultation with Group Leaders and others.

Councillor H Murray asked which officer was now responsible for cycling matters. The Portfolio Holder for Highways and Infrastructure replied that the officer responsible for cycling was the Executive Director Place.

Councillor L Jeuda asked about reports that Cheshire East Council had paid some of its employees less than the minimum wage and that the employee who had made this known through the Council's Whistleblowing

procedure had lost their job. At the Chairman's request, the Acting Chief Executive replied that the Council was undertaking a piece of work to assure itself that it was satisfying the requirements of the minimum wage and that this would become clearer when the exercise had been concluded. The preliminary findings appeared to indicate that the Council was meeting the requirements. The Acting Chief Executive was unable to comment regarding individual members of staff. The Portfolio Holder for Corporate Policy and Legal Services added that following the most recent staff survey, a group had been set up under the Chief Operating Officer's chairmanship to ensure that staff were treated properly and fairly and that their views were taken into account. That work was ongoing and he awaited the outcome. Finally, the Chairman stressed that the Council's staff were its greatest asset and that it was essential to engage with staff and to have policies in place to ensure their safety.

Councillor D Flude asked if there would be an independent evaluation of the respite care service now in place compared with the previous service. The Portfolio Holder for Adult Care and Integration replied that there had been a robust regular evaluation of the new service and that reports would continue to be made to the Health and Adult Social Care and Communities Overview and Scrutiny Committee. In addition, she had asked Healthwatch to carry out an independent review and to report back. She undertook to ask Healthwatch about the timing of the review.

135 **MINUTES OF PREVIOUS MEETING**

RESOLVED

That the minutes of the meeting held on 11th April 2017 be approved as a correct record.

136 **A500 DUALLING**

Cabinet considered a report on the findings of the recent informal stakeholder consultation on the proposed dualling of the single carriageway section of the A500 between the M6 and Crewe and Nantwich.

The report recommended a preferred option for the scheme and sought approval to undertake the further work necessary to submit a planning application and to develop the Outline Business Case.

RESOLVED

That Cabinet

1. approves the following scheme objectives:
 - To support the economic, physical and social regeneration of Crewe
 - To improve road safety and journey times and their reliability

- To improve the reliability of public transport
 - To improve connectivity between important economic centres in the sub-regional Constellation Partnership
 - To support delivery of key national infrastructure, e.g. HS2 and the Crewe Hub Station
 - To support delivery of key employment and housing allocations
 - To improve the efficiency and reliability of the highway network
 - To reduce the conflict between the local and strategic traffic, and provide an improved route for freight and business travel
 - To facilitate future improvements to Junction 16 on the M6
2. authorises the Head of Strategic Infrastructure to adopt Option 2 (as described in paragraph 5.1 of the report) as the preferred solution to meet the scheme objectives;
 3. authorises the Executive Director of Place, in consultation with the Highways and Infrastructure Portfolio Holder, to develop the preferred Option 2 further to enable the preparation of a planning application and the Outline Business Case and to submit the Outline Business Case to the Department of Transport;
 4. authorises the Executive Director of Place, in consultation with the Highways and Infrastructure Portfolio Holder, to make and issue the statutory notices to enter land for survey purposes associated with the proposed new road as required via S289-290 of the Highways Act 1980 and associated powers;
 5. notes that the Scheme Cost Estimate currently stands at £57m (including risk), and that it will continue to be refined as the design is developed further;
 6. notes the summary of consultations undertaken with key stakeholders on the options, which is included in the Scheme Assessment Report; and
 7. approves the anticipated programme for the next stage of work.

137 **DELIVERY OF TOWN CENTRE REGENERATION SCHEME FOR CONGLETON - THE MILLS**

Cabinet considered the conditional sale of two Council land assets in Congleton town centre to the Scarborough Development Group to facilitate the comprehensive development of the town centre site.

The assets in question were the freehold of the market square and the leasehold of Princess Street car park. The purpose of the acquisitions was to marry the assets with land already in the company's ownership to facilitate a mixed use redevelopment providing new town centre retail and leisure accommodation, public toilets, a new market square and an improved market facility.

RESOLVED

That authority be delegated to the Executive Director of Place in consultation with the Portfolio Holder for Regeneration, the Portfolio Holder for Finance and Assets, the Chief Operating Officer and the Director of Legal Services to

- (a) authorise the conditional sale of the land shown edged red and blue on the plan attached to the report, to facilitate the comprehensive development of the town centre site in Congleton;
- (b) complete any ancillary legal documents in conjunction with the disposal of the land and transfer of the market operation for this purpose;
- (c) advertise any required public open space notices and parking consultations and consider any responses and complete the statutory process; and
- (d) reduce the income targets and assumptions for the Car Parking Service and ANSA to reflect the reduction in annual income from parking charges and market rents once the site transfers.

138 **SHARED FOSTERING SERVICE**

Cabinet considered a report which sought approval to progress the development of a shared fostering service for Cheshire East alongside Warrington, Halton and Cheshire West and Chester. The report also sought approval to explore the feasibility of a single local authority delivering the functions of the fostering service on behalf of the partnership.

The Portfolio Holder for Children and Families proposed a number of amendments to the recommendations in the report to provide further clarity of certain matters. Details of the amendments were circulated at the meeting.

RESOLVED

That Cabinet

- 1. agrees that Cheshire East should collaborate with Halton, Cheshire West and Chester and Warrington in the recruitment, assessment and training of foster carers;
- 2. agrees that one of the partner local authorities will be the host local authority for the initial collaboration phase;

3. agrees that the feasibility of developing a fully integrated service and a single fostering agency be explored and that, subject to the outcome, permission to progress will be sought from Cabinet;
4. agrees to the development and establishment of the shared fostering services being delegated to the Acting Executive Director of People in consultation with the Portfolio Holder for Children and Families;
5. delegates authority to the Acting Executive Director of People, in consultation with the Acting Director of Legal Services, to sign off an inter-authority agreement for Phase 1 of the development of the service as set out in paragraph 4.9.6 of the report; and
6. requires the officers to continue developing the shared fostering service in order for collaboration to occur in October 2017 and a fully integrated service, if deemed viable, in 2018.

139 **5-YEAR ICT INVESTMENT PROGRAMME 2017**

Cabinet considered a report recommending the strategic engagement of Microsoft as a Cloud migration partner to support ICT Services.

This was an aspirational and transformational investment programme which would enable Cheshire East and Cheshire West and Chester Councils to achieve efficiencies whilst delivering high quality services and keeping pace with residents' changing needs and expectations.

RESOLVED

That Cabinet

1. approves the procurement of Microsoft Cloud migration partner services at an estimated total cost of £5.31m (excluding VAT) over a 2-year contract period; funded jointly from the Cheshire East Council approved ICT Infrastructure Investment Programme budget and Cheshire West and Chester (through programme recharges or staged payments as agreed); and
2. delegates authority to the Chief Operating Officer in consultation with the Shared Services Joint Committee and Portfolio Holders for ICT from both Cheshire East and Cheshire West and Chester Councils:
 - to enter into all necessary contractual arrangements to deliver the solution; and
 - to use the Digital Marketplace G-Cloud 8 framework to procure an ICT migration partner to transfer ICT shared services into the Cloud.

140 **POYNTON RELIEF ROAD - APPROVAL TO PROCEED WITH
THE COMPULSORY PURCHASE OF LAND REQUIRED TO DELIVER
THE SCHEME AND APPROVAL TO NEGOTIATE AND SETTLE THE
TERMS OF A LEGAL AGREEMENT WITH ADLINGTON GOLF CENTRE**

Cabinet considered a report proposing the use of compulsory purchase powers to acquire land for the construction of the Poynton Relief Road.

The report also recommended that an early agreement with Adlington Golf Centre be progressed to remove a key risk to the scheme.

RESOLVED

That Cabinet

1. approves the use of the powers of compulsory purchase to undertake the acquisition of land and new rights required for the construction of the Poynton Relief Road and to authorise:
 - (a) The making of an order (or orders) under Sections 239, 240, 246, 250 and 260 of the Highways Act 1980 and all other powers as appropriate for the compulsory purchase of land and rights required for the construction of the Poynton Relief Road as shown on drawings B1832054/CPO-PRR/001 to 004 inclusive ("the CPO");
 - (b) The making of a side roads order (or orders) under Section 8, 14 and 125 of the Highways Act 1980 and all other necessary powers to improve or stop up existing highways, construct lengths of new highway and stop up and provide replacement private means of access as required to deliver the Poynton Relief Road ("the SRO");
 - (c) The Executive Director of Legal Services in consultation with the Director of Place to conclude an agreement under section 8 of the Highways Act 1980 with Stockport Borough Council to exercise their functions in relation to the promotion and progression of the orders and these authorisations shall apply to both the exercise of the functions of Cheshire East and those of Stockport pursuant to the "section 8 agreement";
 - (d) The Executive Director of Legal Services in consultation with the Director of Place to determine whether the acquisition of the land for the provision of replacement land for the golf course land to be acquired at Adlington Golf Centre and identified on drawing number B1832054/CPO-PRR/005 should be undertaken under the powers identified at (a) above or under other appropriate powers and pursuant to a separate

compulsory purchase order and should that be the case then paragraphs (e) – (j) below shall apply to such order;

- (e) The Executive Director of Place in consultation with the Director of Legal Services to make any amendments necessary to the contemplated orders arising as a result of further design work or negotiations with landowners or affected parties or for any connected reasons in order to enable delivery of the Poynton Relief Road;
- (f) The Executive Director of Place with the approval of the Director of Legal Services to secure the confirmation of the contemplated orders including:
 - i) To take all necessary actions to secure the making, submission to the Secretary of State for confirmation and (if confirmed) implementation of the SRO and the CPO including the publication and service of all relevant notices and for the Director of Legal Services to secure the presentation of the Council's case at any public inquiry and the subsequent service of Notices to Treat and Notices to Enter or, as the case may be, the execution of General Vesting Declarations; and
 - ii) The negotiation and the entering into of agreements and undertakings with the owners of any interest in the order lands and with any objectors to the confirmation of the CPO and/or SRO setting out the terms for the withdrawal of objections including, where appropriate, the inclusion in and/or exclusion from the CPO of land or new rights or the amendments to the SRO;
- (g) The Executive Director of Place in consultation with the Director of Legal Services to agree compensation for the acquisition of land and rights acquired compulsorily and in the event that any question of compensation is referred to the Upper Tribunal (Lands Chamber) to authorise the Director of Legal Services to take all necessary steps in connection with the conduct and, if appropriate, settlement of such proceedings;
- (h) That, in parallel with the preparation and submission for the confirmation of the Orders, the Head of Assets to initiate negotiations and seek to conclude terms to acquire the land and rights (or extinguish the same) required for the Poynton Relief Road by voluntary agreement and to instruct the Director of Legal Services to carry out such steps and enter into all necessary agreements to complete such acquisitions;

- (i) The appointment of CBRE (CPO Specialists) as the Council's additional support to the delivery of the scheme acting on behalf of the Council and under the Instruction of the Director of Legal Services; and
 - (j) The Director of Legal Services (in consultation with the Executive Director of Place) to approve and execute all legal documentation he considers necessary to give effect to the above.
2. approves that a contract be entered into with Adlington Golf Centre to relocate the existing 9 hole Graduate Golf Course prior to the delivery of the PRR in return for the provision of the necessary land required for the delivery of the Poynton Relief Road; and that the terms of this contract be delegated to the Head of Assets in consultation with the Portfolio Holder for Infrastructure and Highways;
 3. approves that Advance Utility Diversion works be undertaken to facilitate the relocation of the Golf Course and that the terms of this agreement be delegated to the Head of Assets in consultation with the Portfolio Holder for Infrastructure and Highways;
 4. approves that the Head of Assets conclude terms to acquire the land and rights required for the early delivery of the A6MARR roundabout spur by voluntary agreement and to instruct the Director of Legal Services to carry out such steps and enter into all necessary agreements to complete such acquisitions to purchase land at the junction with A6MARR in advance to allow this junction to be built as part of the A6MARR works; and
 5. notes that the development of the scheme will continue through the Council's highway contract supplier, Ringway Jacobs, up to and including the presentation of the proposal at a future public inquiry.

141 **FOOD WASTE COLLECTION, ORGANIC WASTE TREATMENT SOLUTION**

Cabinet considered a proposal to bring to final tender the procurement for the collection and treatment of food waste as a part of the garden waste bin recycling scheme.

Councillor J Wray, Chairman of the Environment and Regeneration Overview and Scrutiny Committee, reported that the Committee at its meeting on 4th May 2017 had made the following recommendations:

1. That the scheme does not conflict with any proposed residential development or the Bentley Master Plan and Development Framework.

2. That assurance be given that the scheme can accommodate household growth, as outlined in the local plan.
3. That assurance be given that the disposal and transport of compost will be dealt with correctly.
4. That the Council provide bio-degradable caddy bags to encourage the recycling of food waste.
5. That odour issues be dealt with appropriately.

RESOLVED

That Cabinet

1. approves the contents of the report and the findings of the Organic Waste Treatment Procurement: Final Tender Evaluation Report set out in Appendix 1;
2. approves the selection of Lot 1 Bidder 1 as the Preferred Bidder based on the Organic Waste Treatment Procurement: Final Tender Evaluation Report and the contents of the report;
3. authorises the Corporate Manager for Waste and Environment Services as the Senior Responsible Officer for the Organic Waste Treatment Procurement in consultation with the Chief Operating Officer and the Director of Legal Services to clarify, specify and optimise the Preferred Bidder's final tender to enable the Council to enter into a legally binding contract with the Preferred Bidder;
4. upon the satisfactory completion of the above clarification, specification and optimisation stage, delegates the final decision to award a contract to the Preferred Bidder to the Portfolio Holder for Regeneration and Assets;
5. notes the budget position to date and maintains the current capital budget allocated towards the cost of the Organic Waste Treatment Procurement in the Council's Capital Programme until all the Council's costs attributable to the Preferred Bidder's solution are identified; and
6. notes that if a contract is awarded to the Preferred Bidder, the implementation of the Preferred Bidder's solution will require a coordinated approach from the Council and its ASDVs including but not limited to:
 - The location subject to planning permission of the facility at the Council's site, at Leighton Grange Farm, Crewe detailed on the appended diagram;

- Upgrading of part of the access road to the Council's Site and, if necessary, any improvement works required to the junction of the access road and the A530. Costs will be confirmed following site investigation however highways initial estimate is in the order of £500,000 to 1 million depending on services and ground conditions;
- The supply and distribution of food waste caddies and bags to the relevant households estimated at approximately £322,000; and
- A communications strategy to inform residents of service changes and drive behavioural change.

Before closing the meeting, the Chairman congratulated Councillor Sam Corcoran on his election as leader of the Labour Group. Councillor Corcoran paid tribute to his predecessor, Councillor David Newton.

The meeting commenced at 2.00 pm and concluded at 4.10 pm

Councillor Rachel Bailey (Chairman)



**Corporate Parenting
Committee**

**Annual Report
2016-17**

Foreword

It has been a pleasure working alongside both member and officer colleagues to coordinate Corporate Parenting arrangements in Cheshire East for the 2016-17 year; the first year of the Corporate Parenting Committee.

The first year of the committee has seen enhanced member involvement in their roles as corporate parents through the committee where we have covered a number of key elements which impact on the daily lives of our Cared for Children and Care Leavers.

Throughout the course of the year, the committee has covered;

- An overview of Corporate Parenting in Cheshire East
- An overview of the Cheshire East Corporate Parenting Strategy
- The role, purpose and outcomes of the Virtual School
- The Health and Wellbeing of Children in Care
- The Fostering Panel Annual Report
- The Adoption Panel Annual Report
- Five Priority Areas from Children and Young People
- The provision and outcomes for Care Leavers
- The wider Children and Families Improvement Plan

Most importantly, amongst all of the above key themes and topics, the voice of the child and outcomes for children has been at the centre of the committee's discussions and I hope that this is something which continues in years to come.

Working with our partners is key to our success to ensure a holistically improved service and outcomes for our Cared for Children and Care Leavers. I am grateful too for the contributions which they have made during the course of the last 12 months and look forward to continuing to share accountability and performance together.

I am resolute, that although improvements continue to be identified, we are never to be complacent in our work in this important area and will always commit to striving for the best possible outcomes for our Cared for Children and Care Leavers.

I hope that this report suitably outlines the ever-improving work which Cheshire East Council continues to deliver for Cared for Children and Care Leavers. It has been heartening to see the genuine care and concern for our children from officers and members alike and I truly believe that with this ethos, we are well-positioned to continue improving our performance and in turn our OFSTED outcomes in this critical area.



Cllr George Hayes

Chair of the Corporate Parenting Committee

Context

Corporate Parenting is commonly used to describe the collective responsibility of the council, its members and partner organisations to provide the best possible care for children and young people who are “looked after” – those who are in the care of the local authority. In Cheshire East, children and young people have requested that their preference is to be known as “Cared for” or “Care Leavers” as opposed to “Looked After Children” – therefore this terminology will be used consistently throughout this report.

The most effective examples of Corporate Parenting take an authority-wide approach whereby all Council members and employees have an active commitment to ensuring the best possible outcomes for Cared for Children and Care Leavers.

Statutory responsibilities relating to Local Authorities duties in relation to Corporate Parenting were first outlined in the Children Act 1989. This outlines that Councillors should have a lead role in ensuring that their Council acts as an effective corporate parent for every child in care, actively supporting standards of care and seeking high quality outcomes that every good parent would want for their child. This extends to ensuring that children are not just cared for in terms of their essential needs, but cared about and nurtured as individuals to grow into successful and independent adulthood.

The ongoing commitment of being an excellent parent extends to all partner agencies providing services used by Cared for Children and Care Leavers.

Corporate Parenting in Cheshire East

Since May 2016, Corporate Parenting has been coordinated by the Corporate Parenting Committee, which works as an advisory committee to the Cabinet of Cheshire East Council. The committee is made up of cross-party representation. The purpose of the committee is to ensure that the Council effectively discharges its role as Corporate Parent for all children and young people in care and care leavers from age 0-25 years old, as well as holding partners to account for the discharge of their responsibilities in this area.

The Corporate Parenting Committee undertakes its duties within the realm of the following Terms of Reference;

1. Act as advocates for cared for children and care leavers, ensuring that their needs are addressed through key plans, policies and strategies throughout the Council and its commissioned services.
2. Ensure key strategic plans and reports relating to children in care and care leavers including the Children’s Improvement Plan, Corporate Parenting Strategy and Sufficiency Statement.

3. Oversee the implementation of Cheshire East's Corporate Parenting Strategy and action plan and monitor the quality and effectiveness of services to ensure they fulfil the council's responsibilities.
4. Monitor the quality of care delivered by Cheshire East's residential children's homes via the provision of regular reposts including summary reports of Regulation 44 visits and Ofsted inspections.
5. Review the performance of the Council in relation to outcomes for children and young people in care via the scrutiny of both quarterly performance reports and the annual reports of the Cared for Children Service, the Independent Reviewing Service and the Virtual School.
6. Establish an environment whereby Elected Members and young people work together to address the needs and aspirations of Cheshire East's children and young people in care and empower children and young people to participate in decision making with adults.
7. Oversee, with the Children and Families Overview and Scrutiny Committee, the implementation of best practice principles in all aspects of service delivery, with the aim of producing positive outcomes for children and young people in care.
8. Support the work of foster carers and adopters in making a difference to the care and support they provide to children and young people in care and those adopted.
9. Make sure that staff and partners follow Cheshire East's pledge for cared for children and young people and the care leaver's charter.
10. Receive and scrutinise the Independent Review Officers' Annual Report

In addition to the Corporate Parenting Committee, the Council also has a Corporate Parenting Operational Group (CPOG). This group is officer led with membership drawn from across agencies. CPOG provides an officer led mechanism for identifying key issues for the corporate parenting committee whilst also ensuring that actions highlighted by the committee are effectively followed up.

Governance

The role of the Corporate Parenting Committee is to oversee the corporate parenting function of Cheshire East Council and its partners. It works to ensure that the Director of Children's Services and Cabinet Member for Children and Families meet their statutory responsibilities for providing professional and political leadership respectively to all children within the Borough, particularly those from identified vulnerable groups. The work undertaken by the Committee is also scrutinised in part by the Children and Families Overview and Scrutiny Panel and the Cheshire East Health and Wellbeing Board, which is the accountable body for the Cheshire East Improvement Plan in Children's Services.

Frequency of Meetings and Attendance

The Corporate Parenting Committee meets six times throughout the municipal year. During the 16/17 Municipal Year, these meetings have been in June, September, November, January, March and May. Meetings have been held at 5.00pm in order to try and accommodate including the input from Children and Young People who are in care or are care leavers.

On the whole attendance at meetings has been strong with many of the elected members serving on the committee also holding roles in other areas of the Children and Families Directorate including Children and Families Scrutiny Committee, The Fostering Panel, The Adoption Panel and responsibilities as school governors in a variety of schools across the Borough.

Cheshire East Profile¹

The following is key data relating to cared for children and care leavers:

- At the end of March 2017 there were 422 children and young people being cared for by the local authority. This is an increase of 36 (9%) from March 2016. This equates to 56 children for every 10,000 in the general population of Cheshire East, which is substantially lower than the England and North West averages, and in line with last year's statistical neighbour group average. Over the last 3 years Cheshire East has sat in the mid range of its statistical neighbour group in terms of the rate of cared for children.
- 145 individuals left care in 2016-17, compared to 141 in 2015-16.
- Cheshire East supported 11 unaccompanied asylum seekers children (UASC) with placements in 2016-17, including those supported through the national strategy.
- The gender profile of children and young people in care is split 51% male and 49% female. 41% of the children and young people in care are between the ages of 11 and 15. More females than males are aged 16+ are in care, whereas more males than females are aged 11-15.
- The average age of children and young people entering care has been age 8 for the past 3 years.
- A total of 181 children and young people have entered care in 2016-17, which is up from 166 in 2015-16.
- As at the end of March 2017, 84% of all children and young people in care live in a family situation. Every effort is made to support children and young people within Cheshire East provision and currently 82% of Cheshire East fostering provision (excluding respite) is occupied.

¹ Note that some figures may not correspond with published national data due to reporting arrangements, eg, rounding up and down.

- There has been a very small increase in the number of children and young people in residential care - up from 36 last year to 38 at year end.
- As at 31st March 2017 the ethnic profile of cared for children is predominantly white British (88%), with the biggest other ethnicities of white other and other mixed background. This is a very similar picture to last year when 87% of the cohort were white British.
- 26 children and young people were adopted over 2016-17, which is a 44% increase from the 18 children and young people adopted in 2015-16.

Progress within the 2016/17 Municipal Year

Given that the committee was only constituted in May 2016 as an advisory committee to the Council's Cabinet, this report will outline initially how progress has been made towards each of the terms of reference. Thereafter, the report will become thematic, looking at the key areas which have been scrutinised by the committee this year and how we seek to continue our work in the next municipal year.

Act as advocates for cared for children and care leavers, ensuring that their needs are addressed through key plans, policies and strategies throughout the Council and its commissioned services.

The committee has;

- Revisited a number of key strategic and plans which directly impact on our Cared for Children and Care Leavers, ensuring that they are fit for purpose and being delivered well

The committee's continued work will focus on;

- Holding commissioned partners (The Children's Society & Voice for Children) to account for the outcomes of their commissioned work in relation to advocacy and engagement in initiatives such as the Cared for Children's Council
- Ensuring that the Voice of the Child plays a more active role in the committee's work, so that we can quality assure how policies, plans and strategies are being implemented and the impact this has to the everyday lives of our Cared for Children and Young People

Ensure key strategic plans and reports relating to children in care and care leavers including the Children's Improvement Plan, Corporate Parenting Strategy and Sufficiency Statement.

The committee has;

- Been consulted on the revised Children's Improvement Plan.
- Received updates on the Corporate Parenting Strategy
- Received the Annual Sufficiency Statement

The committee's continued work will focus on;

- Ensuring that the newly revised Children's Improvement Plan is delivered both effectively and efficiently, meeting key targets and deadlines to improve practice and performance
- Being part of the process of updating our Corporate Parenting Strategy which is due to be refreshed in the forthcoming Municipal Year
- Ensuring that there continues to be sufficient and suitable accommodation for our Cared for Children and Care Leaver population

Oversee the implementation of Cheshire East's Corporate Parenting Strategy and action plan and monitor the quality and effectiveness of services to ensure they fulfil the council's responsibilities.

The committee has;

- Considered the current Corporate Parenting Strategy in detail
- Considered the Quarterly Performance Reports to ensure that the strategy is being successfully implemented

The committee's continued work will focus on;

- Updating the Corporate Parenting Strategy which is due to be refreshed in the forthcoming Municipal Year
- Rigorously monitoring and quality assuring relevant elements of the Quarterly Performance Reports to ensure that the Council and its partners are fulfilling their responsibilities effectively and efficiently

Monitor the quality of care delivered by Cheshire East's residential children's homes via the provision of regular reports including summary reports of Regulation 44 visits and Ofsted inspections.

The committee has;

- Received and scrutinised the OFSTED inspection report relating to Claremont, a children's home currently run by Cheshire East Council
- Received and scrutinised reports relating to Regulation 44 Visits

The committee's continued work will focus on;

- Ensuring that "Good" OFSTED outcomes are sustained across children's homes
- Overseeing the move from "in-house" provision to this moving to a commissioned arrangement
- Getting better consistency for member involvement in Regulation 44 Visits

Review the performance of the Council in relation to outcomes for children and young people in care via the scrutiny of both quarterly performance reports and the annual reports of the Cared for Children Service, the Independent Reviewing Service and the Virtual School.

The committee has;

- Rigorously reviewed the outcomes for children and young people in care by scrutinising quarterly performance reports, the Annual Report for Cared for Children, The Annual Report for the Independent Reviewing Service and the Virtual School

The committee's continued work will focus on;

- Holding the Council and associated partners to continued account where identified performance is not at a satisfactory standard
- Ensuring that the Annual Reports for both Cared for Children and the Independent Reviewing Service continue to reflect a true picture of service provision in Cheshire East
- Ensuring that the Virtual School continues to hold all schools across the Borough to account for the performance of Cared for Children and Care Leavers
- Ensuring that the Virtual School promotes the best possible outcomes and opportunities for Cared for Children and Care Leavers across the Borough

Establish an environment whereby Elected Members and young people work together to address the needs and aspirations of Cheshire East's children and young people in care and empower children and young people to participate in decision making with adults.

The committee has;

- Held meetings at times which are appropriate to enable young people to attend
- Promoted the attendance of children and young people in care at their meetings
- Some members have met children and young people in care at one of their meetings in their own surroundings and environment
- A group of young people have attended one meeting of the committee, made valuable contributions and asked insightful questions regarding elements of provision

The committee's continued work will focus on;

- Ensuring that the Voice of the Child continues to be at the heart of it's work and decision making processes
- Enabling young people to access more opportunities to engage with the committee both through formal meetings and other informal opportunities.
- Ensuring that commissioned partners provide suitable opportunities for children and young people to contribute to the work of the committee
- Ensuring that all members of the committee have the opportunity to meet and engage with children and young people to directly quality assure how provision is perceived by service users.

Oversee, with the Children and Families Overview and Scrutiny Committee, the implementation of best practice principles in all aspects of service delivery, with the aim of producing positive outcomes for children and young people in care.

The committee has;

- Provided a relentless focus on achieving the highest possible standards across the Council and it's partners

- Promoted the best possible outcomes for cared for children and care leavers throughout the various themes covered within the year

The committee's continued work will focus on;

- Ensuring a better interface with the Children and Families Overview and Scrutiny Committee to avoid any duplication in work and to share findings of work undertaken by each respective committee
- Continue to provide a relentless pursuit of excellence across all areas of work undertaken by the Council and its partners

Support the work of foster carers and adopters in making a difference to the care and support they provide to children and young people in care and those adopted.

The committee has;

- Scrutinised the cared for children sufficiency strategy to ensure the effective recruitment of foster carers and adopters.
- Received and scrutinised the Annual Reports of the fostering and adoption Panels.
- Received and scrutinised the move in to regional adoption arrangements (Adoption Counts)

The committee's continued work will focus on;

- Ensuring there is oversight of the progress made by Adoption Counts following its launch in July 2017.
- Ensuring there is oversight of the development and growth of the Fostering Service.

Make sure that staff and partners follow Cheshire East's pledge for cared for children and young people and the care leaver's charter.

The committee has;

- Continued to deliver the commitments identified in the pledge for Cared for Children and Care Leavers and the Care Leavers Charter
- Dedicated deep-focus areas of its meetings to ensure that key elements of the pledge are given specific time to be discussed, in order to quality assure and improve outcomes.

The committee's continued work will focus on;

- Ensuring that the Cared for Children and Care Leaver's Pledges and Charters remain up to date and relevant in the view of all stakeholders
- Ensuring that all staff and elected members have a clear oversight of the Pledge Commitments outlined in the Cared for Children and Care Leaver's Pledges

Receive and scrutinise the Independent Review Officers' Annual Report

The committee has;

- Received and scrutinised the Independent Review Officers' Annual Report

The committee's continued work will focus on;

- Ensuring that the work of the Independent Review Officers' service remains appropriate and receive the next annual report for this service

Thematic Focuses for the 2016/17 Municipal Year

As mentioned earlier, there have been a number of key themes and documents which the committee has scrutinised in particular depth. This section of the report outlines these areas; identifying key strengths and areas for development, which will also inform the committee's continued work programme in the forthcoming municipal year.

Education and the Virtual School

Health and Wellbeing of Children in Care

The Health of Cared for Children and Young People Annual Report 2015-16

The Fostering Panel Annual Report

The Adoption Panel Annual Report

Sufficiency Statement 2016/17

Claremont Residential Home Report

Regulation 44 Independent Inspections of Children's Homes Annual Report 2015 – 2016

Provision and Outcomes for Care Leavers

Children's Social Care Service Improvement Plan

Corporate Parenting Strategy Progress in 2016-17

Progress against the Corporate Parenting Strategy priorities for 2016-17 is set out at Appendix 1.

Corporate Parenting Strategy Priorities 2016-17 – Annual Progress

Involve Me

- Children and young people are at the heart of decision making in relation to all aspects of their lives and are supported to make their views and wishes heard.
- There are a range of opportunities for children and young people to influence and shape service planning and delivery.
- All staff have the knowledge and skills to engage with children and young people and encourage, promote and support their active participation.

The Children's Society currently delivers the Children's Rights and Participation Service on behalf of Cheshire East. This includes facilitating the Children in Care Council and Care Leavers Forum. During 2016-17 these important forums for our cared for children and care leavers have been established on a more regular basis and work has taken place in increase membership and engagement.

Work has continued in 2016-17 to put children and young people at the heart of decision making. This includes the establishment of a 'Shadow Corporate Parenting Committee', made up from children and young people from the Children in Care Council and Care Leavers Forum. The Chair and Deputy Chair of the Corporate Parenting Committee have met with the Shadow Committee to discuss issues relevant to them.

Staff from the Children's Society have worked closer with Cheshire East staff during this year to build better relationships. This includes working regularly from the Cheshire East office base, input to team meetings and links with social workers, Personal Assistants (PAs) and Independent Reviewing Officers (IROs).

The Participation Network continues to operate on a bi-monthly basis to support 'champions' from within services to undertake training, share good practice and develop tools for promoting participation of children and young people.

For the third year running Cheshire East celebrated November Children's Right's Month (NCRM). NCRM is where everyone working with children and young people in Cheshire East can celebrate and raise awareness of children's rights in a variety of different ways. This year, young people came up with the idea of a takeaway takeover menu, where adults can chose from a range of options to see what it feels like to be a young person today. Some of the options relating to cared for children and care leavers included:

- The £21 challenge – to experience what it feels like for a care leaver to try and purchase a weekly shop for only £21.

- A day at a children's home – a commitment to spend a day with those in children's homes, and understand the difficulties they face daily.
- Setting up home - for care leavers, setting up home is a difficult job. The challenge was to try and set up your own home, but on the budget of a care leaver.

One of the main celebrations in November was the 'Star Awards'. This is a celebration event and awards ceremony for cared for children and young people and care leavers in Cheshire East. The event is co-organised by young people. This year's event took place on Saturday 20th November 2016.

In 2016-17 Cheshire East care leavers took part in a north west event around looking at issues that affect them. The group decided on the 10 key things that would improve the help and support they receive. Regionally care leavers said that they wanted:

- To feel listened to by everyone who is supporting us
- For our friendships to be valued
- To have accurate information about our rights
- Council tax exemption for care leavers up to 25
- Help to get into work
- To have our life choices respected
- Improved multi-agency working for care leavers
- To be able to remain in care homes until we're 21, if we ask to
- To be encouraged and supported to pursue our interests and form our own identities
- Better mental health provision for care leavers

Provide me with a good, safe home

- Improve the availability, quality and stability of local placements
- Ensure that children and young people are fully engaged in decisions relating to their placement choice
- Ensure that only those children who have no alternative placement will reside in care

Improving the availability, quality and stability of local placements is key to ensuring that children and young people feel safe and settled when they are in care. This revolves around the ability to maximise the internal accommodation capacity via fostering and residential

homes. It is good to see that Cheshire East Council has the highest percentage of cared for children in a family setting (78%) when compared to all local authorities across the North West.

September 2016 saw the launch of the regional foster carer recruitment campaign called 'You Can Foster'. The theme of the campaign was 'Ambition' focussing on the important role foster carers play in supporting children and young people and helping them to realise their dreams. The campaign featured on regional TV and radio as well as online via social media channels such as Facebook.

The recruitment and retention of high quality Cheshire East Foster Carers continues to be a priority for the service. A survey in 2016-17 provided some key feedback on what is important to our Foster Carers. The service is working on an action plan to address these issues.

Cheshire East is currently undertaking work on a shared fostering service alongside Cheshire West, Warrington and Halton. The aim of this work is to share best practice in relation to marketing, recruiting and the training of foster carers and strengthen our market position thus ensuring more local foster carers can be recruited.

In 2016-17, the commissioning process for the redesign of the borough's residential homes for children in care was completed. A contract was awarded to BetterCare Keys, a national children home provider, to run from 1 April 2017. The aim is to provide a more flexible range of children homes and to increase the capacity to care for more of our children within the borough.

The 16+ accommodation and support at Watermill House, Macclesfield has been re-tendered and P3 were successful in maintaining their contract to operate this provision from April 2017. The opportunity was taken to improve the staffing model supporting the young people within the provision and increase the number of places commissioned from 5 to 6 (including the ability to access a placement on an emergency basis).

Crewe YMCA was successful in their tender submission for the Housing Related Support contract for the South of the borough (led by our Strategic Housing team). The provision in the South also includes accommodation and support at Hungerford Road which was previously operated by Plus Dane. Children's Commissioning have taken the opportunity to propose a different model of support for our 16 and 17 year olds that have accessed Crewe YMCA in the past and suggested consolidating all our placements in Hungerford Road as far as possible. This proposal will require a small increase in staffing support at Hungerford Road, but should reduce the risks inherent when utilising a large YMCA for our 16 and 17 year olds.

The ability to place our cared for children locally is sometimes hindered by the lack of Special School/Resource Provision capacity within the borough. A significant amount of

work has been undertaken during 2016 to analyse and map the sufficiency position in respect of Special Educational Needs capacity and work up options to improve our position. Cheshire East submitted an expression of interest to establish a Special Free School in the Crewe area to cater for pupils with a primary need of Social Emotional and Mental Health (SEMH) and on the 13th April 2017 received notification from the DFE that we were one of 20 Local Authority's to be successful.

The innovative approach of improving the local offer for 16+ accommodation and inclusion of the direct input of young people in the decisions about their next steps via a new Ignition Panel continues to work well.

Quality Assurance visits to residential homes continue to form an important part of ensuring a good and safe home. A programme of visits has been set again for 2017-18 and the enhancement to visits via the attendance of Voice for Children, applying their lived experience, will also continue as Voice for Children were successful in the re-commission of the Participation and User Engagement service from April 2017.

Cheshire East has joined an innovation bid with Stoke to run the 'House Project'. This involves setting up a company with children in care and care leavers to recycle derelict houses. This is intended to develop the ownership and participation skills of these children and young people.

By the end of 2016-17 final plans were completed for the launch of our Regional Adoption Agency, called Adoption Counts. This is a partnership with Stockport, Trafford, Salford and Manchester Councils, which will be one of the first new adoption agencies to open for business in July 2017. The aim of 'Adoption Counts' will be to maximise the economies of scale and expertise so that more children are matched with adopters much sooner and locally within the geographical boundary of the agency. There will be a particular focus on placing more children for adoption who; have complex needs, are part of a sibling group, and are from black and ethnic minority backgrounds. Adopters and children will also benefit from a regional approach to post adoption support.

Keep me healthy

- Ensure that all Cheshire East cared for children have an initial health assessment within 20 working days of entering care, and statutory review assessment and a robust health care plan agreed (6 monthly for under- fives, annually thereafter).
- Improve the emotional health and wellbeing of cared for children, young people and care leavers
- Promote healthy lifestyles amongst all cared for children.
- Ensure effective health transition planning

The timeliness of initial health assessments (IHAs) continues to be an area of focus as performance in this area is below expectations. In response to this poor performance, a

root cause analysis has been undertaken across four Cheshire CCGs and recommendations made to improve the compliance with completion of IHAs within 20 working days. It has been agreed that dedicated admin support and dedicated IHA clinics will take place in Cheshire East and are becoming established. The pathways for IHA and escalation have been updated and a draft strengths and difficulties questionnaire pathway on entry into care has been developed. Further improvements around this will be ongoing in 2017-18.

Systems are in place for recording review health assessment data on the case management system. Any missing data has been tracked in preparation for end of year returns.

There is further work to be developed to improve the emotional health and wellbeing of cared for children, young people and care leavers. An initial meeting has taken place with the Adoption Team Manager to take this work forward.

Work to ensure the opportunity for self-completion of mental health screening using strengths and difficulties questionnaires for 16 & 17 year olds is underway and progressing via joint work between the Nurse Specialist 16+ and Transition with the care leavers team.

The cared for children's health team has recently transferred to the same provider as the 0-19 service which gives potential for improved working together.

To promote healthy lifestyles amongst all cared for children, the following activity has taken place in 2016-18:

- A session to promote teenagers health and transition has been delivered to foster carers.
- A session to promote the health of babies and toddlers has been delivered to foster carers.
- A joint session promoting the health and development of children in early years is planned for September 2017.
- The 16+ Nurse has been working with the Personal Advisors to develop their understanding of the health needs of care leavers. More formal training workshops will be arranged in 2017-18.
- Leisure passes continue to be available and will continue to be promoted.

Information has been updated to the 'Your Health' information. The leaflet is ready for reprint. Suggestions have been made regarding updating the electronic version which may be presented in a different manner.

This process of providing health information to young people as they leave care is developing but not yet embedded in practice.

A new PA Champion for Health was appointed on the 1st April to focus on a number of work areas including pregnant care leavers, work around parenting, health passports, sexual identity and sexual health work. This is a target priority area for 2017-18.

From October 2016 the care leavers service has been working closely with the 16+ nurse and the IRO service to develop an assessment tool around emotional well-being and this was piloted in January/February 2017. A work group is evaluating this and will finalise the tool based on feedback with the young people who took part. A dedicated PA is working closely with a task work group who meets fortnightly to develop resources, strengthen working relationships and offer increased support to care leavers in this area. The council has also commissioned Kooth to support emotional well-being.

18 young people have completed the health tool and this will aim to improve the support offer to them. Those care leavers who were NEET due to poor emotional well-being and health issues have decreased and are now engaging in positive activities or re-engaged with EET.

Help me to achieve

- Ensure that schools are challenged and supported to help all children progress and achieve to their full potential
- Improve the way that children move between schools so that this is timely, smooth and well supported
- Increase the number of children with excellent attendance and reduce the number of days lost through exclusions
- Increase the number of young people who sustain transition from school to training and employment

The summer network event for Designated Teachers focussed on making sure that teachers understood their responsibilities regarding cared for children and how the Virtual School can assist in these. There was a focus on the quality of target setting within personal education plans (PEPs) and the group produced a revised framework for assessing the level of support needed and the rating of the PEP quality. Schools have also been supported with bespoke training and this has taken place in more than ten schools or colleges with individual teachers or groups of staff who support particular children.

The main focus for training in 2016-17 has been to develop attachment awareness amongst primary schools so that they are better able to understand and respond to the needs of children who have experienced trauma or insecure attachment. Two conferences were held in Autumn 2016, attended by over 100 delegates in total which were very well received. Schools were then invited to take this further by carrying out action research projects and becoming attachment aware schools. Thirteen schools have asked to be involved and the initial findings should be known by the autumn term.

The PEP process was reviewed with the Designated Teachers and the expectations around completion and return have been increased. This raising of the threshold for a 'good or better' PEP has caused an inevitable decrease in the number rated in the higher category but with ongoing support there is now an improvement again.

Schools have been supported to help children reach their potential in tests and exams through an increased focus on the predicted outcomes and rate of progress. Additional funding for interventions and boosters has been made available and this has resulted in more children having 1:1 tuition.

The SDQ score has been included on the PEP form and social workers are asked to complete this so that school are aware of any interventions or the need for them to provide additional mentoring/support.

The previous monitoring of PEPs was for those who had a PEP within the past 6 months. From 2016 this has changed to number with PEP within the term. As the terms are only three or four months long this has proved a considerable challenge but in the autumn term there was a return of over 90% within the term.

The Virtual School Council, which was due to expand the quality assurance process to include young people, has not met since September while the structure of the Children in Care Council was being revised. It is intended that this will start again from September 2017 but the 'My Voice' section of the PEP has been modified to allow the young person to give feedback to the Virtual School on how they are supported and what they feel needs to change about the way this support works. So far the feedback has been generally positive or no feedback given.

The Reference Group for headteachers met in the summer of 2016 and discussed the way the Virtual School works and how this can be improved. Issues raised, such as increase in Educational Psychology support, have been acted upon and there is currently a vacancy for this post advertised with the intention that the increased capacity will be available from September 2017.

There is improved working with special educational needs and disabilities (SEND) and PEPs are now aligned with SEN review meetings. The system for supporting children with SEN who are placed out of Cheshire East remains cumbersome at times and meetings are currently looking at how this can be made more efficient.

Foster carer training has been expanded to include a session on raising aspirations and an understanding of the new curriculum and assessment systems for primary and secondary children. These were very well received with excellent feedback and will be offered again next year.

52 children had a change of school during the academic year. The most common reasons were change of carer or to provide the additional support for SEN required. All except two were made with the agreement of the school – in these cases on appeal and one direction were used. Transfer between primary schools has proved to be easier with children moving very quickly. Transfers between secondary schools have taken longer, particularly if the child has behavioural difficulties although all children were allocated a place.

There were few cases of children moving between or into Cheshire East schools last year but experience during 2016/17 shows that this is still an area of concern in some cases which is being addressed by Senior Officers within the Education and Skills Service.

Integration into new schools has been a key focus this year and schools have been able to request funding to put into place a practical plan to ensure a successful start. This has been successful and a number of children with troubled educational histories have been able to move into their new schools.

The Virtual School Council was asked for thoughts on school moves and their ideas have been incorporated into practice. Ongoing work with SEN will ensure that moves involving children with EHCP are given a high priority and are made in good time.

A monitoring system is now in place and certificates issued for children who have full attendance for each term. When a child's attendance falls below the 90% minimum threshold the carer is contacted by phone or letter to identify any issues and offer advice. School are also involved in any plans put in place to improve attendance. The overall number of days lost through exclusion fell in 2015/16. Work is ongoing to reduce this further, particularly for those children who experience repeated exclusions. The increased educational psychology support will be used to further support schools to reduce exclusions through observations and advice.

Exclusions for children in special schools remain low and when these do take place we follow up with telephone calls and visits. Schools have been made aware of their responsibilities to find alternative provision if they feel there is no option but to exclude and to start this from day 1 to avoid pressure on the placement.

The post-16 advisor post has been expanded to include liaison with all Year 11 pupils during the summer term to ensure that there is a details post-16 plan in place. A new Key Stage 4 advisor has been appointed in July 2016 to support pupils in Year 10/11. As well as supporting through PEPs, this advisor arranged a series of engagement activities for young people at risk of becoming not in education, employment or training (NEET) and also revision sessions for young people and carers to prepare for GCSEs.

A post-16 tutor has been employed via the Innovation fund to work predominately with young people who are NEET or at risk of leaving a post-16 course but who can also support Year 11, where needed.

The Virtual School has been given management over the Cygnet programme which is a commissioned service to provide bespoke traineeships with enhanced 1:1 support. Following a tender process, the contract was awarded to Total People from March 2017.

The reporting of NEET levels are monitored monthly and the system has been refined to consider cared for and care leavers separately which allows more targeted support. The levels of NEET in both groups has currently fallen.

Support me to move to adult life

- Increase the number of young people aged 18-21 who are education, employment or training
- Prepare young people for independent living, to ensure young people have suitable accommodation and are able to live independently with limited support, and experience greater stability
- Young people have the skills and knowledge they need and can protect themselves from risk

In October 2016 Cheshire East appointed an Education, Employment and Training (EET) champion to oversee work with our young people 18-21 who are NEET. The NEET figure has reduced from 52% (July 2015) to 31% (March 2017). This is largely through a targeted approach to each of our young people, and building links with providers.

The targeted approach to improving 16+ destinations for care leavers includes funding from the Innovation Fund Bid and employment of 2 full time staff members who will focus on NEET status of care leavers to support the work with 16-18 year olds and 18+. There is a sub-group called SPEED, which focuses on 16+ Education, Employment Destinations, which is a work group from across the services and focuses on tracking 16-18 year olds and also 18-21 year olds.

Improved data reporting and reliance on the case management system as a central point for data collection has been a central feature over this past year. There is a tracker and monthly challenge meetings now measure EET.

An EET PA Champion has liaised closely with all potential providers, agencies and resources within Cheshire East and providing more offers and choice of job, training or apprenticeship to care leavers. Three young people have progressed and completed apprenticeships in August 2016. During 2016-17 we updated our EET reports to improved tracking of these young people.

NEET figures for 18-21 year olds have been reduced through a targeted approach; there is an expectation on staff that all young people who are NEET have an updated CV and care leavers have been supported by their PA's to have CV's and work ready programmes such as

'Just drop in', Youth Support Team drop in, EET champion and improved funding to support this.

There are a number of developments across 'readiness for independence' and a new PA Champion for this has been appointed from 1st April 2017 to continue to drive forward the work in this area. In 2016-17 there were 4 workshops that took place with 18 young people taking part in these.

In addition to the focus on developing work around the strategy and work streams, there has been a drive to improve the quality of pathway plans and the tools used with care leavers. A task group worked on a new look pathway plan and this 'went live' on the children's system on the 10th January 2017. Service Manager's thematic audits and challenge meetings have explored a range of topics including; adoption breakdowns in adolescence (13 to date over 16+), university attendees (10), apprenticeships (7-9), Pregnant and Parents (24), foyer accommodation, 'staying put' arrangements (16), EEA nationals and unaccompanied asylum seeking children (UASC) support as part of a deeper dive into our work.

Independence packs (bronze, silver and gold) have been designed by the PA's to use as a tools to work with young people in thinking about the work needing done to support their independent skills. A number of social workers are using this tool to assess their young people's independence skills. In the past year, 18 young people have completed independence packs in total; some completing all three.

The tenancy readiness programme offers care leavers the opportunity to think about the merits of having their own property and the responsibilities that may come with this. Four programmes were set up over 2016 and 13 young people engaged in this work over a 4-6 week period, with 4-6 care leavers participating at any one time. 7 have successfully moved to independent living, 2 have moved into supported lodgings, 3 have taken part in a trial at a taster flat and one has a moving on plan for semi independence from residential care in the coming months. One care leaver fed back "The course reiterated to him that he is not yet ready for independent living and requires further support from his host."

We now have improved knowledge of our data, better oversight and understanding of our service and a 16/17 year old tracker to think about next steps accommodation options. There is also better data tracking on numbers in staying put arrangements, semi-independent provisions and forum housing. These are reviewed by the Team Manager in monthly challenge sessions.

Last year 25 young people were referred to the 'Ignition panel', which is an innovative project that has been established to support young people to have the best, most appropriate transition for when they leave care. Ignition is for young people aged 15½ plus who are thinking about where and how they would like to live when they leave care. Making

sure our young people start independence at the right time and in the right place provides the best chance for a positive journey to adulthood and will support the best possible life chances. The panel shares ideas, suggestions, good practice etc. to develop an action plan that will support each young person to achieve their future living goals. This may be accessing a taster house, supported lodging or being supported through a semi-independent setting with a phased transition to young people being in their own property. Three young people who attended panel availed themselves of the taster flat over a 6 month period. Others obtained advice, more options to consider while others moved on to semi-independent provisions.

There are better 16+ options with ring fenced properties and even closer working with commissioning services and input into the Sufficiency Statement. Having the training flat aids the work in supporting care leavers make up their minds on their next steps.

We are working hard to try and reduce the experiences of care leavers facing homelessness and debt issues; with work being developed by the Team Manager and housing providers to prevent debts accruing and threat of eviction so there's a warning bell ringing out to our service long before this is considered an option. Council Tax exemption to care leavers who are the liable payer is up to 25 years old.

Risks to care leavers are now being captured when in semi-independent provisions through risk assessment tools (this was an Ofsted recommendation). This is tracked and reviewed in the care leavers challenge meetings.

The child sexual exploitation (CSE) tool being used in the service and training opportunities for all new staff is mandatory.

A good number of our care leavers now have their own bank accounts. Those who are unable to because of poor credit history or debts have access to a Credit Union account and several of our care leavers have accessed this.

PEPs are set up for all young people over 16 and these include the long term goals and aspirations. When a young person does not wish to have PEP, the support plan is still recorded and it is made clear that this is accessible when the young person requires it. All Y10 and Y11 are registered on the apprentice website unless they have a firm offer and plans to going to FE.

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Cheshire East Council

Cabinet

Date of Meeting:	13 th June 2017
Report of:	Peter Bates, Chief Operating Officer
Subject/Title:	Ansa Proposed Joint Venture Company
Portfolio Holder:	Cllr Paul Bates, Finance and Communities Cllr Don Stockton, Regeneration

1. Report Summary

- 1.1. Ansa Environmental Services Limited (Ansa), a company owned by Cheshire East Council and Cheshire East Residents First Limited (CERF), was formally launched on 1st April 2014 with the objective of delivering benefits to the residents of Cheshire East whilst at the same time looking for new income generating opportunities that would help sustain the company in future years.
- 1.2. Since its establishment, it has delivered significant benefits for Cheshire East Council (CEC) and has attracted attention, both regionally and nationally from other Local Authorities wanting to pursue alternative approaches to service delivery.
- 1.3. In line with the Ansa business model the company has been exploring opportunities for expansion. The joint management team (also referred to as the Alliance) of two neighbouring authorities; High Peak Borough Council (HP) and Staffordshire Moorlands District Council (SM) approached Ansa and following a number of engagement events and options appraisal all parties have concluded that a Joint Venture (JV) Trading Company created in partnership with Ansa would be the preferred approach to future service delivery of waste services. The JV would be appointed through an operating agreement with a minimum term of ten years.
- 1.4 Cheshire East Council is committed to supporting the growth and success of all of its ASDVs (Alternative Service Delivery Vehicles), but each new opportunity will be robustly considered by CEC to ensure that any expansion does not have a negative impact on the excellent service and value for money delivered to Cheshire East residents.
- 1.5. A high level business case has been shared with the Council, proposing that the JV would be established to deliver environmental frontline

operational activities covering: waste collection; street cleansing; parks/ grounds maintenance and fleet management. The delivery of the services by the JV would replicate the Ansa operational model.

- 1.6. The development of the JV would be on an incremental basis and broken down into two discrete phases. Phase 1 will cover the establishment of the JV and the delivery of waste collection activities only within High Peak (53 frontline employees). The proposed commencement date is 7th August 2017. Phase 2 is proposed to commence in August 2018 and includes the expansion of waste services to Staffordshire Moorlands and all other combined environmental services for both High Peak and Staffordshire Moorlands, namely:
 - Fleet maintenance
 - Street Cleansing
 - Grounds maintenance
 - Parks etc.
- 1.7. The geographical operating area of the new JV sits beyond the eastern boundary of Cheshire East and therefore will have no impact upon the services delivered to Cheshire East residents. All works undertaken by the JV will be done-so through facilities available within High Peak and Staffordshire Moorlands and will not impact upon services provided by Ansa to the residents of Cheshire East.
- 1.8. Once established, it is believed that the new Joint Venture will make a significant contribution towards realising the objectives of the Council's ASDV change programme, enabling new income streams to be created, efficiencies to be secured through shared overhead costs without any compromise to the high standard of services already provided by Ansa to the residents of Cheshire East.
- 1.9. The purpose of the report is to secure Cabinet support for Ansa to establish a JV trading company with High Peak and Staffordshire Moorlands and then provide services on a two phased approach, subject to satisfactory due diligence for each of the two phases by CEC.
- 1.10. CEC's Section 151 Officer and the Director of Legal Services will be responsible for the determination of "satisfactory due diligence" and will undertake challenge and review of supporting evidence. The overarching principle will be that the proposed JV will be required to deliver a positive commercial and financial benefit to CEC.
- 1.11. Note that by committing to "Phase 1" activities with the JV contracting with High Peak this does not mean an automatic commitment for the JV to continue to phase 2.
- 1.12. A further Cabinet report will outline the details of phase 2 activities and seek the support and approval of Cabinet prior to any further expansion of the JV's activities.

2. Recommendation

2.1. Cabinet is recommended to:

- 2.1.1. Endorse in principle the business expansion opportunity being pursued by Ansa to form a JV Trading Company (JVCo) with High Peak and Staffordshire Moorlands.
- 2.1.2. Note that the detailed business case will be subject to the necessary due diligence which will be carried out by an external provider prior to the commencement of phase 1.
- 2.1.3. Note that preparatory and set-up costs will be funded initially by use of the CERF Reserve (as approved by CERF Board on 15 May 2017) and that such costs are to be “paid back” on a commercial basis over the duration of the respective contracts.
- 2.1.4. Note that the CERF’s Shareholders’ Agreement requires CEC’s approval to form the JVCo.
- 2.1.5. Note that, in the event of deciding not to proceed with either or both contracts, arrangements are being put in place to ensure that financial contributions are made in respect of abortive costs – by High Peak, Staffordshire Moorlands, and Ansa – with any residual abortive costs not covered by contributions from High Peak and Staffordshire Moorlands to be covered by Ansa.
- 2.1.6. To authorise the Portfolio Holder for Finance (Cllr Paul Bates) in consultation with the Section 151 Officer and the Director of Legal Services to finalise the financial, legal and technical details of the JVCo;
- 2.1.7. Upon the satisfactory completion of the above finalisation of detail, and subject to due diligence having been undertaken by all parties; delegate the final decision to establish the JVCo to the Portfolio Holder for Finance (Cllr Paul Bates).
- 2.1.8. Note that Cabinet will receive a further report in December 2017 associated with potential phase 2 development which will be supported by a further business case and related due diligence work.

3. Other Options Considered

- 3.1. Ansa Environmental Services Limited has been trading for three years. Since launching, Ansa has delivered improved services and increased the levels of user satisfaction (currently running around 90% on waste collection activities), whilst at the same time delivering significant reductions in service costs. All of which have benefited the residents of

Cheshire East, achieving many of the objectives identified when establishing the company.

- 3.2. Within the original business case for establishing Ansa, it was always envisaged that in addition to the above and to sustain the company over the longer term, it would be necessary to establish new income streams.
- 3.3. An opportunity has developed with two neighbouring authorities to develop a company that will be able to utilise the “Teckal” exemption in conjunction with Ansa to serve their needs. Annually, consolidated financial statements will be prepared by Ansa that will track carefully, the collective income secured by Ansa through JVCo to ensure that CEC is still able to rely on the Teckal exemption to contract with Ansa without competition.
- 3.4. Other expansion options have been considered and even the option not to expand but the opportunity will assist CEC in achieving its objectives of securing long-term benefits from its ASDV change programme. The current opportunity with neighbouring authorities offers additional benefits associated with proximity to Ansa’s current operational base. It is anticipated that these additional benefits will result in the potential for further efficiency savings to be achieved over the life cycle of the JV arrangement.

4. Reasons for Recommendation

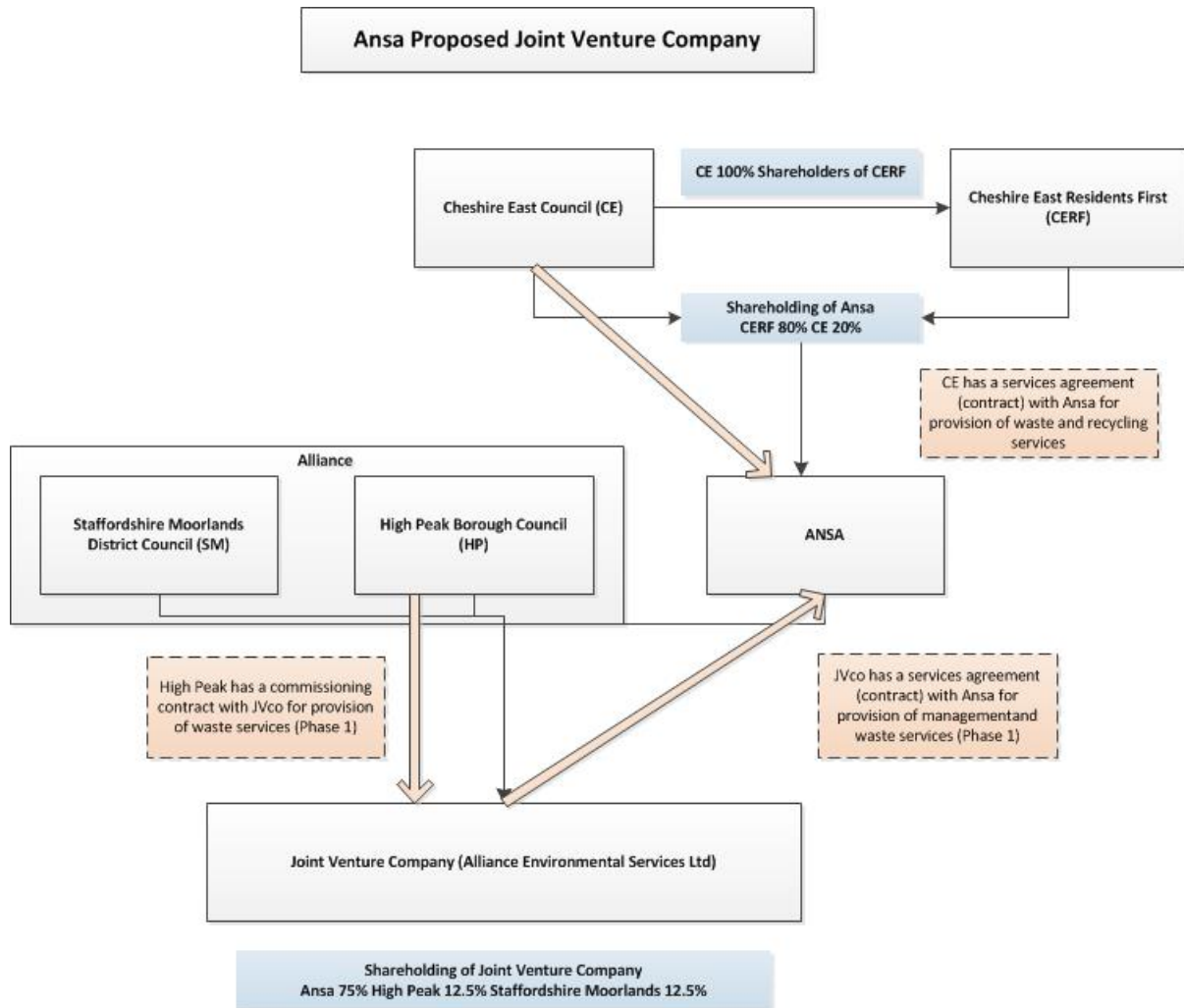
- 4.1. The pursuit of creating a new Joint Venture Trading Company with other public sector bodies is consistent with CEC’s objectives associated with its ASDV change programme.
- 4.2. Since the creation of Ansa, objective evidence has been provided, demonstrating the success of the environmental services company since its transition from in-house service provision to an wholly owned company model of service delivery.
- 4.3. Prior to the formation of Ansa, detailed work had been undertaken on a variety of alternative service delivery options including that of retaining the service in-house. From this work it was concluded that in-house retention would not deliver the desired benefits with the greatest potential for improvement being secured from creating a wholly owned company. This work formed the basis of the ambitious savings plan adopted and subsequently delivered by Ansa and used to benchmark the success achieved against the other options considered.
- 4.4. Furthermore, the pace of change and benefits realised since the formation of Ansa have been rapid by comparison of pursuing alternative outsourced arrangements with third party suppliers.
- 4.5. In-keeping with CECs desire to promote the strong service delivery model developed within Cheshire East and the desire to secure further benefits that result in a reduction in delivery costs for the services utilised by

Cheshire East residents, there is now an opportunity to take the next steps in the Ansa development journey.

5. Background/Chronology

- 5.1. In February 2016, High Peak and Staffordshire Moorlands developed three potential options for the future delivery of the Council's waste collection and street cleansing services. The options were:
 - Perform services in-house
 - Contract out services (externalisation)
 - Expand collaborative working through a company that would be exempt from the Public Contract Regulations.
- 5.2. The three potential service delivery options were developed and were considered further with engagement events conducted with Ansa to gain a better understanding of the benefits realised by CEC since the formation of Ansa in 2014. The most significant work involved the development of a proposal for a JV partnership between the two Councils and Ansa. The proposed JV would be in the form of a company owned by the three parties. The company would then be appointed to carry out environmental services in line with the range of services currently provided by Ansa on behalf of High Peak and Staffordshire Moorlands. The JVCo would be established to comply with "Teckal" rules, which provide for certain exemptions from public procurement legislation.
- 5.3. Further work was undertaken to evaluate the options with the following objectives agreed as the basis for the evaluation:
 - Achieving cost savings
 - Making service improvements and maintaining quality
 - Ensuring that the workforce are treated fairly
- 5.4. The options appraisal was undertaken by High Peak and Staffordshire Moorlands which included identification of the inherent advantages and disadvantages associated with each of the options along with a high-level evaluation against the agreed objectives. The conclusion from this initial appraisal was that the JV partnership was the strongest option. It has the potential to provide the highest level of efficiency savings and at the same time providing the additional capacity for both Councils to ensure that their objectives around performance improvement and staffing are met. It would also have the benefit of shorter implementation timescales.
- 5.5. On this basis, High Peak and Staffordshire Moorlands agreed to adopt the development of a JV partnership with Ansa as the preferred option.
- 5.6. The structure of the proposed Joint Venture is presented in Diagram 1. This diagram shows the relationship and proposed contractual arrangements between CEC, CERF, Ansa, High Peak and Staffordshire Moorlands.

Diagram 1: Phase 1



5.7. The proposed timeline for all activities within phases 1 and 2 are described as follows:

Phase 1 – March to June 2017	
Development of Phase 1 1 st March – 13 th June 2017	Full due diligence on HP Waste collection activities (Phase 1). Contract preparation including: <ul style="list-style-type: none"> • Shareholder Agreement • Articles of Association • Commissioning Contract from JVCo

	<ul style="list-style-type: none"> • Service contract between JVCo and Ansa
June 2017	CEC Cabinet/CERF to delegate the approval to create the JVCo to the Portfolio Holder for Finance
June to July 2017	Contract Award and Mobilisation of Waste Collection contract for HP.
Phase 1 - High Peak Waste Collection commences - 07/08/2017	
Phase 2 - August 2017 – August 2018	
Development of Phase 2 (August 2017 to December 2017)	<p>Full due diligence period on SM waste collection service and all other combined environmental services for each Council. These will include:</p> <ul style="list-style-type: none"> Fleet maintenance Street Cleansing Grounds maintenance Parks etc.
December 2017	CEC Cabinet and CERF to approve the progression to commence Phase 2, commencing between April and August 2018 (actual start date to be agreed once approval to progress is secured).
January 2018 to August 2018	Mobilisation of all agreed services for both HP and SM.
All Phase 2 Activities Commence – August 2018	

5.8. Considerable work has been undertaken so far and subject to CEC and CERF decision making process and approval, it is anticipated that High Peak waste collection would commence as described above on the 7 August 2017.

5.9. Throughout this process, regular progress updates have been provided to Ansa Directors and the Shareholder Board (CERF).

6. Wards Affected and Local Ward Members

- 6.1. The geographical operating area of the new JV sits beyond the eastern boundary of Cheshire East and therefore will have no impact upon any Wards or Ward Members of Cheshire East. All works undertaken by the JV will be done through facilities available within High Peak and Staffordshire Moorlands and will not impact upon services provided by Ansa to the residents of Cheshire East.

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. The formation of the new JV as a stand alone entity is not within the geographical footprint of Cheshire East and as such has no direct impact on Cheshire East Council policy.

7.2. Legal Implications

- 7.2.1. Any JV by any ASDV or CERF requires Cabinet approval.
- 7.2.2. The creation of the JV and externalisation of the services from High Peak and Staffordshire Moorlands will be subject to The Public Contracts Regulations 2015 (PCR's).
- 7.2.3. However, Regulation 12 of the PCR's allows a third party contract with a "Teckal" compliant company not to be treated as a public service contract i.e. it can be treated as exempt from the PCR's.
- 7.2.4. For the exemption to apply the company needs to pass the "Control and Function Test". The requirements of which are as follows:
- The local authority needs to exercise decisive influence over strategic objectives and significant decisions;
 - Over 80% of the activities need to be undertaken / performed for the controlling public bodies;
 - The company cannot include any private sector ownership;
 - The primary purpose of the company is not commercially oriented i.e. it is mainly delivering public services
- 7.2.5. The JVCo will be structured to ensure that the "Control and Function Test" requirements are maintained by reserving specific decisions for agreement by all 3 shareholders. Ansa will receive services from the JVCo (albeit not on the scale of High Peak and Staffordshire Moorlands) to satisfy the activities requirement. Ansa will have to be mindful that should the "Control and Function Test" be challenged, Ansa will remain responsible for service delivery.

7.2.6. The Agreement between High Peak and the JVCo is a tripartite agreement with Ansa guaranteeing the performance of the services by the JVCo. Ansa is the principle obligor of the 3 parties forming the JVCo and will be primarily liable for the contracts performance over the 10 year contract term.

7.2.7. ANSA, High Peak and Staffordshire Moorlands can contract with each other to create a JV and award a service contract to ANSA without breaching the PCR's. However, the service contract between ANSA and the JV could impact on CEC's ability to remain within the Teckal exemption. In the event that the services provided to the JVCo, along with other services provided to entities other than CEC, exceed 20% of Ansa's total activities CEC will not be able to rely on Regulation 12(4) of the PCR's and directly award contracts to Ansa. This will be addressed as part of Ansa's reporting obligations under its operating agreement with the Council.

7.2.8. There will be a TUPE transfer of staff currently providing the services to High Peak and Staffordshire Moorlands as a result of the service contract.

7.2.9. In order to avoid illegal state aid Ansa must ensure that services provided to the JVCo are on a full cost recovery, inclusive of appropriate overheads, basis to ensure that the company does not receive a "competitive advantage".

7.2.10. The current Shareholders Agreement between CEC, CERF and Ansa will require amendment to ensure that no phase 2 activities are undertaken without the prior authorisation of CEC and CERF and amendments to the operating agreement between the council and Ansa may be required as a result of Ansa undertaking activities for the Joint Venture.

7.2.11. It is proposed that if for any reason phase 1 works fail to progress, the set-up costs will be borne in the following proportions:

- ANSA – 50%; and
- Staffordshire Moorlands and High Peak together – 50%.

7.2.12. For the avoidance of doubt, if the JV does not proceed then the set-up costs incurred to the date the parties agree not to proceed will be borne in proportions above. Any set-up costs in excess of £150 000 will be borne by ANSA.

7.3. Financial Implications

7.3.1. The business case prepared by Ansa will need to consider the full financial implications in respect of this proposal, including identifying

associated risks, and how risks and opportunities will be appropriately managed in the development of a commercial contract between Ansa, High Peak and Staffordshire Moorlands Councils.

- 7.3.2. It is clear that there are two distinct phases proposed - phase 1: waste collection services in High Peak (August 2017); and phase 2: waste collection services in Staffordshire Moorlands and potential other environmental services across both areas (by August 2018).
- 7.3.3. Consequently, it may be seen that in the development of the business case for Ansa – and in respect of necessary due diligence - these two phases should be recognised; and specifically, that committing to “Phase 1” activities in a contract with High Peak will not automatically commit the company to continue to “Phase 2”.
- 7.3.4. External professional advice will be procured, to carry out the necessary due diligence, and provide the levels of commercial experience and assurance necessary. Respecting the two phases, it is planned that they will be commissioned for a two-stage project; i.e.:
- Stage 1: finalise business case and due diligence for phase 1, and provide advice to Ansa on its business case development for phase two;
 - Stage 2: review/ finalise business case and due diligence on phase two
- 7.3.5. There will be preparatory and set-up costs involved in creating the JV, principally: financial systems build, including arrangements for payroll and transactional functionality; external legal advice; business case due diligence; internal professional corporate services support (legal and finance); bank account set up; statutory registrations etc. It is proposed that any preparatory and set-up costs are funded initially by use of the CERF Reserve; but that these are paid back on a commercial basis over the duration of the respective contracts. CERF Board has approved spend of up to £230,000, in this regard.
- 7.3.6. In the event of deciding not to proceed with either or both contracts (as relating to phase 1 and phase 2), it is noted that arrangements are being put in place to ensure that financial contributions are made in respect of abortive costs – by High Peak, Staffordshire Moorlands, and Ansa – in line with normal practices and with respect to the reasons for not proceeding. In this scenario and to the extent that there are any residual abortive costs not covered by contributions from High Peak and Staffordshire Moorlands, it is recommended that these are covered by Ansa.
- 7.3.7. To inform the “go/ no go” decision, the full business cases and supporting due diligence for both phase 1 and phase 2 will need to demonstrate the financial benefits for the Joint Venture Company and for Ansa, and also cover the financial relationship with CERF and the

Council, including sharing in financial gains, and the position/ actions in the event of any financial losses or failure of the JV.

7.3.8. The combined turnover of all related operations across High Peak and Staffordshire Moorlands is in excess of £7m per annum, with the waste collection service costs associated with Phase 1 (High Peak) being in the order of £2m per annum. A viable and acceptable business case for Cheshire East will be one that demonstrates positive financial returns for Ansa, CERF and the Council. In practice the costs of delivering services and realising financial savings for respective parties will be reflected in annual management fees and a rolling three-year service business plan. The contract with High Peak (for phase 1) and with both Staffordshire Moorlands and High Peak (for phase 2) will be commercially sound, including being clear on risk sharing arrangements and responsibilities for cost variations (e.g. changes in demand/ service levels). The contracts will also need to specify what will happen in the event of losses/ failure of the JV, for various reasons; how adverse implications may be managed or mitigated (e.g. guarantees in place; insurance arrangements); and how any residual losses will be shared between the parties.

7.3.9. Prior to commencement of phase 1 activities, full management fee schedule will be finalised and agreed with all parties.

7.4. Equality Implications

7.4.1. All of the geographical operating area of the new JV sits beyond the eastern boundary of Cheshire East and therefore will have no Equality implications for the Residents of Cheshire East.

7.4.2. For any service changes considered by the JV associated with services provided to the residents of High Peak and Staffordshire Moorlands full Equality Impact Assessments will be undertaken by the respective Councils

7.4.3. All employees transferring into the JV from the in-cumbent contractor (Veolia) or High Peak will do so under TUPE Regulations. These regulations preserve employees' terms and conditions when a business or undertaking is transferred to a new employer. In the longer-term and no sooner than the determination of phase 2 activities, consideration may be given to future harmonisation opportunities.

7.5. Rural Community Implications

7.5.1. The geographical operating area of the new JV sits beyond the eastern boundary of Cheshire East and therefore will have no impact upon the rural community of Cheshire East. All works undertaken by the JV will be done-so through facilities available within High Peak and Staffordshire Moorlands and will not impact upon services provided by Ansa to the residents of Cheshire East.

7.6. Human Resources Implications

7.6.1. The creation of the JV Trading Company and the award of contracts from HP and SM to the company for the delivery of services will result in the transfer of employees from their existing employer (Veolia) to the new company. Any transfers will be conducted in accordance with the TUPE process. Phase 1 activities (High Peak waste collection operations only) consist of 53 employees of which, over 90% are associated with front line activities. They will be transferred from their existing employer (Veolia) to the new company on 7th August 2017. Around 50% of the employees transferring within phase 1 are first-generation Local Government employees and as such are eligible for admitted body status in the Local Government pension Scheme managed by High Peak.

7.6.2. All human resource requirements associated with the transfer will be conducted by Ansa Environmental Services Limited.

7.6.3. Trade Unions associated with Ansa have been briefed.

7.7. Public Health Implications

7.7.1. The formation of the new JV as a stand alone entity is not within the geographical footprint of Cheshire East and as such has no direct impact on the public health of residents in Cheshire East.

7.8. Implications for Children and Young People

7.8.1. The formation of the new JV as a stand alone entity is not within the geographical footprint of Cheshire East and as such has no direct impact on the children and young people of Cheshire East.

7.9. Other Implications (Please Specify)

7.9.1. For the avoidance of doubt, the formation of the JV trading Company with High Peak and Staffordshire Moorlands will be a “stand-alone” legal entity operated specifically for the service needs of High Peak and Staffordshire Moorlands.

7.9.2. Although the service delivery model will closely align with that already operated by Ansa, other than a sharing of management capacity and other specialist services such as procurement and fleet management expertise the JV company will be self contained, utilising facilities and resources available within the boundaries of High Peak and Staffordshire Moorlands. All associated running costs including vehicle provision, disposal costs, procurement costs of replacement bins and other consumables will be contained within the JV Trading Company.

7.9.3. The operations conducted by Ansa, including the use of the new facilities being provided for Ansa within Middlesbrough to conduct its operations on behalf of CEC will not be affected by the proposed arrangement.

8. Risk Management

- 8.1. The project board have identified 11 strategic risks for Phase 1 activities. Each risk has a mitigation plan in place and will be closely monitored.
- 8.2. All phase 1 activities are time critical with the commencement date coinciding with the termination of the existing outsourced waste collection contract currently operated by Veolia, Any time delay could prove very disruptive and potentially costly for High peak in terms of negotiating a suitable short term extension with the incumbent provider or sourcing alternative arrangements.

9. Access to Information/Bibliography

- 9.1. For access to any further information contact the report author as listed below.

10. Contact Information

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Cheshire East Council

Cabinet

Date of Meeting:	13 th June 2017
Report of:	Executive Director of Place – Frank Jordan
Subject/Title:	Housing Repairs and Adaptations Framework
Portfolio Holder:	Councillor Ainsley Arnold, Housing and Planning

1. Report Summary

- 1.1. This report sets out how Cheshire East Council will secure value for money in the procurement of low value domestic repairs and adaptations such as roof repairs, replacement windows and bathroom adaptations on behalf of vulnerable residents, and maximise opportunities for micro, small and medium enterprises to do business with the Council.
- 1.2. Cheshire East Council is committed to helping people to stay in their own homes and remain as active and independent as possible. To support this, home repairs and adaptation services are provided so that vulnerable people can live independently in suitable, well maintained homes. Housing is a key determinant of health, with the condition and suitability of a person's home being closely linked to their health, care and ability to participate in social networks. It is estimated that poor housing conditions in Cheshire East cost the NHS £4.3million per annum because of the causal link to chronic health conditions including respiratory conditions and mental health and exacerbation of other health conditions. Addressing housing conditions delivers outcomes for residents aligned with Outcome 5 in the Council's 3 year plan: "People Live Well and for Longer".
- 1.3. Adaptations are provided in the discharge of the Council's statutory duty to meet the needs of disabled people. Adaptations are designed to enable disabled people to live independently in the home of their choice, reducing or delaying the need for formal care, and are primarily funded using the mandatory means-tested Disabled Facilities Grant provided by the Council.
- 1.4. Home repairs are provided through the Council's discretionary power to provide financial support to vulnerable residents. The Council shares the Government's view that primarily it is the responsibility of home owners to maintain their own property, but acknowledges that some owners do not have the necessary knowledge, capability or financial resources to repair or adapt their homes. The Council therefore has an important role to play in providing assistance for vulnerable residents.

- 1.5. In order to comply with public sector procurement regulations and with the Council's Finance and Contract Procedure Rules, these services must be procured in a fair and transparent manner whilst ensuring best value. This is also critical to achieve economies of scale and to consistently manage the quality of the works carried out in the homes of vulnerable residents.
- 1.6. A Framework will be put in place to enable the Council to commission low value domestic repairs and adaptations on behalf of vulnerable residents. The Framework will appoint a principal contractor to act as managing agent in order to secure suitable contractors to deliver the full range of domestic building trades. The qualification criteria set out in the procurement documentation will enable us to appoint a principal contractor who is used to managing works contracts and selecting, appointing and managing subcontractors.
- 1.7. Safeguarding will be a critical feature of the Framework. It is imperative that we ensure that the principal contractor has experience of putting systems in place to ensure that vulnerable residents are protected from exploitation or abuse, that necessary checks are carried out on all employees and sub-contractors before they enter residents' homes, and that there is a robust training and monitoring system in place to supervise sub-contractors throughout the duration of the Framework.
- 1.8. The Framework will form part of a larger suite of contracts and Frameworks to enable the Council to provide a comprehensive range of housing repair and adaptations services to vulnerable residents.
- 1.9. The Framework value will be between £2.6million and 3.9million over the period of the Framework, which is two years with an option to extend for a further year. The Framework will enable the Council to call-off contracts as required and does not provide a guarantee of the volume or value of work that will be awarded.

2. Recommendation

- 2.1. It is recommended that Cabinet
 - 2.1.1. Approve the procurement and establishment of a Framework to commission low value domestic repairs and adaptations on behalf of vulnerable residents.
 - 2.1.2. Delegate authority to the Executive Director - Place in consultation with the Portfolio Holder for Housing and Planning and the Director of Legal Services to award and enter into a Framework Agreement with a provider who meets the requirements of the Framework.
 - 2.1.3. Authorise the Director of Legal Services to make any alterations or enter into any supplementary agreements that are necessary to make the Framework effective.

3. Other Options Considered

- 3.1. A wide range of alternative options for the future delivery of low value domestic repairs and adaptations have been considered. The full details are outlined in Appendix 1 including the advantages and disadvantages.

4. Reasons for Recommendation

- 4.1. There is a need to achieve best value for the services that the Council directly commissions and provides, and to reduce net operating cost wherever possible, whilst at the same time maintaining the best possible service for its residents in line with the Council's agreed three year plan.
- 4.2. There is a well developed market to be able to deliver domestic repairs and adaptations, and a Framework will develop further opportunities for companies including micro, small and medium enterprises to deliver services on behalf of the Council. In the absence of a Framework, there would be a need for time-consuming and costly individual procurements that would otherwise be required for each project.

5. Background/Chronology

- 5.1. The current arrangements for the delivery of domestic repairs and adaptations service includes commissioning construction and maintenance works from a range of regional and bespoke in-house contracts and Framework Agreements, including:
 - 5.1.1. A bespoke in-house Framework Agreement with Cheshire Peaks & Plains Housing Trust Limited on 15th November 2013 for the provision of Level Access Showers for disabled people. This Framework ends on 17th November 2017 and suitable procurement arrangements need to be put in place to ensure that the Council is able to continue to deliver this service;
 - 5.1.2. A bespoke in-house Agency Agreement for four years with Orbitas Bereavement Services Ltd on 1st May 2015 to act as the Council's agent to deliver the Handyperson and Minor Adaptations service. This agreement ends on 30th April 2019;
 - 5.1.3. A regional Framework Agreement, procured by Northern Housing Consortium, with Stannah Lift Services Ltd on 1st November 2015 for the provision of stair lifts, step lifts and vertical lifts. The initial term expires on 31st October 2017 and is being reviewed to establish whether a 12 month option to extend should be utilised;
 - 5.1.4. A bespoke in-house Framework Agreement with Chiltern Invadex Limited on 1st April 2016 for the provision of hoisting equipment for disabled people. The initial term expires on 31st March 2018 and the

Council has the option to extend the term by 12 months on two occasions, subject to review of performance and best value;

- 5.1.5. A bespoke in-house contract with Concept Elevators (UK) Limited on 1st April 2016 for the servicing and maintenance of lifts and hoists. The initial term expires on 31st March 2018 and the Council has the option to extend the term by 12 months on two occasions, subject to review of performance and best value;
- 5.1.6. A bespoke in-house Framework Agreement with Heatex Quality Insulation Ltd, which was subsequently novated to Broad Oak Properties Ltd following the liquidation of Heatex, for the provision of domestic central heating and insulation. The contract expired on 28th February 2017 and there are currently no contractual arrangements in place.
- 5.1.7. Other general construction and maintenance works are procured through individual procurement exercises in accordance with procurement thresholds, adding cost and delay to the process.
- 5.2. Approximately £1.6million per year is spent on domestic repairs and adaptations through the various frameworks.
- 5.3. An options appraisal has been carried out to establish the most effective way to continue to commission level access shower works for disabled people, and to make the procurement of other general construction and maintenance works more efficient (Appendix 1). In summary, the options that have been considered are:
 1. In-house provision, including substantial insourcing;
 2. Individual procurement exercise for each project;
 3. Bespoke in-house Framework with multiple Lots to cover the whole range of building services;
 4. Bespoke in-house Framework with a single Management Contractor to develop relationships with and appoint micro, small and medium businesses;
 5. Utilisation of existing external Frameworks;
 6. Single service provider to deliver all our housing repairs and adaptations requirements;
 7. Utilisation of the Assets low value construction services framework; and
 8. Bespoke dynamic purchasing system.
- 5.4. On analysis, taking the advantages and disadvantages of each option into account, it has been concluded that the future delivery of low value domestic repairs and adaptations would be best met by Option 4 of the options analysis, that is the establishment of a bespoke in-house

Framework with a single principal Contractor that is used to managing works contracts and sourcing sub-contractors and would develop relationships with and appoint micro, small and medium businesses

- 5.5. The anticipated aggregate financial value of the services to be procured through the proposed Framework is £3.9million over a maximum 3 year term. Value for money will be assured by taking into account tendered rates for directly awarded call-offs from the Framework Agreement, or by requiring the appointed provider to undertake mini competitions amongst its suppliers.
- 5.6. Whilst we will commission low value domestic repairs and adaptations through the Framework, there is no contractual obligation to procure work through the arrangement. This means the Council is not contractually 'locked in' to this arrangement.

6. Wards Affected and Local Ward Members

- 6.1. All wards.

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. The provision of domestic repairs and adaptations services for vulnerable residents has a close fit with Outcome 5 of the Council's three year plan: People will live well and for longer; specifically by facilitating people to live independent, healthier and more fulfilled lives, and providing services that support prevention, early intervention and physical and mental well being.
- 7.1.2. Key performance indicators set out within the specifications will ensure that domestic repairs and adaptations are delivered in a timely manner within stringent timescales, ensuring that any opportunities to substitute paid care with adaptations are maximised.

7.2. Legal Implications

- 7.2.1. The Chronically Sick and Disabled Persons Act 1970 places a duty on local authorities to arrange practical assistance in the home, and any works of adaptation or the provision of additional facilities designed to secure greater safety, comfort or convenience. Authorities may discharge their duties by the direct provision of equipment or adaptations, or by providing a grant to cover or contribute to the costs of such a provision.
- 7.2.2. The Housing Grants, Construction and Regeneration Act 1996 places a statutory duty on local authorities to provide grant aid to disabled persons in the form of Disabled Facilities Grants.

- 7.2.3. The aggregate value over the lifetime of the contract is below the current threshold for works (£4,104,394) as contained in the Public Contracts Regulations 2015 ("the Regulations") so the full regime of the Regulations does not apply.
- 7.2.4. A Framework enables the Council to meet its need for a service, supply of goods or works for a set period of time in order to obviate the need to undertake a wide competitive procurement process for each individual project. It complies with the Regulations and the Council's rules.
- 7.2.5. The Regulations allow local authorities to enter into Framework Agreements with a single supplier, following a competitive tendering process, and thereafter the Council can choose to call off contracts under the Framework Agreement based on the pricing and/or other information established in the original tender process. In order to evidence value for money the Strategic Housing service intends to require the supplier to conduct mini-competitions amongst its suppliers to ensure that the Council continues to receive best value.
- 7.2.6. The Strategic Housing service will engage with Legal Services to ensure that the Framework Agreement contains provisions so that it can be terminated in the event that either the services or works cannot be provided on terms which remain acceptable to the Council or after the initial 2 year term. The Framework Agreement will not contain any guarantees of work volumes to the appointed provider and can be utilised with other options.
- 7.2.7. The Strategic Housing service has been advised and will engage with Legal Services to ensure that the duties under the Public Services Social Value Act, as it applies to framework agreements, are fulfilled. The Act requires the Council to:
- 7.2.7.1. consider how what is proposed to be procured might improve the social economic and environmental well-being of the relevant area;
 - 7.2.7.2. how in conducting a procurement process it may act with a view to securing that improvement; and
 - 7.2.7.3. whether to undertake any community engagement on their proposals.

7.3. Financial Implications

- 7.3.1. The value of the Framework (£1.3million per annum, for up to three years) can be met within the annual Disabled Facilities Grant capital allocation received from the Department of Communities and Local Government, and the existing approved capital programme delivered by the Strategic Housing service.

7.3.2. In 2017/18, the Disabled Facilities Grant allocation is £1,775,253, however it should be noted that the future allocation of capital grant is not guaranteed. The statutory duty placed on local authorities to award Disabled Facilities Grants determines that should the Government not allocate capital grant to the Council in the future, funding will need to be provided from the Council's own resources or through prudential borrowing.

7.3.3. A Framework will enable the Council to call-off contracts as required, and does not provide a guarantee of the volume or value of work that the Contractor will be awarded. In the event that funding for domestic repairs and adaptations services ceases, the Council has no contractual obligations beyond any orders that have been called-off.

7.4. Equality Implications

7.4.1. The proposed Framework will enable the Strategic Housing service to deliver efficient and effective services to groups with protected characteristics who are vulnerable, in particular but not limited to older people and people with a disability. Equality and diversity will form part of the evaluation criteria and the contractual obligations of the provider, ensuring that equality is at the forefront of service delivery.

7.5. Rural Community Implications

7.5.1. The proposed structure of the Framework will provide opportunities for the rural economy.

7.6. Human Resources Implications

7.6.1. The proposed procurement process will be undertaken by Strategic Housing officers supported by Procurement and Legal Services colleagues.

7.7. Public Health Implications

7.7.1. The proposed Framework will enable the Strategic Housing service to provide services which directly impact on public health. Housing improvements will benefit vulnerable residents' mental and physical wellbeing and reduce demand on health and social care services.

7.8. Implications for Children and Young People

7.8.1. The Framework will provide opportunities for disabled children and young people to live in suitable housing, and protect the health of children and young people in low income vulnerable families through improved living conditions.

7.9. Better Care Fund Implications

7.9.1. People need health, social care, housing and other public services to work seamlessly together to deliver better quality care. More joined up services help improve the health and care of local populations and may make more efficient use of available resources. There is no single way to integrate health and care. Some areas are looking to scale-up existing initiatives such as the New Care Models programme and the Integration Pioneers. Others are using local devolution or Sustainability and Transformation Plans as the impetus for their integration efforts. The Better Care Fund is the only mandatory policy to facilitate integration. It brings together health and social care funding, and this policy framework for the Fund covers two financial years to align with NHS planning timetables and to give areas the opportunity to plan more strategically. The Disabled Facilities Grant is a part of the Better Care Fund and is very much in-keeping with the whole system approach of working with our colleagues on the two local transformation plans of Caring Together and Connecting Care.

8. Risk Management

- 8.1. Failure to procure works in accordance with the Public Contracts Regulations 2015 and the Council's Finance and Contract Procedure Rules would leave the Council open to challenge and in breach of regulations, with a subsequent reputational impact.
- 8.2. A failure to establish a Framework Agreement for Home Repairs and Adaptations through which low value domestic repairs and adaptations can be commissioned will mean that each project will need to be tendered individually. This is prohibitive both in terms of time and cost.
- 8.3. The contract will be advertised on the North West Chest, and all companies expressing an interest in the contract will be invited to tender. The tenders will be evaluated using criteria to establish the most economically advantageous tender.

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

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APPENDIX 1 – Option Analysis

Option	Advantages	Disadvantages
1 – In-house provision, including substantial insourcing	<ul style="list-style-type: none"> • Direct control over resources and priorities 	<ul style="list-style-type: none"> • Inflexible resource levels with costs incurred even when workload reduces • Recruitment difficulties with specialist staff • Doesn't fit with Strategic Commissioning Council model
2 – Tender each project	<ul style="list-style-type: none"> • Greater market choice • Ultimate competition achieved with every project open to the entire market 	<ul style="list-style-type: none"> • Data protection regulations and safeguarding responsibilities prevent open advertising of each project • Time delays and resources required to advertise and procure each project would be unacceptable adding significant cost and delay • Provides no ongoing relationship, so cannot develop a partnership approach with continuous improvement in line with Government Best Practice
3 – CEC Framework with multiple Lots for a range of building services	<ul style="list-style-type: none"> • Tailored to suit CEC's particular requirements • Opportunity to shape the Key Performance Indicators to achieve Outcomes in line with the Corporate Plan and deliver social value • Ability to benchmark performance, develop ongoing relationships, build specific loyalty to CEC within a clear mechanism for continuous improvement • Maintains competitive tension amongst Framework contractors • Allows the ability to directly appoint in certain circumstances 	<ul style="list-style-type: none"> • Costs and resources associated with bespoke procurement of CEC framework • Need to have sufficient throughput to maintain the interests of contractors • The appetite to bid may be reduced as there is no guarantee of work • The appetite amongst micro and small enterprises may be limited due to the procurement process • The nature of the building sector can result in the loss of businesses from the Framework, resulting in the need for new procurement exercises to recruit replacement contractors
4 – CEC Framework with a Management Contractor who develops relationships with micro, small and medium businesses	<ul style="list-style-type: none"> • Tailored to suit CEC's particular requirements • A single point of contact • Opportunity to shape the Key Performance Indicators to achieve Outcomes in line with the Corporate Plan and deliver social value • Opportunities for micro, small and medium enterprises • Ability to benchmark performance, develop ongoing relationships, build specific loyalty to CEC within a clear mechanism for continuous improvement • Provides flexibility to manage 	<ul style="list-style-type: none"> • Costs and resources associated with bespoke procurement of CEC framework • The appetite to bid may be reduced as there is no guarantee of work • The Council will not have a direct relationship with the end contractor, although development of a partnership approach with the Management contractor could overcome this

	<p>recruitment of businesses according to peaks and troughs of demand and the need for one-off specialist services</p> <ul style="list-style-type: none"> Relationships with the end contractors are managed by the provider 	
5 – External Frameworks (ESPO, YPO, Fusion 21, NHC, etc)	<ul style="list-style-type: none"> Maintains competitive tension amongst framework contractors (where more than one contractor) Allows ability to directly appoint in certain circumstances Potential for reduced costs by avoiding costly procurement 	<ul style="list-style-type: none"> Frameworks not tailored to CEC operational requirements Framework contractor loyalty can be divided or skewed towards the “host” authority Limited opportunity to build continuous improvement Contractors tend to be large national companies Frameworks operate differently and could introduce consistency issues
6 – Single service provider	<ul style="list-style-type: none"> A single point of contact No delays in appointing at the earliest opportunity for each project Ultimate opportunity to build partnership working with ongoing relationships and shared objectives 	<ul style="list-style-type: none"> May attract the interest of national contractors with consequently higher preliminaries values Need to have sufficient throughput to maintain the interest of the contractor In the event of business continuity issues, would need to carry out a full procurement process to replace a single service provider, hindering delivery of our service Difficulty to address complacency by the single provider when competitive tension is not present during the life of the contract Provider loyalty may be skewed towards larger contracts with other customers, reducing their commitment to our contract
7 – Utilisation of the Assets Low Value Construction Services framework	<ul style="list-style-type: none"> Established framework 	<ul style="list-style-type: none"> Differences between commercial and residential projects cannot easily be bridged Not tailored to suit the needs of Strategic Housing projects Would need to adapt requirements to accommodate the safeguarding requirements necessary for Strategic Housing projects The combined value of the Assets Framework and the additional Strategic Housing requirements would exceed the approved value and reduce the term of the Framework

<p>8 – CEC Dynamic Purchasing System</p>	<ul style="list-style-type: none"> • Tailored to suit CEC's particular requirements • Allows a longer period for the procurement system to run than is permitted with a traditional Framework • Provides flexibility to recruit and appoint contractors on an ongoing basis, which assists with meeting market demands • Opportunities to appoint micro, small and medium sized enterprises 	<ul style="list-style-type: none"> • With a large number of economic operators and no limits to the number of contractors who can apply throughout the lifetime of the system, there would be a significant impact on resources in evaluating applications and inviting all to tender for each mini-competition • The system is more suited to 'off the shelf' works rather than bespoke requirements • Regulations stipulate that the system should be a fully electronic procurement tool so consideration would need to be given to whether the Chest portal is suitably set up to run the system as all procurement documentation needs to remain "live" and available for the duration of the system
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Cheshire East Council

Cabinet

Date of Meeting:	13 th June 2017
Report of:	Jan Willis – Director of Finance and Procurement
Subject/Title:	Translation and Interpretation Services - Procurement
Portfolio Holder:	Cllr Paul Findlow, Corporate Policy and Legal Services

1. Report Summary

- 1.1. Cheshire East Council's (CEC) Translation and Interpretation Services are currently provided by three suppliers on a CEC framework in place since 2014. The Council have taken up the final year's option to extend which will extend the current framework agreement until May 2018.
- 1.2. The Council have utilised the opportunity to review these services in line with current requirements, with the objective of simplifying the framework agreement and capitalising on savings opportunities.
- 1.3. Meetings have been held with all the main stakeholders to ensure that all the key needs are met within a new agreement. Management information has been interrogated in order to shape the requirements for the next two years along with a market questionnaire to Translation and Interpretation Services suppliers registered on the Council's procurement system, the Chest.
- 1.4. Given that the average duration of face to face interpretations is 54 minutes, It is a procurement recommendation that the minimum chargeable hours be reduced from 2 hours to 1 hour for all face to face interpretations, which will provide overall better value for the Council.
- 1.5. The Council will be looking to a single supplier ('One Stop Shop') to supply Translation and Interpretation services in the form of: Face to Face Interpretations - verbal and non verbal, Telephone Interpretation services, Document Translation services and the less commonly used Video Interpretation services. The Council will secure the services of a second supplier to provide a back-up service, in the event that a booking request cannot be met by the primary supplier.
- 1.6. The Council are working on a new framework, which will include the Mid Cheshire NHS Hospital Trust as a named user as well as the potential to add two GP Alliances. The value of a new framework agreement over four

years (an initial 2 year contract plus two optional extensions of 12 months) is estimated to be £1.1 million; made up of £200k per year from Cheshire East Council and £80k per year from the Mid Cheshire Hospital Trust.

2. Recommendations

- 2.1. That Cabinet approve the procurement of Translation and Interpretation Services via a framework agreement.
- 2.2. That Cabinet delegate authority to the Director of Finance and Procurement in consultation with the Portfolio Holder for Corporate Policy and Legal Services to:
 - 2.2.1 (following a legally compliant procurement exercise) approve the framework agreement and the supplier(s) admitted to the framework agreement;
 - 2.2.2 approve the subsequent award by the Council of the framework agreement(s) to the supplier(s); and
 - 2.2.3 approve the entering into all necessary framework agreement contractual documentation between the Council and the successful tenderer[s], and between the Council and the other contracting bodies.

3. Reasons for Recommendations

- 3.1. The framework agreement for Translation and Interpretation Services requires cabinet approval as the value is anticipated to exceed £1 million. The framework is proposed to run over four years (including 2 x 12 months optional extensions) as this will yield the best choice of providers and the best rates for Cheshire East and others named on the agreement.
- 3.2. There are existing national frameworks that offer translation & interpretation services, however, the Council wanted to encourage Small and Medium sized Enterprises (SMEs) in the North West and specifically Cheshire to have the opportunity to tender for these services and to promote employment and economic sustainability across the borough.
- 3.3. Having a framework agreement in place for these services will remove the need to undertake a competitive process in relation to each individual translation/interpretation service required. A fast and efficient response can be provided as services can be called off from suppliers almost immediately.
- 3.4. A framework agreement will support the Council to maintain the quality of service provision through a sustainable supplier market. The suppliers will be signed up to the terms and conditions of the framework agreement and any provider who does not meet the required standards will be removed from the framework agreement.

- 3.5. The establishment of the framework agreements will ensure that the Council complies with the Public Contracts Regulations 2015 and the Council's Finance and Contract Procedure Rules.

4. Background /Chronology

- 4.1. Polish and Slovak continue to be the most popular languages requiring Translation and Interpretation services in Cheshire East, this is unchanged from the last procurement in 2014. These 2 languages alone represent 65% of all face to face interpretations and 78% of all document translations. The annual value for face to face interpretations in 2016/17 for Polish alone was £69k and there are discussions within some areas of the Council, into looking at a business case to justify an 'In House' Interpreter, which would be supplemented by the contractual arrangement
- 4.2. Children's Services are the largest user of Translation and Interpretation services with an annual spend of £169k, representing 86% of the total spend of the Council. The majority of this spend is by the team looking after Care Plans for some of the most vulnerable children in the borough

5. Wards Affected and Local Ward Members

- 5.1. All

6. Implications of Recommendation

6.1. Policy Implications

- 6.1.1. As part of Cheshire East's Social Value policy, all bidders in the procurement process will be measured on their ability to meet the Social Value objectives of the Council.

6.2. Legal Implications

- 6.2.1. The Public Contracts Regulations 2015 allow local authorities to enter into framework agreements with a number of service providers, following a competitive tendering process, and to thereafter select from those service providers to provide particular services, as and when required for a maximum period of four years.
- 6.2.2. A framework agreement therefore enables the need for a particular service to be met for a set period of time, obviating the need to undertake a wide competitive process in relation to each individual procurement, whilst still in compliance with EU requirements and the Council's rules. The suppliers on the framework agreement can be appointed directly based on the pricing and/or other information established in the original tender process.
- 6.2.3. The aggregate value of the requirement for the new proposed Translation and Interpretation Services Framework Agreement ("the

Framework Agreement”) is such that these services must be procured in accordance with EU and National Legislation (so as to comply with the Council’s Finance and Contract Procedure Rules) following an OJEU compliant procedure and competitive tender exercise.

- 6.2.4. It is noted that in addition to meeting the Council’s requirements, the Service intend to make the Framework Agreement available to other contracting bodies – namely Mid Cheshire NHS Trust and potentially the two local GP Alliances. In order to do so these organisations will need to be named in the notice published in the Official Journal of the European Union (OJEU Notice) and an estimate of the total value of the spend of all participating bodies will need to be provided. Only those bodies that are named in the OJEU Notice at the time of its publication will be able to use the Framework Agreement. The Council will need to monitor the spend of all those bodies using the Framework Agreement over its lifetime to ensure that the total value set out in the OJEU Notice is not exceeded.

It is noted that In accordance with the proposals set out in this report, the Council would enter into the new Framework Agreement for direct award of services to one preferred main supplier and with one chosen reserve supplier for a potential maximum duration of 4 years.

- 6.2.5. The other authorities (contracting bodies) wishing to use the Framework Agreement will need to enter into an Access Agreement with the Council and then enter into separate agreements with each supplier, for the services that they intend to use.
- 6.2.6. Consideration will need to be given to the management of the other authorities’ use of the Framework Agreement. This will involve monitoring and reporting requirements and consideration as to how the Council will deal with queries (about the use of the Framework Agreement) and possible complaints. Whilst the documents will be drafted to include indemnities and disclaimers to protect the Council, it is envisaged that there will be some initial demand on legal and procurement resources to set up the Framework Agreement.
- 6.2.7. The existing Translation and Interpretation Services Framework Agreements have been extended to May 2018, and therefore each of these shall require termination by the Council in due course in accordance with Clause 23.5 of each i.e. by three months’ written notice. Clause 25.2 of the existing framework agreements provides that termination or expiry of the Framework Agreement shall not cause any Call-Off Contracts to terminate automatically, and that, for the avoidance of doubt, all Call-Off Contracts shall remain in force unless and until they are terminated or expire in accordance with their own terms.

6.3. Financial Implications

- 6.3.1. The current spend during 2016/17 on Translation & Interpretation services by Cheshire East Council is £200k per year, a 52% increase on the previous year, with increases coming from various Children's Services. The estimated levels of activity are anticipated to continue at these levels in later years. The service area requiring translation and interpretation support, utilises their own budgets, with activity charged directly, with no central budget for these services. Increases in activity levels, predominately from Children's Services are funded from within the overall budget allocation for that service area.
- 6.3.2. Potential suppliers on the new framework will be measured on the hourly rates that they can provide across the mix of services and languages that we require. Consideration has been given to the standards upheld in the translation and interpretation industry with regards to minimum hours charged by interpreters and the quality standards that they adhere to.
- 6.3.3. There is a residual 'off Framework' spend of around £6k per year as a result of purchasing Court Transcriptions from the Court supplier.
- 6.3.4. There are measures both within the specification for this procurement and with good contract management that will ensure that Translation and Interpretation costs are well managed going forwards into the next contract period, delivering overall value for money, and balancing quality and price. In order to continue to deliver improved value for money the procurement will include challenging savings targets set to reflect this work of 15%.

6.4. Equality Implications

- 6.4.1. The Council provides a whole range of Public Services and needs to ensure equality of access to relevant Services for its residents and people who come to visit or work in the Borough. This includes Service users and Stakeholders for whom English is not their first language.

7. Contact Information

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 13th June 2017
Report of: Director of Finance & Procurement (Section 151 Officer)
Subject/Title: Treasury Management Annual Report 2016/17
Portfolio Holder: Councillor Paul Bates, Finance and Communities

1.0 Report Summary

- 1.1 The Treasury Management Policy requires an annual report on the performance of the Council's treasury management operation. This report contains details of the activities in 2016/17 for Cheshire East Borough Council.

2.0 Recommendation

- 2.1 To receive the Treasury Management Annual Report for 2016/17 as detailed in Appendix A.

3.0 Other Options Considered

- 3.1 None.

4.0 Reasons for Recommendation

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

5.0 Background

- 5.1 The Treasury Management Strategy for 2016/17 was approved by Council on 25th February 2016. Progress reports have been provided to Cabinet throughout the year as part of the Quarterly Financial and Performance Update Reports.
- 5.2 The Council complied with its legislative and regulatory requirements and remained within all of its Prudential Indicators during the year, further details are provided in Annex 1.
- 5.3 Investment income for 2016/17 is £516,000 which is higher than the budgeted income of £320,000 for the period. Cash balances remained high during the year, although market interest rates have reduced since the Bank of England Base Rate was reduced in July. 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. Rates achievable on Investments have now reduced as the fixed rate investments have matured.

- The average lend position (the 'cash balance') including managed funds during 2016/17 is £69.1m.
- The average annualised interest rate received on in-house investments during 2016/17 is 0.62%.
- The average annualised interest rate received on the externally managed property fund in 2016/17 is 4.66%.

- 5.4 The Council's total average interest rate for 2016/17 is 1.06%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.30%, and our own performance target of 0.75% (Base Rate + 0.50%).

Table 1 – Interest Rate Comparison

Comparator	Average Rate 2016/2017
Cheshire East	1.06%
LIBID 7 Day Rate	0.30%
LIBID 3 Month Rate	0.47%
Base Rate	0.25%
Target Rate	0.75%

- 5.5 As a result of lower debt repayments, due to slippage in the capital programme, there was a £1.2m underspend on the capital financing budget of £14m.
- 5.6 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 decreased by 4%. Since then the value has started to recover. The current value of the units in the fund if sold is just over £7.5m. Although this indicates no growth, the fund continues to generate income of 4.6% per annum which exceeds the levels achievable from our own investment activities.
- 5.7 Cash balances reduced as expected at year end. In order to avoid withdrawing higher earning investments, temporary borrowing of £12m was taken for a short period at a rate of 0.40%. Lower cash balances are predicted throughout 2017/18 as Local Enterprise Partnership funds held by the Council are spent and advance pension fund deficit payments are made. This meant that further fixed investments including use of bonds could not be made towards the end of 2016/17.

5.8 Full details of investments as at 31st March 2017 are shown in Section 3 of Appendix A. This annual treasury report, detailed in Appendix A also covers the:

- Council's capital expenditure and financing during the year;
- Impact of this activity on the Council's underlying Capital Financing Requirement (CFR);
- Treasury position at 31st March 2017 identifying how the Council has borrowed in relation to the CFR and the impact on investment balances;
- Economic factors;
- Detailed investment and debt activity;
- Reporting of the required prudential and treasury indicators.

6.0 Wards Affected and Local Ward Members

6.1 Not applicable

7.0 Implications of Recommendation

7.1 Policy Implications

7.1.1 None

7.2 Legal Implications

7.2.1 As noted in paragraph C48 of the Finance and Contract Procedure Rules in the Council's Constitution, the Council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities* as this is recognised as the accepted standard for this area. C48 to C53 provide further information relating to treasury management practice, and the Code itself will have been developed and based upon relevant legislation and best practice. This report is presented to Cabinet under rule C53.

7.3 Financial Implications

7.3.1 Contained within the report.

7.4 Equality Implications

7.4.1 None.

7.5 Rural Community Implications

7.5.1 None.

7.6 Human Resources Implications

7.6.1 None.

7.7 Public Health Implications

7.7.1 None.

7.8 Other Implications

7.8.1 None.

8.0 Risk Management

8.1 The Council operates its treasury management activity within the approved Treasury Management Code of Practice and associated guidance.

8.2 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy as no treasury management activity is without risk. The aim is to operate in an environment where risk is clearly identified and managed.

8.3 To reduce the risk that the Council will suffer a loss as a result of its treasury management activities down to an acceptable level a number of risk management procedures have been put in place. The procedures cover liquidity risk, credit and counterparty risk, re-financing risk, legal and regulatory risk, and fraud, error and corruption risk. These are referred to within the borrowing and investment strategies, prudential indicators and the Treasury Management Practices Principles and Schedules.

8.4 The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

9.0 Access to Information

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

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Treasury Management Annual Report 2016/17



1. Introduction

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

2. Economic events of 2016/17

Economic background: Politically, 2016/17 was an extraordinary twelve month period which defied expectations when the UK voted to leave the European Union and Donald Trump was elected the 45th President of the USA. Uncertainty over the outcome of the US presidential election, the UK’s future relationship with the EU and the slowdown witnessed in the Chinese economy in early 2016 all resulted in significant market volatility during the year. Article 50 of the Lisbon Treaty, which sets in motion the 2-year exit period from the EU, was triggered on 29th March 2017.

UK inflation had been subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Sterling exchange rate following the referendum had an impact on import prices which, together with rising energy prices, resulted in CPI rising from 0.3% year on year in April 2016 to 2.3% year on year in March 2017.

In addition to the political fallout, the referendum’s outcome also prompted a decline in household, business and investor sentiment. The repercussions on economic growth were judged by the Bank of England to be sufficiently severe to prompt its Monetary Policy Committee (MPC) to cut the Bank Rate to 0.25% in August and embark on further gilt and corporate bond purchases as well as provide cheap funding for banks via the Term Funding Scheme to maintain the supply of credit to the economy. This was the first change to base rates since March 2009.

Despite growth forecasts being downgraded, economic activity was fairly buoyant and GDP grew 0.6%, 0.5% and 0.7% in the second, third and fourth calendar quarters of 2016. The labour market also proved resilient, with the ILO unemployment rate dropping to 4.7% in February, its lowest level in 11 years.

Following a strengthening labour market, in moves that were largely anticipated, the US Federal Reserve increased rates at its meetings in December 2016 and March 2017, taking the target range for official interest rates to between 0.75% and 1.00%.

Financial markets: Following the referendum result, gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. After September there was a reversal in longer-dated gilt yields which moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016.

After recovering from an initial sharp drop in Q2, equity markets rallied, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7342 and 3996 respectively on 31st March, both up 18% over the year. Commercial property values fell around 5% after the referendum, but had mostly recovered by the end of March.

Money market rates for overnight and one week periods remained low since Bank Rate was cut in August. Rates for 6 and 12 months increased between August and November, only to gradually fall back to August levels in March.

Credit background: Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune, although the fall in their share prices was less pronounced.

Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the 'leave' outcome.

None of the banks on the Authority's lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios, although Royal Bank of Scotland was one of the weaker banks in both tests. The tests were based on banks' financials as at 31st December 2015, 11 months out of date for most. As part of its creditworthiness research and advice, the Authority's treasury advisor Arlingclose regularly undertakes analysis of relevant ratios - "total loss absorbing capacity" (TLAC) or "minimum requirement for eligible liabilities" (MREL) - to determine whether there would be a bail-in of senior investors, such as local authority unsecured investments, in a stressed scenario.

3. Treasury Year End Position

The amount of investments outstanding at 31st March 2017 was £29.8m (compared to £34.0m as at 31 March 2016) as follows:

	31/03/16	31/03/17
	£m	£m
GOVERNMENT		
Lancashire County Council	2.0	2.0
Gloucester Police Crime Commissioner	2.0	-
UK BANKS		
Barclays Bank	0.5	0.5
Bank of Scotland (Covered Bond)	4.0	-
Close Bros	3.0	-
FOREIGN BANKS		
Toronto Dominion (Canada)	1.5	-
BUILDING SOCIETIES		

National Counties Building Society	1.0	-
MONEY MARKET FUNDS		
Standard Life	3.2	3.9
Deutsche	-	3.5
Federated Investors	5.2	1.7
CCLA	0.5	0.5
Aberdeen Asset (formerly Scottish Widows)	-	1.7
CORPORATE BONDS		
Volkswagon Financial Services	3.0	-
Rolls Royce plc	0.6	-
MANAGED FUNDS		
Property Funds	7.5	7.5
Federated Investors – Cash Plus Fund (VNAV)	-	7.5
Deutsche – Ultra Short Fund (VNAV)	-	1.0
TOTAL	34.0	29.8

There has been a change in the types of investment since last year with less diversification in order to maintain liquidity. The Variable Net Asset Value (VNAV) managed funds are available at short notice and generate higher returns than short term fixed deposits or standard money market funds.

The net investment income received in 2016/2017 after allowing for fees and interest due to the Growing Places and Local Growth Funds was £0.5m.

The overall average rate of interest on all investments in 2016/17 was 1.06% compared to the benchmark 7 day LIBID average return of 0.30% and our own performance target of 0.75% (Base Rate + 0.50%). The base rate was reduced from 0.50% to 0.25% in August 2016.

Investment income forms part of the capital financing budget, which also includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. The capital financing budget for 2016/17 was £14m which accounts for 6% of the Council's net revenue budget.

We will continue to monitor performance during 2017/18 through the benchmarking service provided by the Council's Treasury Management Advisors, Arlingclose Ltd.

4. Compliance with Treasury Limits

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

5. Investment Strategy for 2016/17

The Council had regard to the DCLG Guidance on Local Government Investments ("the Guidance") issued in March 2004 (revised in 2010) and the revised CIPFA

Treasury Management Code and the revised Prudential Code ("the CIPFA TM Code").

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

Investment Objectives

All investments were in sterling. The general policy objective of the Council was the prudent investment of its treasury balances. The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

Credit Risk

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

The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and credit rated building societies this has been set at a maximum value of £6m. This limit applies 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. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m in total. Due to their smaller size, unrated Building Societies have a limit of £1m each.

Liquidity

In keeping with the CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds, overnight deposits and the use of call accounts. The Council's cash resources have an annual cycle dipping in March but with known receipts then due in April. The Council has avoided the need for any new long term borrowing by utilising existing cash resources which has led to lower cash balances. In order to maintain quality of investments throughout March, temporary borrowing of £12m was taken in March for repayment in April.

Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. Following the reduction in the UK Bank Base Rate, short term money market rates fell and remained at even lower levels than previous years which continue to have an impact on investment income.

Use of External Fund Managers

In previous years the Council had invested a total of £7.5 in a property fund. This fund is a diversified commercial and industrial property portfolio available to all local authorities. It is suitable where long term funds are available to invest to achieve an attractive income and capital growth over time.

Following the referendum result for the UK to leave the EU, the fund was devalued by 4% in line with general commercial property valuations. This meant the value of the fund dropped from £7.64m as valued in 2015/16 accounts to £7.4m. However, in line with expectations and the general growth of the UK economy the value of the fund has since increased and at 31st March 2017 the value (sale price) of the fund was £7.52m. Any changes in the underlying capital value of the fund will only be realised when the investments are sold.

The fund pays dividends on a quarterly basis which have averaged 4.66% return on the sum invested during 2016/17. This compares to the rest of the Council's investments, where the average return was 0.62%. The continued use of this fund is being kept under review particularly in light of diminishing cash resources. However, as the cost of temporary borrowing to cover short term cash shortfalls was only 0.50% it was prudent to maintain this investment as part of our long term strategy.

6. Borrowing strategy

At the end of the year 2016/17 the Council had debt outstanding of £115.5m. Of this £82.9m represented loans from the PWLB, £17m represented loans raised from commercial banks, £12m represented temporary borrowing repaid in April 2017 whilst £3.6m represents interest free loans from Salix repayable within the next 4 years.

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

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

7. Prudential Indicators 2016/17

The Council can confirm that it has complied with its Prudential Indicators for 2016/17, approved on 25th February 2016 as part of the Council's Treasury Management Strategy Statement. Details can be found in Annex 1.

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2016/17. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Annex 1**Prudential Indicators 2016/17 and revisions to 2017/18 – 2019/20****1. Background:**

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

2. Gross Debt and the Capital Financing Requirement:

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

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

The Chief Operating Officer reports that the Authority had no difficulty meeting this requirement in 2016/17, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Capital Expenditure:

- 3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure	2016/2017	2017/2018	2018/2019	2019/2020	Future years
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Total	78.7	116.2	135.8	61.5	19.0

Source: Cheshire East Finance

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

Capital Financing	2016/2017	2017/2018	2018/2019	2019/2020	Future years
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Capital receipts	8.6	10.4	13.1	10.0	7.2
Government Grants	24.4	39.2	105.4	23.2	0.0
External Contributions	4.0	5.5	3.0	27.6	4.9
Revenue Contributions	0.5	0.6	0.0	0.0	0.0
Total Financing	37.5	55.7	121.5	60.8	12.1
Prudential Borrowing	41.2	60.5	14.3	0.7	6.9
Total Funding	41.2	60.5	14.3	0.7	6.9
Total Financing and Funding	78.7	116.2	135.8	61.5	19.0

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2016/2017	2017/2018	2018/2019	2019/2020
	Actual	Estimate	Estimate	Estimate
	%	%	%	%
Total	5.60	5.67	5.59	5.60

Source: Cheshire East Finance

6. Actual External Debt:

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

Actual External Debt as at 31/03/2017	£m
Borrowing	116
Other Long-term Liabilities	39
Total	155

Source: Cheshire East Finance

7. Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2017/2018 Estimate £	2018/2019 Estimate £	2019/20 Estimate £
Band D Council Tax	12.15	15.17	7.3

Source: Cheshire East Finance

8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

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

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

8.5 The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not

worst case scenario but without the additional headroom included within the Authorised Limit.

	2016/2017 Actual £m	2017/2018 Estimate £m	2018/2019 Estimate £m	2019/2020 Estimate £m
Authorised Limit for Borrowing	250	270	280	310
Authorised Limit for Other Long-Term Liabilities	39	37	35	33
Authorised Limit for External Debt	289	307	315	343
Operational Boundary for Borrowing	240	260	275	300
Operational Boundary for Other Long- Term Liabilities	39	37	35	33
Operational Boundary for External Debt	279	297	310	333

Source: Cheshire East Finance

9. Adoption of the CIPFA Treasury Management Code:

9.1 This indicator demonstrates that the Authority has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management

The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 23rd February 2012

The Authority has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

10.1 These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

- 10.2 The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

	Existing level (or Benchmark level) at 31/03/2017	2016/2017 Approved	2016/2017 Revised	2017/2018 Estimate	2018/2019 Estimate	2019/2020 Estimate
		%	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0%	100%	100%	100%	100%	100%

Source: Cheshire East Finance

- 10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Authority's treasury management strategy.

11. Maturity Structure of Fixed Rate borrowing:

- 11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.
- 11.3 LOBOs are classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs can be called within 12 months, the upper limit for borrowing maturing within 12 months is relatively high to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2017/18.

Maturity structure of fixed rate borrowing	Level as at 31 st March 2017(based on Current Borrowing) %	Lower Limit for 2017/2018 %	Upper Limit for 2017/2018 %
under 12 months	23%	0%	35%
12 months and within 24 months	6%	0%	25%
24 months and within 5 years	11%	0%	35%
5 years and within 10 years	0%	0%	50%
10 years and within 20 years	26%	0%	100%
20 years and within 30 years	9%	0%	100%
30 years and within 40 years	23%	0%	100%
40 years and within 50 years	3%	0%	100%
50 years and above	0%	0%	100%

Source: Cheshire East Finance

12. Credit Risk:

- 12.1 The Authority considers security, liquidity and yield, in that order, when making investment decisions.
- 12.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.
- 12.3 The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
 - Sovereign support mechanisms;
 - Credit default swaps (where quoted);
 - Share prices (where available);
 - Economic fundamentals, such as a country's net debt as a percentage of its GDP);
 - Corporate developments, news, articles, markets sentiment and momentum;
 - Subjective overlay.
- 12.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Cheshire East Council

Cabinet

Date of Meeting:	13 th June 2017
Report of:	Director of Finance and Procurement (Section 151 Officer)
Subject/Title:	2016/17 Financial Outturn and Review of Performance
Portfolio Holder:	Cllr Paul Bates

1. Report Summary

- 1.1. This report outlines how the Council managed resources to provide value for money services during the 2016/17 Financial Year. The report includes narrative from the Council's Draft Group Accounts, to highlight financial performance within the year, as well as associated annexes to show how the Council has achieved against the outcomes contained within the Corporate Plan as well as other important financial matters.
- 1.2. 2016/17 presented a challenging year for local authorities within the UK as issues, such as inflation and increasing demand, were compounded by reductions in government funding. Adult Social Care services in particular have experienced 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 number of people over 65 years is already higher than national averages and is expected to increase faster than average too. The Council's net expenditure on Adult Social Care services was almost £100m in 2016/17, which is equivalent to three times the required spending on any other service area.
- 1.3. Against a backdrop of challenging circumstances Cheshire East Council has continued to increase satisfaction levels for key services and improve value for money overall. This report provides evidence of how the Council engages with residents, businesses and its partners to achieve positive outcomes.
- 1.4. The Council has continued to build on the achievements of the last three years and the overall financial health, performance, resilience and value for money at the Council has remained strong. The forecast at the end of quarter three was an overspend of £1.7m (or 0.7% against the net budget), which has proved accurate overall, as the outturn position is the same. In line with national trends the position has been strongly influenced by an increase in caseload and costs associated with Children in Care and in particular from demand for Adult Social Care services. The Council has

also had to deal with the collapse of a significant sub-contracted bus provider. Reduced expenditure in Corporate Services have significantly mitigated the final position.

1.5. In quarter four, a few examples of good performance were:

- 89.7% of all schools in Cheshire East were good or outstanding
- Planning application turnaround within timescales improved across all categories
- 398 new affordable homes were delivered, which exceeded targets

1.6. The attached Appendices, set out details of how the Council has performed in 2016/17:

Appendix 1 – Narrative from the Draft Group Accounts – Provides context of the area and it's people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1st April 2016 to 31st March 2017.

Appendix 2 – Outcomes - Provides highlights of Council activities, and achievements, from working with partners and the community throughout 2016/17. The Appendix is set out in line with the six outcomes contained within the Corporate Plan 2016 to 2020

Appendix 3 – Grants – includes details of capital and revenue grants received during 2016/17

Appendix 4 – Requests for Supplementary Capital Estimates and Virements

Appendix 5 – Debt Management

Appendix 6 – Reserves

Appendix 7 – Workforce Development

2. Recommendation

2.1. Cabinet is asked to consider and comment on the financial outturn and review of 2016/17 performance, in relation to the following:

- the narrative to the draft Group Accounts, including the financial outturn and impact on the Council's reserves and Balance Sheet (**Appendix 1**)
- summary of performance against the Council's 6 Outcomes contained within the Council's Corporate Plan 2016 to 2020 (**Appendix 1**);
- the final service revenue and capital outturn positions, overall financial stability of the Council, and the impact on the Council's reserves position (**Appendix 1**);
- fully funded supplementary capital estimates and virements up to £250,000 approved in accordance with Finance Procedure Rules (**Appendix 4, Table 5**);

- changes to Capital Budgets made in accordance with the Finance Procedure Rules (**Appendix 4, Table 8**);
- management of invoiced debt (**Appendix 5**);
- use of earmarked reserves (**Appendix 6**);
- update on workforce development and staffing (**Appendix 7**).

2.2. Cabinet is asked to approve:

2.2.1 A Supplementary Capital Estimate of £776,000 funded by the Department of Transport pot hole fund and virements as detailed in **Appendix 4, Table 6**; and

2.2.2 The allocation of additional grant funding totalling £42,280, as shown in **Appendix 3, Table 1**

2.3. Cabinet is asked to recommend that Council approve:

2.3.1. Fully funded supplementary capital estimates and virements above £1,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 4, Table 7**

3. Other Options Considered

3.1. None.

4. Reasons for Recommendation

- 4.1. The Council monitors in-year expenditure through a quarterly reporting cycle, which includes outturn reporting at year-end. Quarterly reports reflect financial and operational performance and provide the opportunity for members 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 resources focuses on value for money and good governance and stewardship. Financial 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.
- 4.3. This report presents a new opportunity to identify strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.

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 2016/17 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 during the year.
- 5.3. At final outturn, the Council's reserves strategy remains effective with a modest overspend, in line with the Third Quarter Review, of £1.7m (0.7%) against a net revenue budget of £247.9m. Capital expenditure in the year is £78.7m.
- 5.4. The alignment of the financial outturn, with the Council's activities and achievement against the outcomes contained within the Corporate Plan 2016 to 2020, provides evidence to stakeholders of where the Council is achieving of value for money.

6. Wards Affected and Local Ward Members

- 6.1. All

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. Performance management supports delivery of all Council policies. The final outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2018/21 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 final outturn 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.
- 7.3.2. The Council's Audit & Governance Committee is responsible for reviewing and analysing the Council's financial position at year-end. The Committee received the Draft Group Accounts on 1st June 2017, with final accounts due for approval by 30th September 2017 following external auditing and associated recommendations to the Committee.

7.4. Equality Implications

- 7.4.1. This report is a backward look at Council activities in quarter four and provides 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 four and states 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 four and provides 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. Implications for Children and Young People

7.8.1. The report provides details of service provision across the borough.

7.9. Other Implications (Please Specify)

7.9.1. 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 – were factored into the 2017/18 financial scenario, budget and reserves strategy.

9. Access to Information/Bibliography

9.1. 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](#)

[Mid Year Review of Performance 2016/17](#)

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

10. Contact Information

10.1. Contact details for this report are as follows:

Name:	Jan Willis
Designation:	Director of Finance and Procurement
Tel. No.:	01270 686979
Email:	jan.willis@cheshireeast.gov.uk

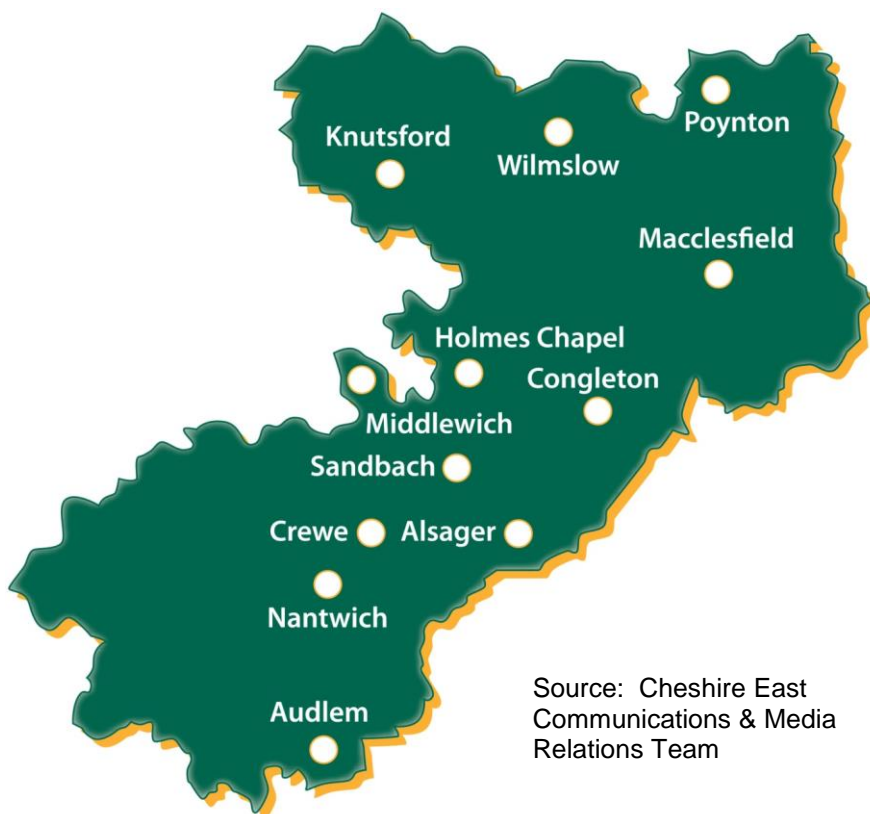
Appendix 1- Narrative Report

An introduction to Cheshire East, the place

Cheshire East Council is an all-purpose 'unitary' local authority providing key public services to over 370,000 local residents in Northwest England. The borders include the towns of Macclesfield, Congleton and Crewe. The area lies within the historic County of Cheshire between the urban areas of Manchester to the North and Stoke-on-Trent to the South.

Cheshire East covers a largely rural area of approximately 117,000 hectares, this makes the Council one of the largest local authorities in England; maintaining the area as a green and sustainable place is one of the Council's planned outcomes.

The Council operates a commissioning model which matches the best fit provider in terms of quality and cost to meet the needs of residents. The Group now consists of the Council and its wholly owned companies and associate. The accounts for all these organisations, where significant, are combined with the Council's accounts to produce the Cheshire East Group accounts.



Source: Cheshire East
Communications & Media
Relations Team

The Group is focused on achieving outcomes, in line with the Corporate Plan 2016 to 2020, by providing quality local services, within a commercially focused ethos that maximises value for money for local taxpayers.

Cheshire East Council is a multifunctional and complex organisation; its policies are developed by elected Councillors and implemented by professional officers.

The vast majority of services delivered by the Group focus on local residents and businesses. During 2016/17 one company, partially owned by the Council, – Cheshire and Warrington Local Enterprise Partnership Ltd - also provided services to residents of Cheshire West and Chester and Warrington and are jointly owned with those Councils.

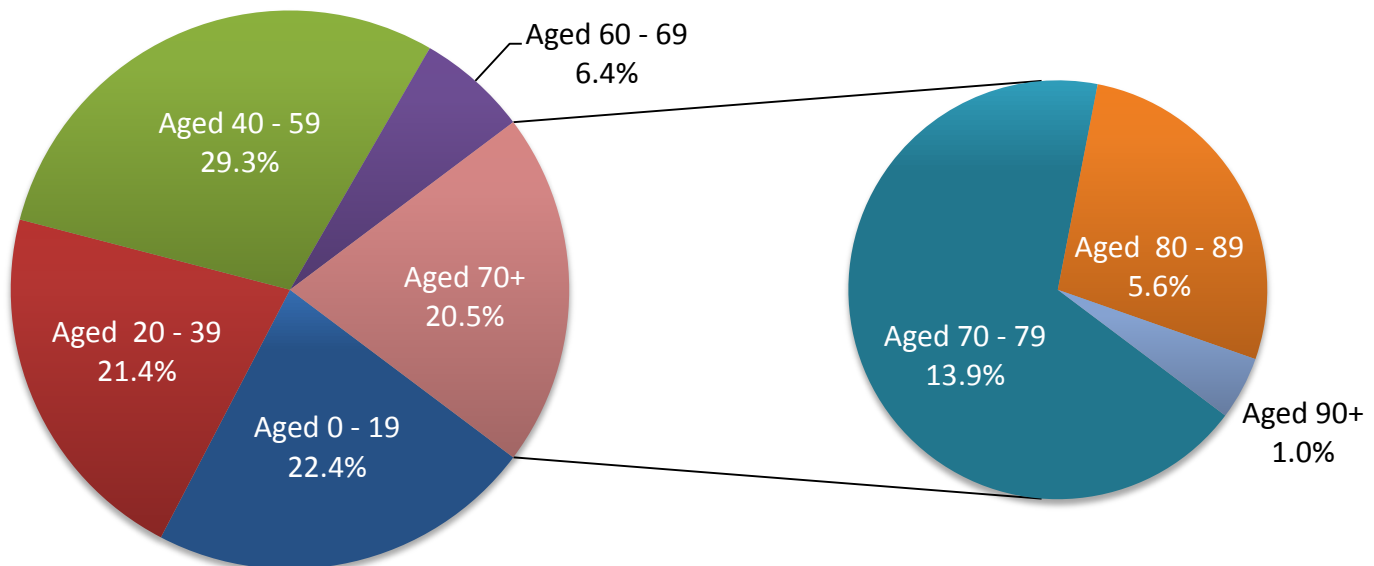
The most significant services provided by the Group are:

- Social Care
- Education
- Planning
- Highways
- Waste Management
- Economic Regeneration

Cheshire East, the people

Population: Office for National Statistics Mid-Year Estimates for 2012 shows an estimated population of 372,100. Cheshire East has a relatively older population than average, with 26.9% of the population aged 60+. This figure is much higher than the national average of 22.7% and is reflected in the Council's targeted outcome to support people to live well and for longer.

Cheshire East Population Structure – Analysis by Age Group



Source:
Office for National Statistics Mid-Year Estimates for 2012

Economy: Economic data tells us:

- In March 2017, Cheshire East's claimant count (the number of people claiming out-of-work benefits) was 2,620, which is 0.8% of the resident population aged 16 and above; this is below the claimant rates for Cheshire West and Chester (1.1%), the North West (1.9%) and Great Britain (1.5%). 2.1% of the Borough's 18-24 year-olds are claiming out-of-work benefits; this claimant rate for 18-24 year-olds is higher than for other age groups, but is lower than in Cheshire West and Chester (2.4%), the North West (3.6%) and Great Britain (2.9%).
- In 2016, 6,700 of Cheshire East residents were unemployed (not in work, but available for and actively looking for work). This equates to 3.6% of the economically active population aged 16 and above. This rate is lower than those for Cheshire West and Chester (4.0%), the North West (5.2%) and Great Britain (4.8%).
- Cheshire East's median household income was estimated to be £33,000, 15.8% above the UK average (£28,500). At individual settlement level, income is below the UK average in only three of the Borough's 24 main towns and settlements: Crewe, Shavington and Handforth. At the other end of the spectrum, median household income exceeds £50,000 in two of the 24 towns and settlements; Prestbury and Alderley Edge which are both in the north of the Borough.

Having a strong local economy is key to the Council's ambition to build economic growth; as is developing life skills to help people thrive and reach their potential.

Government changes to business rate retention and council tax support schemes directly affect the financial health of the Group, and local economic results show how increased commercial development and reduced unemployment help put the Group in a strong position.

The Political Structure of the Council

As a politically led organisation Cheshire East has 82 elected members selected from 52 wards. The electorate in Cheshire East is one of the largest in the UK with almost 300,000 registered voters. Council Elections take place every four years.

Elections last took place in May 2015. The Council is led by a Conservative overall majority.

	2016/17
Conservative	51
Labour	16
Liberal Democrat	2
Independent or Other	13

The Council operates a Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of portfolios and the delegation of executive functions.

Councillor Rachel Bailey is the Leader of the Council and heads a Cabinet which consists of nine portfolio holders. The Council also has an annually appointed Mayor for civic functions; the Mayor for the period up to 31st March 2017 was Councillor Olivia Hunter.

The Cheshire East Council Group Structure

Cheshire East Borough Council is by far the largest service provider of the Group. It is important to recognise that the Council is a Local Authority whereas the other members of the Group are limited companies which are either wholly or partially owned by the Council. The Council must produce a balanced annual budget and aims to spend within that total. The private companies on the other hand are able to focus on providing a profit. Residents of Cheshire East benefit from this approach as any profit shares retained by the subsidiaries are also retained by the Group and can increase overall value for money.

Cheshire East Residents First Ltd (CERF) is the largest shareholder for Ansa Environmental Services Limited, Transport Service Solutions Limited, Engine of the North Limited, Orbitas Bereavement Services Limited, Civicance Limited and The Skills and Growth Company. CERF owns an 80% shareholding in these companies with the remaining 20% being retained by Cheshire East Council. CERF is wholly owned by Cheshire East Council and acts as a holding company for the council owned companies.

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The Group Management Structure (2016/17)

The 2016/17 management structure is based on a commissioning model. The Council owns the companies within the Group either wholly or in part, but each company is a single entity with its own governance arrangements which then reports in to the Council's governance arrangements.

Supporting the work of elected Members is the organisational structure of the Council headed by the Executive Leadership Team (ELT). This is made up of the Council's most senior officers and ensures that the key Statutory Officers are represented at the most senior level of the Council.

Company	Role	Name
Cheshire East Council (Gross Revenue Spend £583m; Capital Spend £79m)	Chief Executive (Head of Paid Service)	Mike Suarez
	Executive Directors:	
	• People (Deputy Chief Executive)	Kathryn O'Dwyer
	• Place	Frank Jordan (from September 2016)
	• Chief Operating Officer	Peter Bates
	• Director of Legal Services and Monitoring Officer	Bill Norman
Wholly Owned Subsidiaries: 2016/17 position		
Cheshire East Residents First (CERF)	Chairman	Cllr David Brown
Ansa Environment Services Limited (Turnover £32.5m)	Chairman Managing Director	Cllr John Hammond Kevin Melling
Transport Service Solutions Limited (Turnover £17.1m)	Chairman Managing Director	Cllr Gail Wait Kevin Melling
Engine of the North Limited (Turnover £1.4m)	Chairman Managing Director	Cllr Jamie Macrae Mark Thompson
Orbitas Bereavement Services Limited (Turnover £1.7m)	Chairman Managing Director	Cllr David Marren Kevin Melling
Civacance Limited (Turnover £1.7)	Chairman Managing Director	Cllr Andrew Kolker Ian Bunn
The Skills and Growth Company (Turnover £2.3m)	Chairman Managing Director	Cllr Paul Bates Julian Colbey
Tatton Park Enterprise Limited¹ (Turnover £1.1m)	Chair Directors	Cllr Jamie Macrae Cllr George Walton Brendan Flanagan
Associate:		
Cheshire & Warrington Local Enterprise Partnership Limited¹	Chair Chief Executive	Christine Gaskell, MBE, DL Philip Cox

Note 1: Accounts for TPE & C&WLEP are not consolidated in 2016/17 on the grounds of materiality.

Since 31st March 2017 the management arrangements for the Council have temporarily changed. With effect from 25th May 2017 the Executive Leadership Team consists of Kath O'Dwyer (Acting CEO), Frank Jordan (ED for Place and acting Deputy CEO), Peter Bates (COO), Mark Palethorpe (Acting ED for People) and Jan Willis (Director of Finance & Procurement and CFO). Dan Dickinson is also acting Director of Legal Services and Monitoring Officer.

The subsidiary companies are led by management boards. These consist of a Managing Director, a Chairman and Directors. The Chairman and two directors are appointed from the elected representatives of the Council. The subsidiary Companies report regularly to the CERF board which holds public meetings at least twice a year.

For a more complete list of appointments and further details on each organisation within the Cheshire East Group please refer to the following websites:

Cheshire East Borough Council	www.cheshireeast.gov.uk
Ansa Environmental Services Ltd	www.ansa.co.uk
Engine of the North Ltd	www.Engine of the North.co.uk
Civance Ltd	www.civance.co.uk
The Skills and Growth Company	www.skillsandgrowth.co.uk
Cheshire & Warrington Enterprise Partnership Ltd	Cheshire & Warrington LEP

Accounts for Tatton Park Enterprise Ltd will be published on the Tatton Park website: www.tattonpark.org.uk

Everybody Sport and Leisure Trust (ESAR) was established in 2014/15 through a formation of a trust that took over the leisure service functions previously provided by the Council. ESAR, with its trust status, is not a subsidiary of the Council and has been excluded from the group. For more information please refer to the following website: www.everybody.org.uk/

Accounts for each of the private companies within the Cheshire East Group will also be provided to Companies House as required.

(website: <https://www.gov.uk/government/organisations/companies-house>)

The Group has appropriate governance and control arrangements in place to support the proper management of resources. Each year the Council provides an Annual Governance Statement that highlights how effective the processes and controls are during the year. The Audit and Governance Committee receive the Statement and consider any actions put in place in response to any issues being highlighted. It is important to read this Statement, which can be found on the Council's [website](#) alongside the Group Statement of Accounts to appreciate the proportionate level of control being exercised over the resources of the Group.

Draft Statement of Accounts 2016/17

Group Employees

The Group employs a total of 4,214 people (excluding school based employees).

	No.*	%
Cheshire East Council	3,666	87.0
Ansa	370	8.8
TSS	77	1.8
Civicanace	45	1.1
Orbitas	35	0.8
Skills & Growth	21	0.5
Total	4,214	100.0

*No. represents an average workforce for the year

Engine of the North does not directly employ staff; its human resources including management are provided by Cheshire East Borough Council and by commissioning the services of development surveyors and other professionals from the external market.

The Corporate Plan

The Corporate Plan 2016-2020 sets out five clear residents focused outcomes, underpinned by a sixth outcome based on delivering a responsible and efficient way of working.



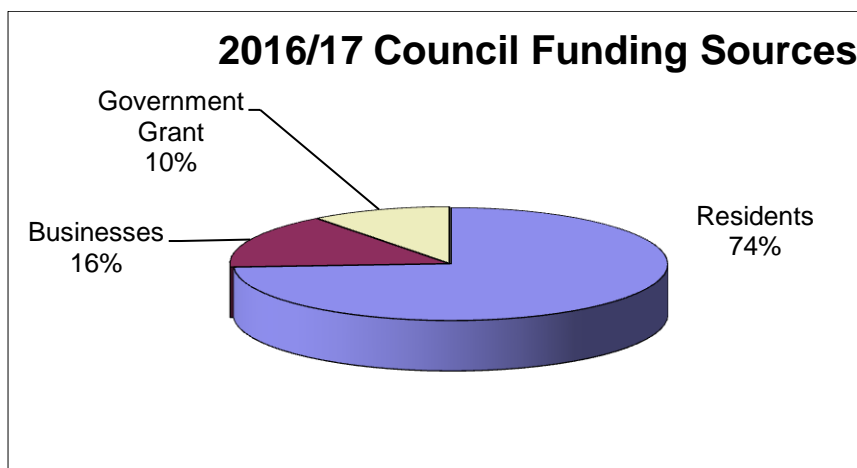
The corporate plan was approved by Council, in February 2016, alongside the 2016/17 Budget. Measurable achievements within each outcome are reported to members and published on a quarterly basis. Quarterly reports were provided to Cabinet and can be found on the Council's website: www.cheshireeast.gov.uk

Financial Overview

Central Government's continuing commitment to reduce the national debt has contributed to local government going through a period of sustained financial challenge. The continuing response from the Cheshire East Group is based on innovation and creativity. The Group also continues to be relentless in its pursuit of greater efficiency and productivity to enable it to deliver a high level of sustainable, quality services for a lower overall cost.

Compared to most other English authorities, Cheshire East is less reliant on government revenue grant as local businesses and residents provide a high proportion of the overall funding.

Residents and businesses funded 90% of the Group's Net Budget of £266.7m*



The Council's strong tax base – and thereby greater independence from government - provides financial stability and offers some 'local protection' from the impact of national economic fluctuations.

The development of the Group structure will, over time, enhance the opportunities for even greater resilience and independence.

The importance of the local economy both to the Council and the country as a whole cannot be underestimated though, with more than 18,000 businesses located within the boundaries of Cheshire East.

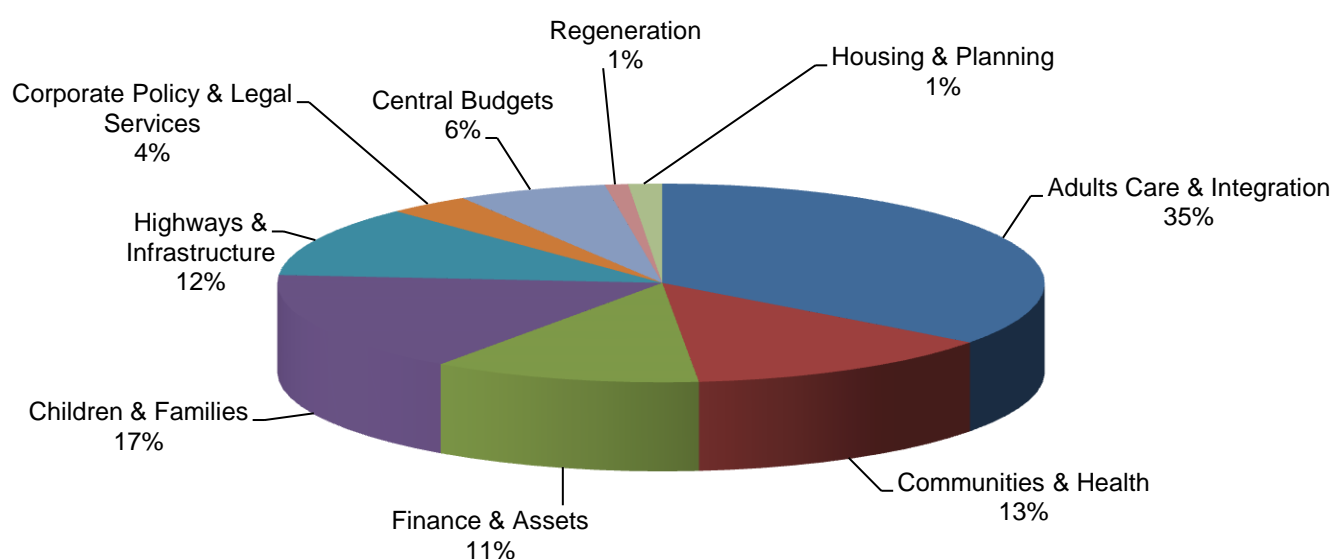
*Note: the Net Budget reflects the amount of business rates, general government grant and council tax that the Council spends each year. This is gross expenditure less capital expenditure and direct funding to services such as Dedicated Schools Grant, Housing Benefits and charges to service users – for full details see the Councils [Medium Term Strategy - Feb 2016](#)

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Most of the Council's £266.7m Net Budget is allocated to Social Care

The Council invests in a wide range of service providers. Most of the money is spent on achieving social care and community outcomes. The difficult decisions to prioritise and allocate resources to commissioned services mainly rests with elected Members.

The significant majority of education funding however, is passed directly to maintained schools and payment of welfare benefits, although administered by the Council, are claimed back from the government. At present public health expenditure is also ring-fenced for spending on public health services.



Note: the split of services (above) represents the Portfolio Holder responsibilities in 2016/17

Revenue Outturn position

The Group's strong financial position as at 31st March 2017 reflects its innovative delivery arrangements and effective stewardship of public money. Controlled spending during the year provided the flexibility to create earmarked reserves and fund additional capital investment.

The overall financial outturn includes:

- an overspend of £1.7m by commissioning and enabling services of Cheshire East Council. This matches the forecasts published at the Third Quarter, which informed the budget setting for 2017/18; and
- a net profit of £0.171m from the wholly owned subsidiary companies of the Cheshire East Group. This shows a consolidated strong performance from the Council's wholly owned companies, with most companies recording profits and increasing the strength of their respective balance sheets.

Overall revenue reserves of the Group have decreased from £74.7m to £64.6m. This is made up primarily from:

- General reserves for Cheshire East Council of £10.3m, which were decreased in 2016/17 in line with budgeted estimates and the reserves strategy.
- Earmarked reserves for Cheshire East Council of £48.9m.
- Schools reserves and balances of £5.1m.

The overall value of reserves is at a level that is sufficient to continue to protect the Group against its assessed financial risks and also to provide opportunities for future investment. This strengthening of overall reserves, during these challenging times, is a positive indicator of the Groups strong financial control aligned to its strategic intentions.

Each of the single entities of the Group will be separately audited by Grant Thornton LLP Ltd. Any findings will be reported to the relevant board or the Audit and Governance committee and reported on the website of each part of the Group.

Summary details of the relative management accounts for each entity within the Group are as follows:

The Council produces an Outturn Report for the year that reflects the Council's financial and non-financial performance. The report which includes the narrative to the Statement of Accounts, alongside additional information, was reported to Cabinet on 13th June 2017 and can be found on the Council's website: www.cheshireeast.gov.uk



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Cheshire East Council reported a final outturn position of £249.6m.

2016/17 FINAL OUTTURN (Gross Revenue Budget £583.4m)	Revised Budget (net) £m	Final Outturn Position £m	Over / (Under) spend £m	Change from Third Quarter £m
Service Directorates				
Adult Social Care and Health	94.0	99.3	5.3	2.2
Children's Services	45.2	45.6	0.4	(1.2)
Community and Partnerships	4.5	4.2	(0.3)	(0.2)
People	143.7	149.1	5.4	0.8
Growth and Regeneration	4.4	4.5	0.1	(0.1)
Infrastructure and Highways (incl. Car Parking)	8.1	7.3	(0.8)	(0.6)
Planning and Sustainable Development	(1.2)	(1.1)	0.1	0.1
Rural and Green Infrastructure	2.8	3.0	0.2	0.2
Place Commissioning	18.2	20.2	2.0	1.0
Place	32.3	33.9	1.6	0.6
Corporate and Central Services	45.3	41.2	(4.1)	(1.4)
Corporate Commissioning	29.5	30.2	0.7	0.3
Corporate	74.8	71.4	(3.4)	(1.1)
Total Services Net Budget	250.8	254.4	3.6	0.3
Central Budgets				
Specific Grants	(20.6)	(20.7)	(0.1)	0.0
Capital Financing	14.0	12.8	(1.2)	0.0
Transfer to Earmarked Reserves	2.8	2.8	0.0	0.0
Transfer from Earmarked Reserves (to balances)	0.0	(1.1)	(1.1)	(1.1)
Corporate Contributions / Central Budgets	0.9	1.4	0.5	0.8
Total Central Budgets	(2.9)	(4.8)	(1.9)	(0.3)
TOTAL NET BUDGET	247.9	249.6	1.7	0.0

The wholly owned subsidiaries reported an overall profit.

Company	Turnover £000	Costs £000	Operating Profit/(Loss) £000	Interest Payable & Taxation £000	Net Profit /(Loss) £000	Retained Share Accruals* £000	Shareholder Profit/ (Loss) £000
ANSA	32,496	32,370	126	5	121	(25)	96
TSS	17,143	17,248	(105)	(1)	(104)	15	(89)
SAGC	2,258	2,175	83	0	83	(63)	20
Orbitas	1,718	1,726	(8)	6	(14)	2	(12)
Civica	1,665	1,588	77	1	76	(51)	25
EOTN	1,397	1,388	9	0	9	0	9
Total	56,677	56,495	182	11	171	(122)	49

*Note: The Retained Share Accruals are in accordance with contractual obligations and the funds are allocated to the Council's Trading Earmarked Reserve.

Performance Overview

The Council's outcomes, as described in the Corporate Plan, are achieved through a combination of commissioners and providers both meeting and exceeding performance ambition. Some of the key issues that have affected the level of service expenditure and performance against outcomes during the year are summarised below.

People

Notable successes this year include:



We undertook a major project to improve community-based early intervention and prevention activities to improve public health outcomes. £400,000 was allocated to 103 different organisations over 12 separate events which saw over 800 local residents vote for local projects.



Delivering Differently
in Macclesfield

The 'Delivering Differently in Macclesfield' project resulted in the creation of 7 new resident-led initiatives. The Council is one of 23 authorities that have piloted a scheme exploring what works best for local communities and how to maximise facilities to bring groups together. This work has been estimated to have prevented the Council from having to spend over £238,000, not to mention the beneficial impact on people's lives if they can access local services when they need them without the need for hospital or more serious interventions.



As at quarter 4, 89.7% of all schools in Cheshire East were good or outstanding.



In 2016, 61.9% of pupils achieved 5+ A*-C grades including English and mathematics GCSE, which is above the national average, and Cheshire East is ranked 3rd when compared to statistical neighbours.

The People Directorate net expenditure outturn of £149.1m is £5.4m higher than budget.

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The most significant variance relates to Adult Social Care and Health with an overspend against budget of £5.3m, this includes an overspend on External Care placements. Performance data shows that over the last two years the service has seen a growth of around 500 people, of these over 100 are in Residential and Nursing placements (at a cost of £601 per week) and over 100 are in receipt of long term domiciliary care (at a cost of £332 per work). This alone has created a pressure of around £5.6m on the Care Cost budget, in addition average package costs are increasing, in excess of the fee increases. Early work suggests that 40% of the increase in care costs is attributable to the fees increase and 60% relates to additional volumes of client numbers alongside increasing complexity of clients needs.

In addition to the variance on external care costs there are a number of variances across the other areas of the Adults Department, such as staffing budgets, Commissioning costs and the internal provider of care, Care4CE. The majority of these variances are underspends which, when combined together with the External Care Costs, result in the overall position of a £5.3m overspend.

Place Directorate

Notable successes this year include:



The Regeneration team successfully progressed town centre revitalisation projects in both Crewe and Macclesfield.

The £38m Poynton Relief Road scheme received a resolution to grant planning permission in January 2017.

The £91m Congleton Link Road scheme now has planning permission. Compulsory Purchase Orders have now been served and a public inquiry was scheduled to acquire the land for the Link Road.

Works on the A500 Junction 16 Pinch Point Scheme were completed to alleviate road congestion through the addition of a lane to the eastbound approach to Junction 16.

Pothole repairs for 2016/17 totalled 16,105. Despite a slight increase in the number of programmed repairs (compared to 15,410 in 2015/16), the total annual cost reduced for the year from £921,000 (in 2015/16) to £708,000.



The Connecting Cheshire project continued to reach more premises, with fibre broadband now available to 97% of Cheshire East premises, 93% of which can benefit from speeds greater than 24Mbps.

Planning application performance remained strong with improved turnaround of applications within time over the past 3 quarters of 2016/17

The Place Directorate net expenditure outturn of £33.9m is £1.6m higher than budget. The most significant variance in Place Commissioning relates to the contract with TSSL, increased costs arose due to the requirement to replace local bus services.

Corporate Directorate

Notable successes this year include:



Works undertaken by the Facilities Management Team on energy management solutions have enabled the Council to deliver a 42% saving on CO2 emissions, against a target of 25% by 2016.

The Council reduced costs by £1.6m through the re-procurement of the Council's contracts.

The Assets Service dealt with over 1,590 property requests and enquiries throughout 2016/17, and has reduced the number of outstanding priority cases to less than 50 cases, whilst saving £200,000 per annum on operational costs. It disposed of 21 surplus Council assets during the year.

The Assets Service successfully completed 10 refurbishment, extension or demolition projects (to a value of £7.5m), whilst a further 6 projects (worth £17.3m) are in post-completion progressing through the healthcheck / defects phase.

The Corporate directorate net expenditure budget of £71.4m was underspent by £3.4m. Reasons for the underspends include a one-off change in accounting for Housing Benefits bad debts (£1.1m) and an increase in the level of subsidy recovered (£0.8m).

Savings in staffing costs were achieved in the Project Management Office; Business Solutions; Audit & Risk Management and Finance & Performance teams.

Additional underspends occurred in Procurement; Human Resources and on the Workforce Development training budget.

Notable Corporate Commissioning successes this year include:



The £15.1m Crewe Lifestyle Centre celebrated its first birthday, and continues to win a number of regional and national awards.

Cheshire East is 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 to deliver schemes across the Borough.

The Council has launched its 'No Rubbish Excuses' campaign to help reduce the amount of waste illegally dumped on the Borough's streets in addition to targeting problem areas with public information and enforcement.

Changes in Pension Estimates

Due to the scale of the pension assets (£1.2bn) and liabilities (£1.6bn) detailed in the Accounts, even small percentage changes in assumptions regarding their value can have a noticeable impact on the reported position.

In 2016/17 the net pension liability (deficit) reported in the Accounts has increased by £103m. This reflects a significant decrease in the net discount rate (much lower discount rate, net of slightly higher inflation). The effect is partially offset by much greater than expected asset returns.

Detailed actuarial valuations are carried out every three years and the formal valuations for English and Welsh LGPS Funds were concluded as at 31st March 2016. The balance sheet position and charge to Profit and Loss for 2017/18 are based on the 2016 formal valuation. This differs to the position as at 31st March 2016 which was based on the 2013 valuation. In effect, the accounting figures are “re-calibrated” every three years following each formal valuation.

Council Tax

Cheshire East collects Council Tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils in addition to its own requirement. The total budgeted collectable amount for 2016/17 was £218.9m. The carried forward surplus on the Council Tax Collection Fund at the end of 2016/17 is £1.6m.

The Council Tax in-year collection rate for 2016/17 is 98.3%, an improvement of 0.2% on the previous year.

Business Rates

Cheshire East collects Business Rates for the whole area and the income is split 49% to Cheshire East, 50% to DCLG and 1% to the Cheshire Fire Authority. The total budgeted collectable amount for 2016/17 was £140.5m as per the NNDR1 return. The carried forward deficit on the Business Rates Collection Fund at the end of 2016/17 is £3.1m.

Cheshire East Council is in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester for 2016/17) to maximise business rate retention locally and support the economic regeneration of Greater Manchester and Cheshire Councils. Pool members are entitled to retain the levy charge on growth that would normally be paid over to Central Government. Cheshire East retained 50% of this levy charge locally (£1.1m) before paying the remaining half over to the pool.

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. Cheshire East are due to receive £2.7m for this growth and this will be set aside in the Collection Fund Management Reserve.

The Business Rates in-year collection rate for 2016/17 is 97.67% which is a decrease of 0.7% compared to the same period in 2015/16. This is largely due to the continuing use of avoidance strategies by businesses in order to mitigate their liability.

Financial Overview - Capital Programme

Capital expenditure represents money spent by the Group on purchasing, upgrading and improving assets that will be of benefit to the community over many years.

Total capital expenditure in 2016/17 was £78.7m compared to the budget of £123.0m. A further £13.8m was spent on the Council's contribution to the South East Manchester Multi Modal Strategy, with matched grant funding from the Greater Manchester Combined Authority. The new relief road straddles Stockport MBC and Manchester City Council boundaries as well as Cheshire East: www.semmms.info/

The forecast for planned spend is updated throughout the year and published in the Quarterly Reviews of Performance. During 2016/17 a number of major projects have either completed or got under way including the Waste Hub (£12.0m), Middlewich Eastern Bypass (£1.5m), Schools Improvement Programme (£4.6m), Connecting Cheshire Phase 2 (£2.8m) and the Highways Investment Programme (£5.3m).

Since the start of 2016/17 slippage on the capital programme has been measured on schemes that are classed as committed as these schemes should have commenced prior to or during 2016/17 and have a detailed forecast expenditure plan in place.

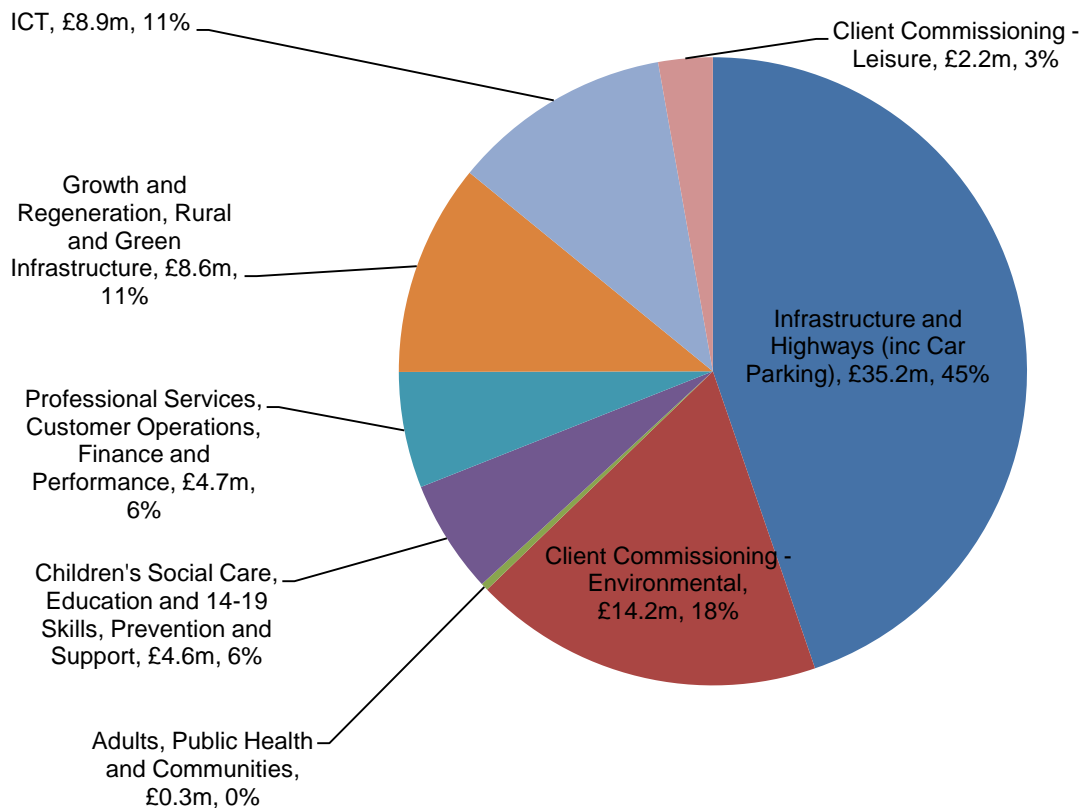
There has been slippage of £25.5m against committed schemes, this includes Care Act Phase 2 (£7.0m), Waste Hub (£5.4m) and schemes within the Places directorate (totalling £10.6m) including the Gypsy Traveller Site, Housing Innovation Fund, Farms Strategy and Strategic Acquisitions.

The 2016/17 capital programme assumed a capital receipts target of £10m. The actual receipts in year amounted to £8.9m (of which £8.6m was used to fund the Capital Programme) from the sale of 21 surplus assets, including Pym's Lane Waste Depot (£4m), Farms Estate (4 lots totalling £1m) and former housing right to buy and VAT shelter receipts (£1.7m).



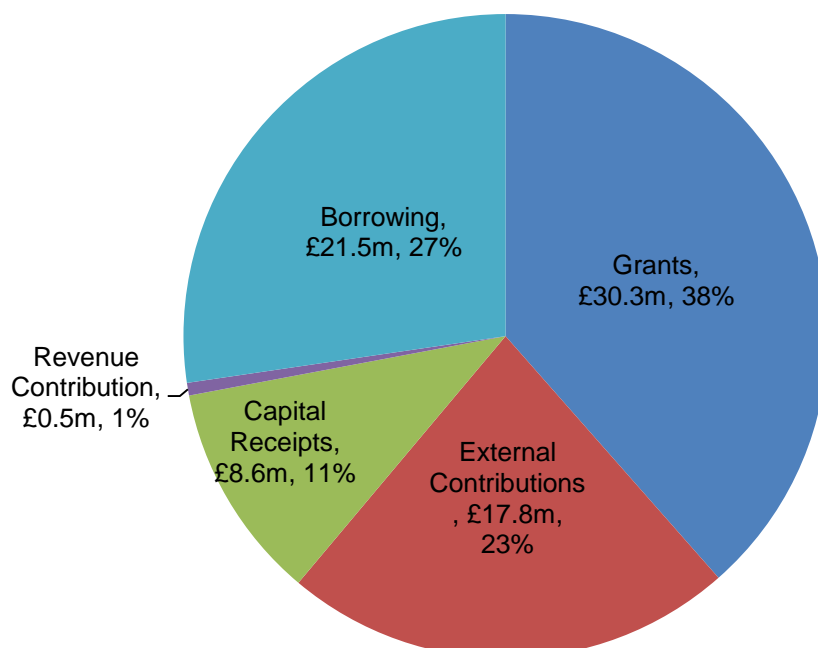
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Capital spending in 2016/17 was highest in Infrastructure and Highways



61% of Capital Spending was funded from external resources in 2016/17

To minimise the impact on financing costs and maximise the benefit of securing external funding sources some of the planned spending is deliberately re-profiled into later years. This also allows additional time to explore further funding opportunities such as grants and developer contributions which helps keep Council Tax bills down.



The Council has been very successful at attracting grant funding and external contributions for capital improvements. This minimises the impact of reducing the funding available for other services such as social care.

Note: During 2016/17 the Council has been able to 'internally' borrow from cash balances and has not had to take out any new long term external loans, with the exception of one interest free loan amounting to £1.1m from Salix, specifically for energy efficient street lighting projects.

Protecting Against Risks

The Council has a risk management framework with hierarchical risk registers forming part of the process which operate at strategic, operational and project levels. Emerging significant risks are escalated to senior members and/or officers as appropriate in line with the potential likelihood and impact of the risk upon objectives. Formal reports with regard to the risk management process are made throughout the year to senior officers and members.

During the year the corporate risk register has been subject to a review and refresh to ensure that interdependencies between the corporate risks are understood. Operational risk registers have also been developed and included in team plans and risk management refresher training has been undertaken with senior officers and members as part of the review and refresh of corporate risk register.

The Council's key corporate risks recognise potential threats from increasing demand for services and the Council's financial resilience; the corporate risk register includes measures for countering fraud and corruption, and risks that may arise as a result of partnership working, recognising that austerity and economic conditions affecting Council's key partners may potentially have a knock-on impact upon the Council.



Narrative Report – Expenditure and Income Commentary

Explanation of the financial statements

The Accounts and Audit (England) Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The group accounts have been prepared in accordance with IFRS which require that the financial statements of the reporting authority (Cheshire East Council) and its subsidiaries and associates shall be prepared as of the same date.

In 2016/17 the main change in the Code's requirement which affected the Cheshire East Group of companies related to the introduction of IAS1 Presentation of Financial Statements. This introduced the 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS1 under the International Accounting Standards Board (IASB) Disclosure Initiative. As a result the format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement has changed and a new Expenditure and Funding Analysis has been introduced.

Subsidiaries have been consolidated into the Group Accounts on a line by line basis incorporating their income and expenditure fully in the relevant service revenue accounts. Note 34 provides further details of the various companies in which the Council has an interest. Tatton Park Enterprises Ltd and Cheshire & Warrington Enterprise Partnership Ltd have been excluded from Cheshire East Council group accounts on the grounds of materiality.

The statements contain a number of elements which are explained below.

The Group Financial Statements

Movement in Reserves Statement - this shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. Usable reserves include the Capital Grants Unapplied Account which are grants received but not yet utilised.

The 'Surplus or (Deficit) on the provision of services' line shows the true economic cost of providing the Group's services, which is shown in more detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes.

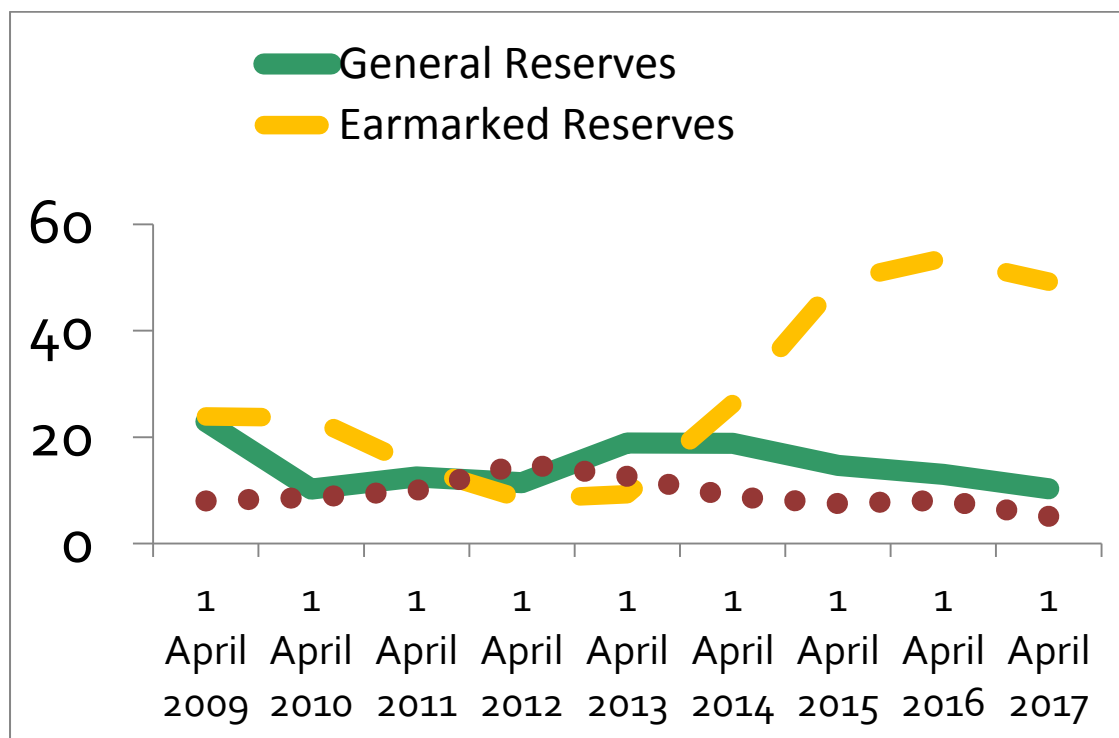
The 'Net Increase / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Group's long term strategy is to hold appropriate levels of general reserves to provide funds for investment and to protect the Group against financial risks.

General (£10.3m) and Earmarked reserves (£54.3m including Schools) have decreased in 2016/17 to £64.6m. The overall level of reserves is adequate to continue to protect the Group against financial risks and to provide opportunities for investment in the medium term. The impact of rising demand for services, the economic climate, emerging Government policies (particularly in

relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk. The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.

Reserve levels are considered to be adequate and consistent with the Group's current strategy.



Source: Statements of Accounts, Cheshire East Council, 2009-2017

Comprehensive Income and Expenditure Statement – this statement reflects the sum of all income, expenditure, gains and losses incurred by the Group in the last 12 months and explains how the Balance Sheet position has changed between the two financial years. This statement shows the financial position in accordance with accounting practice which means that the costs include notional charges for items such as depreciation, impairment, capital grants and capital charges.

In 2016/17 there is a deficit on the provision of services of £11.9m.

Balance Sheet – this shows the value of the Group's asset and liabilities at the balance sheet date. These are matched by reserves which are split into two categories: usable and unusable reserves. Usable reserves (e.g. General Fund and earmarked reserves) can be used to support services or to reduce local taxation. Unusable reserves arise out of the interaction of legislation and proper accounting practice, either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves are not resource-backed and cannot be used for any other purpose.

The Balance Sheet provides a snapshot of the Group's financial position as at 31st March 2017 and includes both the General Fund and the Collection Fund balances. Despite an increase in the pensions liability (£103m) the Group still demonstrates a healthy Balance Sheet, with net assets of £274.1m, an overall decrease of £87.6m (24%).

Draft Statement of Accounts 2016/17

Cash Flow Statement – this statement shows the changes in the Group's cash and cash equivalents during the reporting period. It shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income, or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital.

Cash balances at the end of March 2017 have increased by £1.0m to £14.4m compared to the closing balance of £13.4m at March 2017.

Collection Fund – this is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Statement of Responsibilities - this sets out the respective responsibilities of the Authority and the Director of Finance and Procurement (Section 151 Officer).

Independent Auditor's Report – gives the auditor's opinion of the financial statements and of the authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.



Narrative Report - Future Opportunities and Challenges

Medium Term Financial Strategy 2017/18 – 2020/21

Public services in Cheshire East are facing significant financial challenges based on forecasts of increasing demand and announcements of reductions in government funding. The Council and its subsidiaries are also subject to year-on-year pay and price inflation. Local care services in particular are in line with national trends which show rising caseloads and increasing complexity of care needs as well as rising costs from minimum wage requirements for care providers. The Council has an excellent recent track record for managing spend in line with its financial strategies which has been achieved despite frequent uncertainty around the annual levels of grant support from central government.

In February 2017 the Council provided a balanced three year Medium Term Financial Strategy. Setting the 2017/18 budget has been the most challenging since Cheshire East Council was formed in 2009 and required a significant review of the strategy for setting Council Tax. The ambition to create greater certainty for local residents has not been easy while 2016 provided such significant changes at a national level. Brexit, and a General Election could yet prove to impact on the Council. The local challenge is in managing the levels of demand for services whilst creating a fair, equitable and viable financial outlook for the organisation.

The financial stability of the Council, which determines the amount of money available for service expenditure, should be exposed to less risk from further Government funding shortfalls in the medium term following the submission to DCLG of Cheshire East Council's [4-Year Efficiency Plan](#) in October 2016. This confirmed acceptance of the 2016/17 Finance Settlement funding levels which are now guaranteed up to the end of 2019/20. These were reconfirmed in the Provisional Finance Settlement released on 15th December 2016.

The Council also approved a revised [Corporate Plan](#) for the period 2017 to 2020 in February 2017. The updated Corporate Plan has formed the basis for developing proposals within the Medium Term Financial Strategy. Progress against the Corporate Plan is monitored through quarterly reporting to Cabinet and Overview and Scrutiny Committees. The quarterly reports identify up to date financial and operational performance of the Council and show how the latest priorities are being managed to achieve the best outcomes for local residents.

The Council's domestic and non-domestic tax bases are forecast to continue to grow in line with the Local Plan. The government has started to consult on the technical details for a possible move towards local government retaining 100% of the business rates collected, as opposed to the current split whereby HM Treasury retains 50% of the yield. The Council continues to be engaged in this consultation process, but recognises that the net impact on the local government finance sector is expected to be nil, as new responsibilities may well be transferred from other parts of the public sector if the overall funding package looks likely to increase.

In addition to changing the way some services are designed and delivered to mitigate rising costs, the Council is currently forecasting a potential increase Council Tax each year over the medium term including 2017/18 (4.99%). This reflects the change in national government policy that now assumes Council Tax will be increased each year to 2020 as part of the medium term financial settlement for Local Government. The Council is not considering proposals that would trigger a referendum. Arranging service delivery in this climate will be a challenge but the Council will continue to work hard and engage residents and businesses on how services can be designed in a more affordable way to improve value for money.

Draft Statement of Accounts 2016/17

The planned increase in Council Tax for 2017/18 included the raising of an additional 3% Council Tax to support spending on Adult Social Care. Local authorities can now raise up to 3% in any year, but subject to a maximum of 6% over the three year period from 2017/18 to 2019/20.

The Council's 'best fit' approach will continue to challenge the way all services are commissioned. This also relies on a strong approach to collaboration with partners, one of the risks to the medium term provision of local services is the financial stability of all parts of the public sector. Reform is essential to improve the productivity, efficiency and affordability of the overall public service offer. The Group will continue to explore opportunities for joining up public sector services, whether for the purpose of receiving more effective vital services or simply better value for money for the local tax payer.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council and its subsidiaries. I would like to express my gratitude to all colleagues, from my team and other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the 2016/17 financial year.

I hope you find this narrative and accompanying statements clear and informative. If you require any further information, please contact Cheshire East Customer Services on 0300 123 55 00 (all calls at local rates).

Jan Willis

Jan Willis MBA IPFA

Director of Finance and Procurement (Section 151 Officer)

Appendix 2 Overview of Performance

ACHIEVING THE COUNCIL'S SIX OUTCOMES

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

1 ~ Our local communities are strong and supportive

- 94 organisations have received £170,351 of funding contributing to £2,881,992 worth of community projects
- We have secured the first Public Space Protection Order (PSPO) in the Borough for Poynton Sports Club
- Specialist training was given to increase awareness of issues and signs of vulnerability to terrorism

2 ~ Cheshire East has a strong and resilient economy

- The Regeneration team has progressed town centre revitalisation projects in both Crewe and Macclesfield
- 'Connecting Cheshire' continued, with fibre broadband now available to 97% of Cheshire East premises
- The Lifelong Learning Service has enrolled 337 residents on accredited qualifications

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

- 89.7% of all schools in Cheshire East were good or outstanding
- Cheshire East worked with schools in responding to the Department for Education National Funding Formula consultation proposals
- 61.9% of pupils achieved 5+ GCSE A*-C grades including English and mathematics, above the national average
- The Council has attracted £1.2m of capital funding to extend six nurseries across the Borough
- A new mobile children's centre has been launched to take services into the heart of rural communities

4 ~ Cheshire East is a green and sustainable place

- Planning application turnaround improved, including determining 90% of major planning applications within target timescales
- Consultation ended on proposed main modifications to the Local Plan
- the authority continued to divert almost half its waste to 'waste-to-energy', a key aim of the Waste Strategy to reduce landfill disposal

5 ~ People live well and for longer

- Adult Social Care marked Dignity in Care Day with a series of events
- 398 new affordable homes were delivered in 2016/17
- Adult Social Care revised processes to align with a national initiative to record vital details of people living with dementia in case they ever go missing
- We have supported 407 disabled people to carry out major adaptations to their home
- 2016/17 saw another increase in attendances at leisure facilities, with a total of over 3 million attendances
- New chapters were published in the Cheshire East Joint Strategic Needs Assessment
- Adult Social Care aligned staff in the Crewe and Nantwich area around GP practices to improve the social care experience

6 ~ A Responsible, Effective and Efficient Organisation

- The Assets Service dealt with over 1,590 property requests and enquiries throughout 2016/17
- Works undertaken by the Facilities Management Team on energy management solutions have enabled the Council to deliver a 42% saving on CO2 emissions, against a target of 25% by 2016
- The Council reduced costs by £1.6m through the reprocurement of the Council's contracts

1. Our local communities are strong and supportive

Active, Resilient and Connected Communities where people want to live

1. Cheshire East Council is one of the highest performing authorities in the North West for awarding grants to rural businesses as part of a European funding initiative (EU Leader) to support rural Small to Medium Enterprises ('SMEs'), forestry, rural tourism, cultural and heritage activities. In 2016/17, over £300,000 was invested in the rural economy and at least 20 full time jobs created.

2. The Council has recently agreed an ambitious three-year plan to support our voluntary, community and faith sector. We are fortunate in that we have over 50,000 dedicated volunteers in the Borough who provide over 74,000 hours of support each year to a vast range of organisations. From national charities such as Barnardos helping people to tackle domestic violence to the Lighthouse Centre in Crewe which gives homeless people a place to get a hot meal, warm shower and wash their clothes every week. The plan also includes a contract awarded to Cheshire Voluntary Services Cheshire East (CVSCE) who provide resources and support to the voluntary, community and faith sector across the Borough.



3. We have recruited 12 volunteer 'Community Connectors', a team of local people who are active in their own community, have

energy and drive to listen to people and support them to address local issues. They support their community in accessing services, social groups, activities and social opportunities. The Community Connectors have undertaken a six week training programme to equip them to cope with the challenges they may face such as supporting people to access healthcare, Council services, dealing with hate crime, understanding cultural differences and communicating effectively. All 12 Community Connectors recently graduated this course.



4. In November, the Council supported the Anne Frank Project in five local schools to increase awareness and understanding of Anne and her experiences during the Holocaust and to learn the lessons and consequences of unchecked prejudice and discrimination. Encouraging children to explore, understand, respect and celebrate cultural diversity is important in building strong sustainable communities. Cheshire East Council is a key supporter of the TWISTA (Together We Inspire Striving To Achieve) project which has provided over 100 mentors to young people to encourage them to be the best they can be and not be drawn into crime or other damaging activities.

5. This year has seen the completion of the very successful 'Delivering Differently in Macclesfield' project which resulted in the creation of seven new resident-led initiatives. The Council is one of 23 authorities nationwide that have been piloting a scheme focusing on exploring what works best for local communities and how to maximise the facilities that are available to bring groups together. At the heart of the approach has been one key objective – to deliver services at the right time, by the right people at the right place. The local community have responded fantastically well offering a range of services from smoking cessation, to community cafes and helping those with mental health issues or drug and alcohol dependency. This work has been estimated to have prevented the Council from having to spend over £238,000, not to mention the beneficial impact on people's lives if they can access local services when they need them without the need for hospital or more serious interventions.

6. Putting the community at the heart of our decision making, we undertook a major project to improve community-based early intervention and prevention activities to improve public health outcomes. £400,000 was allocated to 103 different organisations over 12 separate events which saw over 800 local residents vote for local projects.



7. We have supported newly arrived and settled families to integrate into local communities and help them to connect with education, cultural, faith and language services so that they can feel

comfortable living here and help them to overcome some of their difficulties and experiences.

8. We are supporting 87 community venues, as part of work to develop a network of connected community centres across Cheshire East. This enables local services to be delivered where communities need and want them, offering support and engagement for all living in the local area.
9. 94 organisations have received £170,351 of funding contributing to £2,881,992 worth of community projects, all designed to improve quality of life for Cheshire East residents. All of the projects that the Council supports get the maximum value from the grants received to benefit the local community. For example, Mere and Tabley Community Club were awarded £5,000 to help pay for refurbishment of the club's community hall and improve their facilities. The club is run by volunteers, and not only supports the club's own social and sports activities but also provides a great affordable venue for many other community and charity organisations in a rural area.



Communities where you are Safe, and feel Safe

10. Cheshire East Councils works 24/7 to ensure that local people and businesses are safe and our Community Protection (Trading Standards) team investigate consumer and business crimes such as consumer and business frauds, doorstep crime and rogue trading,

scams and mass marketing, age restricted goods, intellectual property (counterfeit goods) and copyright, illegal alcohol and tobacco, illegal money lending and cybercrime. Results over the past year include:

- 18 formal warnings, 4 cease and desist notices, 16 seizures of illegal goods (over 10,000 illegal items and over £20,000 of illicit tobacco)
- 61 months imprisonment for offenders, over 450 hours in community service orders and over £35,000 in court fines
- Visiting 44 vulnerable people who were victims of scams and working with over 25 schools and 800 children as part of our doorstep crime/rogue trader project.

11. The Council operates a 24/7 CCTV service, with a financial contribution from Town & Parish Councils, which monitors the Borough and will alert Police, Fire and other public body colleagues to incidents and issues as they take place. The Council also supplies CCTV evidence where required which can be vital in ensuring that criminals are prosecuted. On average we respond to around 1,300 incidents each month.



12. The Council also tackles community and environmental issues and has introduced evidential standards to ensure that any formal action is robust and can increase the number of successful prosecutions. This strategy is paying off with results since 1 October 2016 (quarter 3 & quarter 4) as follows:
The number of fixed penalty notices at £80 issued:

- 4,116 for dropping litter and we have approximately 40 files per week submitted to the courts for prosecution following non payment.
- 24 for failing to clear up dog fouling
- 28 fly tipping including householders who had got illegal operators to take waste away
- 66 other environmental crimes including abandoned vehicles
- Prosecutions are also sought for non-payment of notices and in serious cases

13. In February and March 2017, we undertook a major survey with over 1,000 residents in Crewe to look at six areas of the town and what issues people were facing around their waste and recycling services, environmental crime and community safety. This work was part of a pilot project in Crewe to tackle issues raised by the community and local councillors. The results of the survey have informed a major publicity campaign and are the basis for discussion at a series of neighbourhood action meetings.
14. We have successfully worked with a number of young people following complaints of anti-social behaviour and have given them advice, warnings, referral to offender services and other interventions which have prevented the need to issue an Acceptable Behaviour Order in over 98% of cases referred to us, thereby seeking not to criminalise young people and also reduce impact on the local community. However, where offenders persist, we will take action and have issued four Community Behaviour Orders to prolific offenders who caused distress to our communities over the past year.
15. We have secured the first Public Space Protection Order (PSPO) in the Borough for Poynton Sports Club. The order comes into effect from 1st May 2017 and will protect members and public using the club from antisocial behaviour from groups of young people who

gather in and around the club's grounds. The PSPO can apply to private land as well as public land and gives the Council and Police the powers to move the offenders on or issue fixed penalty fines. A fixed penalty fine can be as much as £100 and, if court proceedings follow, the maximum penalty can be £1,000. Fines will be issued to any person 16 or over.

16. The Council supports the local Police in tackling serious and organised crime. Following joint working to share information and disrupt organised crime activity, three criminals were arrested including the ringleader of an organised crime group. We have Council officers located in Police buildings to ensure a quick response to requests for information, and in seeking support for operations from the relevant services such as Housing, Fraud and Trading Standards teams.
17. We now have a multi-agency panel in Cheshire East to provide early protection and support to those who have been identified as being vulnerable to being drawn into terrorism. 13 members of

Cheshire East staff have been given specialist training to increase awareness of issues and signs of vulnerability to terrorism. The new "Preventing Vulnerable People From Being Drawn Into Extremism" Strategy was published in collaboration with Cheshire West and Chester, Halton and Warrington, and adopted by Cabinet in October 2016. The Strategy provides a framework within which we will work effectively with partners to reduce the risks to our communities, placing a strong focus on education, maintaining regular and effective dialogue with our communities and safeguarding those most vulnerable to the messages of extremists.

18. The Licensing team continue to ensure appropriate enforcement action against taxi drivers. There have been a number of cautions and prosecutions in year including two further prosecutions in the final quarter. The service continues to promote a rigorous application process to ensure that drivers and their vehicles are suitable and that public safety is protected.

2. Cheshire East has a strong and resilient economy

Business Growth and Tourism

19. The Council commissioned the Skills and Growth Company (SAGC) to support business growth in high value sectors; over the year they have made 124 in-depth business engagements (defined as 6 hours or more). Activity this quarter included: the conclusion of the Bentley Masterplan consultation, with the final report currently being considered by the authority; a visit to Siemens to initiate a project to implement their Business 2020 vision; initiation of the Cheshire Science Corridor Transport Project to facilitate travel of employees to different sites which are currently not well served by public transport. The Company are also facilitating the introduction of a bus service between Alderley Park and Macclesfield Town.
20. The business growth activity delivered by SAGC throughout the year has helped create 270 new SME jobs, with over £3m of capital investment and £9.5m of revenue spend, whilst engagements with Cheshire East's Top 100 led to the development of 29 strategic investment plans committing to £11m capital and £8.6m revenue investments and forecasting the creation of 442 new jobs.
21. The Council successfully attracted Arts Council funding to deliver the "SHIFT" creative and digital programme through its Cultural economy team. "SHIFT" provides a year of diverse programming taking place across Cheshire East throughout 2017 to help raise awareness of the creative 7 Digital sector in Cheshire East, raise aspirations and celebrate digital art and maker culture and stimulate debate on the role of the Creative and Digital sector in quality of place, which includes the 'Weave' Town Talks supported by the SAGC.
22. The Council has also been successful in its bid for 'Cultural Destinations' funding for a three year programme to provide a new platform on which we can attract new visitors to Cheshire and Warrington, improve the positioning of arts and culture in the local economy through enhanced marketing, product development and position the area as a different cultural proposition from our metropolitan neighbours. It will showcase the best of what we have, celebrate the edgy and distinctive, whilst preparing the marketing and supporting partnership for new product to be incorporated on a sustainable long term basis to help drive the growth of the visitor economy, which is already worth over £842m to the Cheshire East economy.
23. Cheshire East successfully attracted and hosted stage 3 of the Tour of Britain, the UK's biggest free to attend sporting event. This had a significant impact on tourism business and in raising the profile of Cheshire East. It attracted 300,000 spectators (highest stage attendance alongside London) with 63% of spectators being from outside Cheshire East. The stage delivered a net economic benefit direct to Cheshire East of £3.5m.
24. The Council successfully delivered a Local Development Order (LDO) at Reaseheath College, which is being promoted as part of a national programme of Food Enterprise Zones endorsed by the Department of Environment and Rural Affairs (DEFRA). Prepared in partnership with Reaseheath College, the LDO identifies 6 potential

development sites which seek to enhance the teaching and learning facilities at the College campus as well as an enhancement of the wider rural economy.

Jobs and Skills

25. Cheshire East's Lifelong Learning Service has enrolled 337 residents on accredited qualifications, with 286 having already achieved qualification and the remaining working towards their qualification in June/July 2017. In measurement terms set by the funding body this is a 99.65% success rate. Four recent successful external validation inspections of the service, with none requiring action, and a successful funding body audit earlier this year, further demonstrates the quality of this service to Cheshire East residents.
26. Through the Skills and Growth Company, Cheshire East has provided support to businesses working to expand their operations in the area including Radius Payments (500 jobs), Arighi Bianchi and Barclays (900 jobs), and co-ordinated the Higher Education taskforce for Crewe, a group looking at the future vision for the Crewe Higher Education offering.

Inward Investment

27. The Regeneration team has progressed town centre revitalisation projects in both Crewe and Macclesfield during the last quarter of 2016/17.



28. In Macclesfield, conditional contracts were exchanged to sell Churchill Way Car Park to Ask Real Estate – a significant step forward in enabling the development of a quality cinema and restaurant offer which would bring circa £20m investment into the town centre. This project is planned to be sited adjacent to a £11m private sector retail development at the Grosvenor Centre which started onsite during quarter 4 with demolition works well underway. Concept designs are also being progressed for complementary public realm enhancements and a Heritage Asset Regeneration Plan is being developed by Purcell to identify options for unlocking the potential of some of the town centre's key heritage buildings as part of the town centre regeneration programme. Work is now also underway on a new town centre revitalisation strategy to provide a framework to ensure the resources of all those keen to assist with the regeneration of the town centre are aligned.
29. In Crewe, final tenders were received for the redevelopment of the Royal Arcade site in Crewe town centre. Following evaluation, the Council is undertaking post-tender negotiations prior to the formal contract (Development Agreement) being awarded by Cabinet. A number of other workstreams also feed into this, including the development of a Department of Community and Local Government (DCLG) compliant business case to secure the £10m Local Growth Funds allocated by Cheshire & Warrington Local Enterprise Partnership. Regeneration inputs into the Crewe Masterplan are continuing, including development of a land strategy with partners.
30. On other town centre developments, consultancy work relating to future of Crewe markets has commenced. The outcome of this is expected in quarter 1 2017/18, with a view to early implementation starting later this financial year. There has been further dialogue with other town centre landowners/investors,

with a view to other regeneration plans for the town centre, whilst the second phase of the University Technical College is still under construction in advance of opening to a second cohort of students in September 2017. A number of shorter-term regeneration initiatives were implemented, including the introduction of a parking incentive to operate for 11 Saturday afternoons, and vinyls in some vacant shopfronts. In collaboration with Crewe Town Council a number of other initiatives have commenced which will become evident in quarter 1 2017/18 relating to a Town Centre Ranger, Town Centre Projects Officer and some interim public realm improvements.

Infrastructure

31. The Connecting Cheshire project continued to reach more premises, with fibre broadband now available to 97% of Cheshire East premises, 93% of which can benefit from speeds greater than



- 24Mbps. Take-up of fibre has risen to over 43%, one of the highest in the country and a further investment of over £3m in a Phase 3 roll-out was announced in January which will reach a further 6,000 premises by summer 2018. A new programme, Digital 2020, is currently awaiting approval from DCLG, and initial discussions on a 2040 strategy have started by the Skills and Growth Company on the Council's behalf.
32. 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.

33. HS2 and Crewe Hub Station – Phase 2a and the Crewe Hub are progressing towards a Hybrid Bill in July 2017. A Department for Transport (DfT) HS2 consultation on a



Crewe North Junction is anticipated for launch in July 2017 along with an announcement/ consultation on the Crewe Hub by Network Rail (NR). A Crewe Hub Funding Project Board will be tasked with developing a funding, financing and delivery strategy for an optimal hub station at Crewe.

34. The Poynton Relief Road scheme received a resolution to grant planning permission in January 2017. Work is now underway to negotiate the land required for the delivery of the scheme and the drafting of Compulsory Purchase Orders.
35. The Congleton Link Road scheme now has planning permission. Compulsory Purchase Orders have now been served and a public inquiry was scheduled from 16th-25th of May 2017 to acquire the land for the Link Road.
36. Work is progressing with Network Rail and their contractor, Murphy, to develop the agreed option for Sydney Road Bridge. Discussions with nearby landowners are progressing and work is now underway to progress the scheme to detailed

design. A public engagement exercise for ran in conjunction with Crewe Green roundabout from 20th March to 9th April.

37. The A6 Manchester Airport Relief Road scheme is currently under construction. The technical approvals process and detailed design checks are nearing completion with the majority of roadworks elements now completed. The Stage 2 Road Safety Audit is with all Local Authorities for review and the response is ongoing. The structures design checks are ongoing, however most Technical approvals for major structures are completed with retaining walls and other smaller structures ongoing.
38. The A500 Junction 16 Pinch Point Scheme scheme has been implemented to alleviate congestion at junction 16 of the M6 through the addition of a lane to the eastbound approach to the junction. Works are now complete at junction 16 and work continues to close this project out and address final payments.
39. The A556 Knutsford to Bowden (Highways England scheme) scheme allowed for the construction of a new 4.5 mile dual carriageway between M6 junction 19 (near Knutsford) and the M56 junction 7 (near Bowdon). Construction started in November 2014 and opened on the 6th of March 2017, with an official opening on 24th March 2017. Works will continue on the de-trunking of the old A556 until Autumn 2017.
40. The Crewe Green Roundabout 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, Cabinet approved the preferred design solution for design development and on to implementation using

the Scape civil engineering and infrastructure framework. Design is underway to develop the scheme for Construction, and a public engagement exercise for ran in conjunction with Sydney Road Bridge between 20th March and 9th April. A planning application will be submitted shortly.

41. The Middlewich Bypass scheme was awarded funding by the Department for Transport (DfT) to develop the scheme to Outline Business Case stage. A report to Cabinet in November approved the preferred route option. The Outline Business case was submitted to DfT on 31st March. A decision on further progression of the scheme is expected from the Secretary of State in July 2018.
42. A scheme outline and design is being prepared for the dualling of the A500 between M6 junction 16 and Meremoss Roundabout with environmental and traffic surveys currently underway. Consultation with affected landowners, local Members, residents and wider stakeholders is ongoing with formal planning submission likely to be during spring/summer 2018.
43. By the end of quarter 4 the Highways service had received 39,902 enquiries for the year (13,015 in quarter 4 alone). Of these 38,603 were resolved (97%) and the figure indicates the high level of customer engagement with the service.
44. Pothole repairs for 2016/17 totalled 16,105. Despite a slight increase in the number of programmed repairs (compared to 15,410 in 2015/16), the total annual cost reduced for the year from £921,000 (in 2015/16) to £708,000. The Council is targeting a further reduction in pothole repairs in 2017/18 as a result of the commitment to the Highway Investment Programme. As a result of a wet winter 2016/17, with many night frosts, the number of salting treatments also increased from the previous year, proactively working to keep people safe on Cheshire East roads.

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

Securing the Best Start in Life

45. The percentage of pupils achieving a good level of development in the early years foundation stage has increased by 3 percentage points (ppt) in line with the national average level of improvement. The Early Years profile shows that Cheshire East outcomes remain above national average figures but below the highest performing statistical neighbours. Out of the 17 separate measures, Cheshire East is above the national average in 12 and in line with four others.
46. **Key Stage 1** - In 2016, 93% of Cheshire East Year 2 pupils had achieved the required phonics standard by the end of Year 2. This is an improvement of 1ppt compared to last year, placing Cheshire East equal 12th nationally and equal 1st compared to our statistical neighbours. Overall, the performance in Phonics continues to be a real strength across the majority of our schools. In 2016, Cheshire East performance for reading at expected standard or higher was above national average by 1ppt, and Cheshire East was ranked 8th for this indicator compared to statistical neighbours. For writing (teacher assessment only) Cheshire East performed well below the national average and was 10th compared to our statistical neighbours. This performance was due to the interpretation and application of new assessment frameworks which have significantly influenced results for many authorities. Cheshire East performance in mathematics was below national average by 2 percentage points and was ranked 9th against statistical neighbours.
47. **Key Stage 2** - The new Key Stage 2 (KS2) assessment framework in 2016 now refers to the 'expected standard or above'. Cheshire East achieved above national average in mathematics, reading and grammar, punctuation and spelling (GPS). Compared to statistical neighbours, Cheshire East's KS2 test rankings were positive; 2nd in mathematics; 2nd in GPS and 1st in reading. For writing (teacher assessment only) Cheshire East performed well below national average and was 11th compared to our statistical neighbours. This performance was due to the interpretation and application of new assessment frameworks which have significantly influenced results for many authorities. The impact of low writing outcomes has had a real impact on the combined reading, writing and maths measure which places Cheshire East 1 percentage point below national. In relation to average progress, Cheshire East was ranked 3rd with statistical neighbours in reading and mathematics.
48. **Key Stage 4** - In 2016, 61.9% of pupils achieved 5+ A*-C grades including English and mathematics GCSE which is above the national average, and Cheshire East is ranked 3rd when compared to statistical neighbours. Cheshire East is again higher than the national average for pupils achieving the English Baccalaureate, and is ranked 6th when compared to statistical neighbours. For the new measure of 5+ A+-C grades in English and mathematics, Cheshire East was ranked 1st against statistical neighbours (67.5%) and above national. For the other new measures, Cheshire East performed well for Attainment 8 (ranked 4th against statistical neighbours) although the Borough did not perform well for Progress 8 (ranked 10th against statistical neighbours).

Highest Achievement for All Learners

49. As at quarter 4, 89.7% of all schools in Cheshire East were good or outstanding.



50. The development of transparent and collaborative school place planning and school expansion arrangements have resulted in consultations on school expansions in Shavington and Disley in quarter 4. Over the year, the service has introduced greater rigour to in-year school admissions to stop drift and delay. The revised and recently implemented Fair Access Protocol is resulting in swifter, supported reintegration for permanently excluded children to mainstream settings.
51. Renewed, costed bespoke alternative provision for primary aged children has been secured in quarter 4 for the coming academic year via The Crescent. The provision offered at Oakfield Lodge has also been reviewed to provide more support through intervention when a child is excluded from school.
52. In 2016, Cheshire East was ranked 5th when compared to statistical neighbours for the percentage of A level entries achieving A* to A grades and 8th for A level entries achieving grades A* to E.

Cheshire East was also ranked 36th nationally for the percentage of A level entries achieving A* to A grades and 55th for the percentage of A level entries achieving A* to E grades.

53. An Education and Skills Board was established during 2016 to provide a sector-led approach to support and develop the local education offer, and headteachers from across Cheshire East are leading on the improvement agenda. Enhanced arrangements are in place for reviewing outcomes and engagement with all schools to ensure that we know all our schools and can ensure effective intervention where this is appropriate. The co-developed peer-to-peer support programme will be undertaken by sector leaders to support vulnerable schools where appropriate. There is increased formal collaboration with local teaching schools in light of the future restructuring of regional delivery models within a West Midlands footprint involving the Regional School Commissioner, Teaching School Council and authorities. At Key Stage 1 and 2, there has been a considerable increase in gender gaps between boys and girls in reading and writing. At Key Stage 4, the gaps have also increased for 5+ A*-C including English and mathematics. The performance of disadvantaged pupils in all key stages is below the national performance. Gaps between disadvantaged and their peers will always tend to be high due to the high performance of non-disadvantaged pupils and the relatively low numbers of disadvantaged learners. The Education and Skills Board is addressing these areas with priorities which include performance of boys and disadvantaged groups, along with a review of curriculum and assessment processes.
54. There has been an increase in school meal uptake within the last 12 months; current provision shows a daily delivery of over 15,000 school meals across Cheshire East Schools.

55. **National Funding Formula for schools** - The local authority has worked with schools over recent months in responding to the Department for Education Funding consultation proposals. On the 14th December 2016 they published stage 2 of the consultations, which modelled the potential local authority and school allocations using the proposed formula. The consultation closed on 22nd March 2017. The consultation proposed the introduction of a national funding formula for schools and high needs from 2018/19 and set out changes to the funding for local authority services to schools.
56. Historically this local authority has been one of the lowest funded authorities nationally. In 2015/16 the Department for Education allocated £390m nationally to bring poorer funded local authorities closer to the national average and Cheshire East benefitted by receiving £5.7m, which is now built into school budgets.
57. The indicative figures provided as part of the Department for Education Funding consultation proposals, show an overall reduction in school funding of £4.1m, which is 2.1% of current school funding. In addition, as Cheshire East has moved funding into the school block, to protect schools due to the poor level of funding, this budget will also be removed from the Cheshire East baseline with a further loss of £5.2m. Key facts include:
- 131 schools out of 146 will see a reduction in budget.
 - The funding gap between highest and lowest funded local authorities (and therefore schools) remains at £2,679 per pupil. This gap has only reduced by £231 per pupil.
 - Compared to any comparator group of authorities Cheshire East will receive less funding.
58. Schools in Cheshire East will not have enough money to fund a basic education for all their children, including for children with special educational needs. The current proposals are likely to leave the local authority with insufficient funds to maintain adequate provision in our schools. If implemented as proposed, this will lead to many or all of the following consequences:
- The number of teachers will reduce and class sizes will increase in primary and secondary schools
 - It will be harder to recruit and retain the best teachers
 - GCSE and A level courses will be cut leaving our students with fewer options
 - Reductions in support staff will lead to less support for vulnerable children
 - Opportunities outside the classroom will dwindle or disappear
 - Training for teachers will be cut and time to plan lessons will be reduced
 - There will insufficient money to keep textbooks, computers and other classroom resources up to date
 - Standards in schools across all subjects, including English and mathematics, are likely to fall
59. The new formula must be sufficient for any of our existing schools to operate effectively regardless of their intake. We support the principle of schools that serve disadvantaged communities receiving additional support but this should not be achieved by making other schools unviable.
60. **Education Support Grant** - In addition, local authority and academies will see the removal of the Education Support Grant. Local authorities will receive a Central School Services Block to deliver statutory services but this will be less than previous funding with an overall reduction of £2m locally.
61. **High Needs Funding** - The consultation proposes a formula through which funding will be provided to the Council. The Council then uses this funding to support the high costs of supporting children with Education and Health Care Plans and other vulnerable

children. Cheshire East will see a potential reduction of 7.8% (£2.5 million) through these proposed changes, due to attracting insufficient funding through the proposed health, attainment and deprivation factors. However, it is proposed to protect Councils at the current level of funding until 2019/20.

62. **Local Action/Response** - The Local Authority, schools and MPs met with the Minister Nick Gibb on 9th January 2017 and he agreed that DfE officials would work with Cheshire East to model the basic rate needed to run a school and to look at any exceptional circumstances that relate to Cheshire East. A follow up meeting took place on 7th March 2017 with DfE Officials who took away scenarios which showed that schools would not be able to operate at the proposed funding levels without dramatic action.

63. In the meantime schools across Cheshire East have campaigned with support of the Local Authority as the consequences to them are significant. The Local Authority facilitated a briefing session with all Headteachers and Chairs of Governors to ensure they all understood the implications and to agree the overall key message to go back through the consultation. The Local Authority submitted a response to the consultation, and the Leader of the Council forwarded a petition signed by schools, along with parent petitions and letters from pupils which schools had provided to us. A further letter will be sent to Minister Nick Gibb following the Cabinet's meeting in April.

Inclusion

64. **SEND Sufficiency** - Initial work has been completed to assess the sufficiency of places for children and young people with special educational needs and disabilities (SEND). Currently 446 children and young people access their education out of Borough and a programme of work is underway to develop more places in the

Borough over the next few years. The Council has also submitted an expression of interest to develop a free school for children with social, emotional and mental health needs. The bid is for the Lodgefield Primary School site and, if successful, will provide a further 40 places for local children.



65. **Early Years Capital Grants** - The Council has scored a major success in attracting £1.2m of capital funding to extend six nurseries across the Borough. This will allow a significant expansion of early years provision, supporting the creation of 266 more childcare places ready for the introduction of 30 hours of free childcare per week for working families of 3 and 4 year olds. The proposal is to extend sites at:

- Bramley Hedge Day Nursery, Wrenbury
- High Hopes Nursery, Gawsworth
- Mosley Pre-school, Congleton East
- Rope Green Farm Day Nursery, Willaston and Rope
- St Michael's Academy Nursery, Crewe North
- Oakdean Nursery, Wilmslow

66. **Early Years Funding** - Agreement has been reached on the new funding formulas for providers of childcare in early years. All hourly rates have increased this year, and agreement has been reached to pay supplements for some children meeting certain criteria. This

includes an enhanced rate for children living in disadvantaged areas, in rural communities or if they have SEND.

67. **Mobile Children's Centre** – As part of the Council's ongoing commitment to reshaping service provision to support the changing needs of local communities, a new mobile children's centre has been launched that will take children's centre services into the heart of rural communities. The mobile unit has been

visiting villages and outreach centres to consult with parents on what services they need and the best locations to park the unit for easy access. The full programme of activities will commence in Summer 2017.

68. **Ofsted Annual Conversation** - The Children's Services' "Annual Conversation" with Ofsted took place in quarter 4. This involved the service setting out its strengths and areas for development.

4. Cheshire East is a green and sustainable place

Planning and Sustainable Development

69. The consultation on the proposed main modifications to the Local Plan has now ended and any further representations to the plan will be duly considered by the Inspector. The Inspector's final report is expected during quarter 1 2017/18. The Council will then seek to formally adopt the Plan thereafter.
70. Planning application performance has remained strong with improved performance across the board being sustained over the past 3 quarters of 2016/17. Performance in determining major planning applications within timescales stood at 90% in quarter 4. The results reflect hard work across the team and improved reporting procedures. This is against continually challenging conditions including 2016/17 seeing the highest number of applications ever received.

Waste Management

71. **Waste & Landfill** – In quarter 4, the authority continues to divert a little less than half its waste to 'waste-to-energy' at the Stoke-on-Trent waste-to-energy plant. This is a key aim of the waste strategy to reduce landfill disposal. The remaining black bin waste goes to Maw Green Landfill site for disposal.
72. Work is underway to provide permanent transfer facilities for all of the authority's waste from summer 2017 at the central Environmental Hub currently under construction outside Middleswich. This will allow greater use of waste-to-energy plants

outside the Borough as we seek to meet the Waste Strategy objective of ceasing to use landfill as a primary disposal route.

73. **Reuse and Recycling** - During this quarter the Council anticipates collecting around 23,000 tonnes of waste for recycling through its silver and green bin schemes and from the nine Household Waste Recycling Centres (HWRC). Around 350 tonnes of this material is reused through charitable partnerships and the HWRC.

74. **Waste, Recycling Reuse Figures** (quarter 4 indicative estimated tonnages)

Residual		
Landfill	Waste to Energy	
13,100	8300	
Recycling		
Household	HWRC	Reuse
10,000	3,600	350
Green Garden		
Household	HWRC	
3,000	1,200	

75. **Fly Tipping** - There were an estimated 860 reported incidents of fly-tipping/side waste in the fourth quarter, a similar figure to the fourth quarter last year. The Council has launched its 'No Rubbish Excuses' campaign to help reduce the amount of waste illegally dumped on the Borough's streets in addition to targeting problem



areas with public information and enforcement.

Environment

76. **Parks Strategy Delivery** - The Coronation Valley Restoration Project is completed in Queens Park Crewe and the Macclesfield South Park Lake Project is now entering the final phase (planting of marginal vegetation). The Council is currently looking at future funding and prioritised investment in our key parks guided by the principles of the Parks Strategy.

77. **Playing Pitches** – The Playing Pitch Strategy is currently in its final phase of development. Following Cabinet endorsement, the documents are out for public consultation.

78. **Parks** – Cheshire East is engaged in the delivery of over 20 park improvement projects funded from S106 developer contributions (in excess of £700,000) working with local



members and local community groups (Friends of Parks) to deliver schemes across the Borough.

79. **Bereavement Services** – The refurbishment at Crewe Crematorium has been completed, resulting in increased usage. The engineering works at the Valley Remembrance Garden in Macclesfield Cemetery have also been completed.

Affordable Energy, Growing Energy Businesses & Independent Energy

80. In terms of Cheshire East's ambition to create local heat distributions utilising geothermal and low carbon heat sources, a Macclesfield Town Centre Heat Network study has been completed, demonstrating a capital cost of just over £1m and an internal rate of return of approximately 4.8% - which could increase to a commercially attractive 11% with £400,000 grant funding. We are waiting to learn whether a £1m ELENA (European Local Energy Assistance) bid for European investment to assist us in our clean energy work has been approved, with the funds to be used to develop heat networks, solar battery storage and low carbon street lighting.

5. People live well and for longer

Empowering people to live independent, healthier and more fulfilled lives

81. Strategic Housing services have awarded the contracts for Housing Related Support (accommodation based and floating support) across the Borough. The services will commence on 1st April 2017 and will provide 200 units of accommodation and 155 units of floating support for some of the most vulnerable residents of our Borough. The design of the services are outcome-focused, allowing families and single people the opportunity to access support at a time of need.



82. Housing Options have awarded the contract for its ICT provision for accessing social housing as well as modules for advice and prevention and homeless assessment. The new ICT provision will save Cheshire East Council and its housing association partners £75,000 over 5 years as well as being an investment in the latest technology so customers can access information on mobile platforms.

83. Housing Options have been successful with a share of a funding award of £366,288 alongside Cheshire West and Chester and Warrington Councils to provide upstream services to people at risk of rough sleeping. The services will provide peer mentor support to people in Cheshire East who need the early intervention and tailored support necessary to prevent rough sleeping. This could be income maximisation, finding employment, mediation with family and friends, referral to supported housing, or help with finding private rented accommodation.

84. We have increased our inspection programme for Houses in Multiple Occupation by 28% within existing resources, ensuring safe housing conditions and educating landlords about necessary safety improvements.

85. Through early intervention, we have assisted people in self-managing their housing needs to prepare for later life. We have utilised the Disabled Facilities Grants to deliver 407 home adaptations for disabled people.



86. 398 new affordable homes were delivered in 2016/17. These include homes for rent through Registered Providers and subsidised home ownership through Shared Ownership and Shared Equity. 6 new units of affordable housing have been created in Macclesfield town centre by converting empty office/commercial

space into residential dwellings. The apartments were let as affordable rent through Cheshire Homechoice.

87. The **Stepping Stones (Cheshire East Substance Misuse Service)** is delivered by Cheshire and Wirral Partnership NHS Trust (CWP) and subcontracted providers include Acorn Recovery and Intuitive Thinking Skills. Data indicates that the Cheshire East Substance Misuse Service is performing well for Adults in comparison to national Local Authority benchmarks, with improvements in waiting times and service users who have successfully completed and not re-presented (within 6 months) to Adult drug and alcohol treatment. However, there needs to be an improvement in terms of Adults who are in treatment and have remained in treatment for 6 years plus. The Young Persons element of the service was previously delivered by Catch22, however Catch22 are no longer subcontracted by CWP who are now also deliver the Young Person's element of the service in addition to Adults. A huge programme of engagement and co-production is underway with service users and wider stakeholders; this includes the Service User Journey, which has been a catalyst for embedding the service user voice in service improvement and re-design.
88. The **Transitional Recovery Accommodation Project** which was jointly commissioned by Public Health and Housing (April 2016) is starting to see improved outcomes for homeless people with drug and alcohol needs. The project supports the most complex, chaotic, high level need individuals, who have been in and out of services and support, in some cases for many years without any change or stability. The project provides a safe, warm home, with volunteer/peer support to develop routine, structured activity, life skills, social connectivity and harm reduction and recovery support for substance misuse. Accommodation is currently available in Crewe and Macclesfield, with plans for additional accommodation in Congleton. Outcomes include tenancy management, harm

reduction, personal and community safety, health and wellbeing, life skills, economic wellbeing, social connections and relationships. There has been a significant reduction in blue light calls as a result of the project, with the longer term prevention or delay in health and social care input. So far 48 individuals have been supported through the programme, with two individuals achieving private rented accommodation, three individuals moving onto supported housing, two individuals moving home and six individuals moving in with family or friends.

89. We have supported five Syrian Families to resettle in the Borough in partnership with Refugees Welcome. This work has involved accessing services to respond to family members' health and wellbeing needs. Access to routine health and wellbeing services has been restricted because of the families' experiences of the war in Syria.
90. A new Director of Public Health joined the Council in March 2017. Fiona Reynolds was previously the Interim Director of Public Health in Cheshire West and Chester.
91. The £15.1m **Crewe Lifestyle Centre** recently celebrated its first birthday having attracted over 750,000 user visits since the 1st April last year to its services including libraries, leisure, adult social care and family services.



The Centre continues to win a number of regional and national awards, including 'Best Public Service Building' from the North West Local Authorities Building Control Awards, and the 'Community Benefit' category from the Royal Institute of Chartered Surveyors, which recognised the lifestyle centre for its success through local community feedback. The Centre continues to host visits by a number of local authorities from across the country to share the learning around co-located services.

92. The project to upgrade the **Peter Mason Leisure Centre Congleton**, including the design and building of a replacement swimming pool, continues the process of selecting a development partner. A decision on the appointment is due to be made by Cabinet in early Autumn 2017.
93. The Everybody Sport & Recreation Trust have recently completed their third year as an independent trust. During the year they continued to develop their offer to local residents, most significantly commencing the physical activity elements of the "One You Cheshire East" health contract which aims to make a significant contribution to improving the wellbeing of residents.
94. In addition the Trust had a successful year of performance results including another significant increase in attendances at leisure facilities of 3,010,246 (against the target of 2,855,470). The new Crewe Lifestyle Centre has helped to increase attendances significantly and the new Learn To Swim Scheme across all the swimming pools has attracted 1,500 new swimmers in its first year.
95. Performance on the Bikeability indicator remained strong in 2016/17 with 4,542 young people trained against a target of 4,429.

96. Once again there has also been an increase in volunteer hours in supporting local sports clubs and events of 6,675 hours against the target of 6,551 hours.
97. During the year the Council was successful in securing a number of significant leisure and sport developments that, once completed, will bring significant opportunities for residents to participate in active recreation. In Alsager, on the site of the old Manchester Metropolitan University, a combination of new grass-based and all weather sports pitches will be built, supported by new gym and studio spaces across the road at the Alsager Leisure Centre. The completed facilities will be managed by Everybody Sport & Recreation on behalf of the Council. In Alderley Park a sports hub of indoor facilities supporting outdoor pitches is due to be developed to replace the current provision.

Information, Advice & Guidance, Prevention and Early Intervention

98. **Carer Assessments 2016/17** - 242 Carer Assessments were completed during quarter 4 compared with 325 for the previous quarter. The cumulative total of 1,274 for 2016/17 is slightly down on the number completed last year (1,343).
99. An independent review of integrated Mental Health Services across Cheshire East was initiated to run for six weeks. The outcome of the review is now awaited to enable partners to plan for the future delivery of services.
100. Adult Social Care have initiated a move to align social care staff in the Crewe and Nantwich area around General Practitioner (GP) practices to improve the experience for our social care customers and to ensure a robust health link is established and maintained for the local communities. Adult Social Care have also worked with

health colleagues to develop a rapid response service which will help to prevent hospital admissions in the south of the Borough.

101. The social care assessment form has been reviewed by social care staff and commissioning staff to include more detailed information from the individual in respect of their own strengths on which to build, their desired outcomes from support they may receive and to include their carers views. This review ensures the assessment document is robust for the future social care systems and offer.
102. The Cheshire East Health and Wellbeing Board approved and adopted the Alcohol Harm Reduction Plan at its meeting in March. This sets out a framework for collaborative working across a range of partner organisations and teams within the Council to reduce levels of consumption and promote safe, sensible and social drinking. It brings together national policy and local aspiration and sets a direction for activity across Cheshire East over the next two years. Reducing excess alcohol consumption is the overarching aim and our priority outcomes are:
 - To reduce alcohol-related health harms
 - To reduce alcohol-related hospital admissions
 - To reduce alcohol-related crime, antisocial behaviour and domestic abuse
 - To support a diverse, vibrant and safe night time economy
 - To improve our co-ordination/partnership work to ensure that all the other priorities are achieved efficiently and effectively
103. This document has been structured around five key themes that encompass the diverse areas that are affected by alcohol-related harm. By focusing on Prevention, Protection, Treatment, Recovery, and Enforcement and Control it will demonstrate the range of work that is already underway and sets out clear ideas and plans for improvement. An Implementation team will now be established to take forward the actions required.

104. The Council continues to be a proactive partner in discussions with health colleagues relating to the Five Year Forward View Delivery Plan. A meeting of the Health and Wellbeing Boards of Cheshire East, Cheshire West and Chester and Wirral was held to consider the opportunities for joint working as part of the Five Year Forward view Cheshire and Wirral Local Delivery System. This has identified areas that will be further considered as we move into 2017 and 2018, highlighting a number of common priorities that may benefit from more collaborative working. In addition, the Council is in discussions with Cheshire West and Chester and the Cheshire Clinical Commissioning Groups in relation to accountable care and health and care integration to ensure a common approach is taken where it is more effective and efficient to do so.
105. Phase 2 of the **Emotionally Healthy Schools (EHS)** programme is now well under development with five components: 1) Access to specialist mental health advice (single point of access) and a brokerage model to support professionals working with Children and Young people (CYPMH Link Programme), which is now delivered by CWP; 2) Access to tools and support to schools to implement the tools (Tools for Schools) which is now delivered by Visyon; 3) Educational specialist Leadership Programme, led by Middlewich High School; 4) Systems and processes to identify and support vulnerable children and young people to thrive; 5) Development of 'Getting Advice' including on-line platform. This programme of work is now a key element of the Cheshire East CCG Local Transformation Plan for Young People's Mental Health, which is governed via the Children and Young People's Strategy Group which reports to the Health and Wellbeing Board.
106. The Cheshire and Merseyside Public Health Collaborative Service have commissioned on a subregional footprint Suicide Prevention Gatekeeper training and the Youth Connect 5 Programme to build

resilient parents, carers and children. These were two priorities of the No More Zero Suicide Strategy.

Accessible high quality services, Information & Advice

107. One You Cheshire East (formerly known as Passport to Health) aims to improve the life expectancy and long term health of residents by offering a number of services aimed at influencing people's lifestyle behaviours such as healthy eating and physical activity services. A series of public launch events were held for local people in March to build awareness of the service particularly amongst those most likely to benefit. This included two major events at Crewe attended by Cllr Bates, Cllr Clowes and the Paralympian gold medallist Megan Giglia, and drop-in sessions at a range of locations across the Borough. Links have also been made with key partners such as the South Cheshire and Eastern Cheshire CCG, Public Health England, Cheshire Fire and Rescue Service, Adult Social Care and Children's Services in order to integrate services for shared benefit and increased take-up.



108. A new model for the provision of sexual health services has been implemented which aims to improve accessibility to services through provision of an online booking system, use of text messaging and advice lines, increased outreach activity with high risk groups and increased services for young people.
109. Some Health Visiting and School Nursing Teams have relocated into five Children's Centre locations with the aim of delivering streamlined and integrated services with Children's services for delivery of the Parenting Journey.

110. Uniforms have been introduced for School Nurses which has aided identification of the nurses within schools and presents a more professional image.
111. A new integrated IT system has been introduced to collate data and information for the 0-19 Healthy Child service which will support the provision of comprehensive, holistic services.
112. New chapters have been published in the Cheshire East Joint Strategic Needs Assessment (JSNA):
- End of Life Care for adults (March 2017)
 - Updated perinatal mental health JSNA and the full reports for the perinatal mental health peer support community JSNA project (February – March 2017)
 - Alcohol and drugs JSNA (February 2017)
 - These provide information that can be used to understand the local context and to inform effective commissioning of services



Public Protection, Health Protection & Safeguarding

113. Cheshire East Council Children's Services will be implementing the 'Signs of Safety' approach as our way of working with children,

young people and families in quarter 1 2017/18. 'Signs of Safety' is widely recognised internationally as the leading approach to child protection casework. The project, along with 30 local authorities, was not successful in securing DfE Innovation funding. However, the Council has agreed to fund the core aspects of the model which will ensure that 'Signs of Safety' is implemented and that Cheshire East continues to put children and young people first in everything we do.

114. The commissioning process for the redesign of the Borough's residential homes for children in care was completed in quarter 4 and a contract was awarded to BetterCare Keys, a national children home provider. The aim is to provide a more flexible range of children homes and to increase the capacity to care for more of our children within the Borough.
115. The number of cared for children now stands at 422 compared to 387 in the same period in 2016 and consequently continues to place a considerable strain on existing budgets. However the Council has increased funding for cared for children in 2017/18 and beyond to meet the increase demand and to ensure our cared for children and care leavers achieve the best possible outcomes. The number of children who entered care in 2016/17 was 181; an increase of 10 children from the same period last year. Despite 26 children being adopted from care this year, a considerable increase on the 18 adopted last year, the number of discharges from care didn't keep pace with new admissions. Despite the increase in cared for children, we continue to be at the lower end of our statistical neighbour group and nationally for rate of cared for children (per 10,000), in particular much lower than Cheshire West and Chester and Warrington Councils.
116. In March we received the news that we had been shortlisted for a Municipal Journal Award in the category Impact and Learning in

Children's Services for 'Project Crewe'. This innovative project, in partnership with Catch22, (a national charity) has been successfully delivering intensive support to children in need in Crewe. The impact of the project has seen social workers' caseloads reduce and a reduction in children's needs escalating. Building on its success, plans have been developed to expand the project to Macclesfield, having secured funding from the Council to increase the project's impact.

117. At the end of quarter 4 the Local Safeguarding Children Board launched its new Neglect Strategy to tackle the most prevalent form of child abuse, which affects 1 in 10 children in this country. As part of the Strategy a campaign has also commenced locally, to coincide with the government's campaign, Together, to tackle child abuse and raise awareness to encourage members of the public to report child abuse and neglect. It is important to highlight the impact that neglect has on older children who through neglect can become very vulnerable to other forms of abuse, like child sexual exploitation.
118. In quarter 4 final plans were completed for the launch of our Regional Adoption Agency, called Adoption Counts. This is a partnership with Stockport, Trafford, Salford and Manchester Councils, which will be one of the first new adoption agencies to open for business in July this year. The aim of 'Adoption Counts' will be to maximise the economies of scale and expertise so that more children are matched with adopters much sooner and locally within the geographical boundary of the agency. There will be a particular focus on placing more children for adoption who have complex needs, and/or are part of a sibling group, and/or are from black and ethnic minority backgrounds. Adopters and children will also benefit from a regional approach to post adoption support.

119. As part of the Council's recruitment and retention workforce strategy for Social Workers and first line managers, the Council has joined the North West Midlands Social Work Teaching Partnership. This is collaboration between a number of regional bodies, but most noticeably Cheshire East Council, Staffordshire County Council, Stoke-on-Trent City Council, CAFCASS (Children & Families Court Advisory and Support Service) Staffordshire & Stoke-on-Trent Partnership NHS Trust, and Keele University. As part of this partnership one of our Social Workers has been successful in being seconded to the partnership as an Academic Social Worker, based at Keele University. The secondment is an integral part of the teaching partnership and will be important in strengthening the quality of practice learning among trainee and practising Social Workers, and be hugely beneficial to both this Council and other authorities.
120. The Environmental Health Team has undertaken a variety of enforcement action throughout the year including two successful prosecutions around the illegal deposition of waste on land.
121. The Animal Health team have maintained a watching brief on the avian influenza cases across the UK and have recently undertaken wider work to update contingency plans in relation to outbreaks of animal disease.
122. The Trading Standards team have been working to further promote the importance of allergen awareness and control within the food business community. They have recently taken part in a regional project to supplement their day-to-day contact with food business managers.
123. The Pest Control team have undertaken a further successful year of sewer baiting on behalf of United Utilities. This work ensures control and eradication of the rat population outside of the customer-led treatment service.
124. A number of events took place within Care4CE, the Adult Social Care internal care provider to mark the Dignity in Care day on 1st February. Staff and service users worked together to promote the importance of keeping an individual's dignity in our hearts, minds and actions. The Dignity in Care campaign is led by the National Dignity Council who work together to promote good practice within services that will inspire and motivate others to improve standards in care.
125. Cheshire Constabulary has adopted the 'Herbert Protocol' which is a national initiative that encourages carers, family members and friends of people living with dementia to complete an online form recording vital details about that person in case they ever go missing. Adult Social Care has revised processes and policy in conjunction with Cheshire Constabulary to ensure we align to this important protocol.
126. Adult Social Care staff supported residents following a fire at an address in Nelson Street, Crewe. Fortunately, nobody was hurt and our Housing Team has been busy finding appropriate housing arrangements for the 14 people who were affected by the incident, when 28 houses were evacuated. A rest centre was established at Ruskin Community High School, our social care and emergency planning team, the Salvation Army, the Rotary Club and the Red Cross helped to provide support to those affected.
127. A workshop was held to improve safeguarding standards in commissioning, aimed at the Voluntary, Community and Faith Sector and including partners from Community Services.

128. Adult Social Care worked to implement a Resource Allocation System in the Summer and have completed initial testing on cases to ensure the tool is configured for the needs of our community.
129. The Winter Wellbeing Programme working group continued to meet, co-ordinating support across the Council and Community and Voluntary sector for those most in need as the weather turned colder. This included the distribution of resources to help vulnerable people keep warm if circumstances had led to them being at risk from the cold weather.



130. A new multi-disciplinary Sexual Health Network was established as a means of improving communication between related services and identifying opportunities for service improvement.

131. During 2016/17 the **Infection Prevention and Control (IPC)** service have successfully developed activities and support for staff in Care Homes, Nurseries, GP Surgeries and Dental Practices across Cheshire East. This includes the launch of Link Worker Groups and the development and provision of information, advice, newsletters, training, e-learning, education programmes, audit programme and self-audit tools for staff. Specific achievements include: the IPC service has successfully delivered audits to Care Homes across Cheshire East within 24-48 hours of a closure due to an outbreak, with high scoring audits between 90-100% at follow up visit; and the piloting of the Care Home Hygiene Awards with Public Health England.
132. Public Health are piloting a safeguarding audit with its commissioned services, and the learning from this pilot will inform our ongoing approach to safeguarding assurance of commissioned services.

6. A Responsible, Effective and Efficient Organisation

133. The strength of our Council is built upon our rigor and challenge to ensure that we deliver high quality services that deliver value for money. During the previous financial year a number of teams who work behind the scenes have had great success in **protecting the public purse**. A couple of examples include: achievement of a 98.3% collection rate for Council Tax, this is the highest rate since Cheshire East began. The overpayments team also collected over £2.5m in overpaid housing benefit; recovery of these monies goes directly into frontline services for the benefit of our residents.
134. Last year we started a conversation about our priorities and our budget and this is continuing. More people engaged in setting our current budget than ever before, and consultation continues to take place about our transport services.
135. Works undertaken by the Facilities Management Team on energy management solutions have enabled the Council to deliver a 42% saving on CO2 emissions, against a target of 25% by 2016.
136. Work has continued within the Facilities Management Team to rationalise the Council's print fleet, withdrawing from costly contracts, reducing the number of Multi-Functional Devices in buildings and working with services to reduce print. A reduction on contracts has attracted savings of £65,000.
137. The procurement team worked hard to improve the procurement worth across the Council, which resulted in reductions in Council contracts of £1.6m during the year, with further benefits of £0.7m flowing into 2017/18 before further procurement activity improves performance. The Council benefited from the deployment of a new consultancy contract that not only reduced costs but also reduced the number of requirements for waivers to the Council's Contract Procedure Rules.
138. The Assets Service dealt with over 1,590 property requests and enquiries throughout 2016/17, and has reduced the number of outstanding priority cases to less than 50 cases, whilst saving £200,000 per annum on operational costs. It disposed of 21 surplus Council assets during the year, with the final capital receipt being £9,034,425, and the disposals releasing £352,717 revenue per annum through saved holding costs.
139. On the projects front, the Assets Service successfully completed 10 refurbishment, extension or demolition projects (to a value of £7.5m), whilst a further 6 projects (worth £17.3m) are in post-completion progressing through the healthcheck / defects phase. The service is overseeing a further 4 projects in their construction phase (worth £ 21.5m).
140. The Council's Project and Change Team have helped to facilitate and manage a number of successful projects during the year, including the award winning Crewe Lifestyle Centre.

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Appendix 3 Grants

Government Grant Funding of Local Expenditure

1. 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.
2. 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 third quarter to £243.6m.
3. The last quarter has seen a further decrease in grant of £0.9m. This is due to a £1.0m reduction in schools related grants as a result of Underwood West Primary School converting to an academy. Housing Benefit Subsidy payments have increased by £0.1m.
4. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
5. Where additional non-ringfenced grant funding is received, services wishing to increase their expenditure budgets are required by Finance Procedure Rules to seek approval to use this additional funding. Additional general purpose grants totalling £67,889 were received during the final quarter of 2016/17. Services are seeking approval to use £42,280 of this additional funding (**Table 1**), and this has been transferred to an earmarked reserve.
6. These grants were received too late in 2016/17 to seek approval to spend in year and therefore this report seeks approval to services requests to incur expenditure of £42,280 in 2017/18, fully funded by the additional grants.
7. Business Rates Tax Loss Compensation grants of £3.0m have also been received during 2016/17 to reimburse billing authorities for the extra discounts offered to businesses as announced in the Autumn Statements. This includes the doubling of Small Business Rate relief for a further year. These grants have been transferred to the Collection Fund Management earmarked reserve.
8. Services general purpose grant was originally budgeted at £45.2m. Net additional grant of £4.7m has been received during the year. £1.5m of additional grant has been allocated to services during the year. After allowing for the transfer of £3.1m to earmarked reserves, the net outturn variance is a £0.1m underspend against budget.
9. **Table 2** below provides a summary of the updated budget position for grants in 2016/17 by type and service. Further details of grants are shown in **Table 3** Corporate Grants Register.

Table 1 – Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Corporate – Customer Operations	Business Rates Revaluation 2017: S31 Grant Reimbursement (General Purpose)	7	This grant is in respect of expenditure already incurred by the Revenues team relating to publicity for NNDR revaluation. It is recompense for the printing & postage of leaflets on behalf of VOA.
Place	Letting Agents Transparency and Redress Schemes (General Purpose)	1	This grant is to fund additional monitoring responsibilities within Strategic Housing in respect of letting agents.
Place	Neighbourhood Planning Grant (General Purpose)	20	The grant is to support costs of Community Neighbourhood Plans.
Place	New Burdens for Brownfield Sites and Payments In Principle Grant (General Purpose)	15	New legislation will require local planning authorities to prepare and maintain registers of previously developed land suitable for housing (brownfield land registers) and allow for the granting of permission in principle for sites allocated for housing-led development. Local planning authorities are receiving new burdens grant payments to fulfil the new requirements.
Total		43	

Table 2 - Summary of Grants

	2016/17 Original Budget	2016/17 Revised Forecast TQR	2016/17 Final Outturn	2016/17 Change
	£m	£m	£m	£m
SPECIFIC USE				
Held within Services	259.1	244.5	243.6	(0.9)
GENERAL PURPOSE				
Central Funding	26.3	26.3	26.3	0.0
<u>Service Funding:</u>				
People - Children and Families	0.2	1.3	1.3	0.0
People - Adult Social Care Health and Communities	0.9	1.2	1.2	0.0
Place	0.8	0.9	1.0	0.1
Corporate – Customer Operations	1.8	1.9	1.9	0.0
Corporate – Chief Operating Officer	15.1	15.1	18.1	3.0
Sub Total	18.8	20.4	23.5	3.1
Total General Purpose	45.1	46.7	49.8	3.1
Total Grant Funding	304.2	291.2	293.4	2.2

Table 3 – Corporate Grants Register

Corporate Grants Register 2016/17		Original Budget	Revised Forecast	Final Outturn	Change from	SRE / Balances
		2016/17	TQR	2016/17	TQR	(Note 2)
	Note	£000	£000	£000	£000	
SPECIFIC USE (Held within Services)						
Schools						
Dedicated Schools Grant	1	146,960	139,552	138,531	(1,021)	
Pupil Premium Grant	1	6,158	5,280	5,255	(25)	
Sixth Forms Grant	1	4,164	4,230	4,230	-	
Total Schools Grant		157,282	149,062	148,016	(1,046)	
Housing Benefit Subsidy		84,518	78,150	78,293	143	
Public Health Funding		17,258	17,258	17,258	-	
TOTAL SPECIFIC USE		259,058	244,470	243,567	(903)	
GENERAL PURPOSE (Held Corporately)						
Central Funding						
Revenue Support Grant		26,340	26,340	26,340	-	
Total Central Funding		26,340	26,340	26,340	-	

Corporate Grants Register 2016/17		Original Budget	Revised Forecast	Final Outturn	Change from	SRE / Balances
			TQR		TQR	(Note 2)
		2016/17	2016/17	2016/17	2016/17	
	Note	£000	£000	£000	£000	
People - Children & Families						
Troubled Families		195	875	875	-	
Youth Justice (YOT)		-	264	264	-	
Youth Justice Grant for Junior Attendance Centres		-	35	35	-	
Staying Put Implementation Grant		-	109	109	-	
Remand Funding		-	19	19	-	
People - Adult Social Care & Independent Living						
Independent Living Fund		948	948	948	-	
Local Reform and Community Voices		-	198	198	-	
Social Care in Prisons		-	73	73	-	
Place						
Adult Skills (Lifelong Learning)		749	763	769	6	Balances
Neighbourhood Planning Grant		-	-	20	20	SRE
Property Search Fees New Burdens		-	22	19	(3)	Balances
Extended Rights to Free Transport		-	118	118	-	
Capacity Support for Self Build & Custom House Building Register		-	6	6	-	
Lead Local Flood Authorities		-	1	1	-	
Letting Agents Transparency and Redress Schemes		-	-	1	1	SRE
Local Authority Custom Build Grant		-	-	15	15	Balances
New burdens for Brownfield Sites & Payments In Principle		-	-	15	15	SRE
Corporate - Customer Operations						
Housing Benefit and Council Tax Administration		1,275	1,336	1,336	-	
NNDR Administration Grant		562	562	562	-	
Business Rates Revaluation 2017: S31 Grant Reimbursement		-	-	7	7	SRE
Council Tax Discount for Family Annexes		-	-	11	11	Balances

Corporate Grants Register 2016/17		Original Budget	Revised Forecast	Final Outturn	Change from	SRE / Balances
			TQR		TQR	(Note 2)
		2016/17	2016/17	2016/17	2016/17	
Note		£000	£000	£000	£000	
Corporate - Chief Operating Officer						
New Homes Bonus 2011/12		870	870	870	-	
New Homes Bonus 2012/13		1,844	1,844	1,844	-	
New Homes Bonus 2013/14		1,037	1,037	1,037	-	
New Homes Bonus 2014/15		1,356	1,356	1,356	-	
New Homes Bonus 2015/16		1,200	1,200	1,200	-	
New Homes Bonus 2016/17		2,444	2,444	2,445	1	Balances
New Homes Bonus 2017/18		-	-	-	-	
Affordable Homes 2012/13		85	85	85	-	
Affordable Homes 2013/14		82	82	82	-	
Affordable Homes 2015/16		63	63	63	-	
Affordable Homes 2016/17		222	222	222	-	
New Homes Bonus Returned Funding Grant 2016/17		-	90	90	-	
New Homes Bonus ESTIMATED OVERALL REDUCTION		-	-	-	-	
Education Services Grant		2,920	2,689	2,678	(11)	Balances
Transitional Funding		2,973	2,973	2,973	-	
Electoral Register Transfer Programme Resource Grant 2016/17		-	58	58	-	
Additional Election Funding		-	37	37	-	
Additional Election Funding: N West Deadline Extension Funding		-	9	9	-	
Local Government Transparency Code 2016		-	13	13	-	
Business Rates 2016/17 Tax Loss Compensation Payment		-	-	3,062	3,062	Balances
Total Service Funding		18,825	20,401	23,525	3,124	
TOTAL GENERAL PURPOSE		45,165	46,741	49,865	3,124	
TOTAL GRANT FUNDING		304,223	291,211	293,432	2,221	

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 Requests for Supplementary Capital Estimates and Virements

Capital Programme 2016/20

1. Since the third quarter review the overall programme has increased by £3.0m as shown in the table below. A summary of the capital programme and funding is shown at table 4.

Table 1 - Summary Capital Programme

	Revised Total Forecast Budget TQR 2016/20 £m	Amendments to TQR Forecast Budget 2016/20 £m	Amended TQR Forecast Budget 2016/20 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2016/20 £m
People Directorate	47.9	-	47.9	(0.7)	0.1	47.3
Place Directorate	359.7	0.4	360.1	(0.1)	3.4	363.3
Corporate Directorate	90.6	-	90.6	(0.0)	0.0	90.6
	498.2	0.4	498.6	(0.8)	3.5	501.2

2. 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 the following table:

Table 2 - Capital Funding Sources

	TQR Total Forecast Budget £m	Outturn Total Forecast Budget £m	Change £m
Grants	198.8	221.6	22.8
External Contributions	66.2	64.6	-1.6
Cheshire East Resources	233.2	215.0	-18.2
	498.2	501.2	3.0

Capital Budget 2016/17

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

Table 3 - Changes to the 2016/17 Capital Budget

Committed Schemes	Revised TQR Budget	Revised Outturn Budget	Forecast Expenditure	Current Forecast Over / Underspend
	£m	£m	£m	£m
People Directorate	4.9	4.4	3.6	(0.8)
Place Directorate	48.9	49.2	36.4	(12.8)
Corporate Directorate	39.5	39.6	23.4	(16.2)
Total Committed Schemes	93.3	93.2	63.4	(29.8)

4. **Table 5 Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements** 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.
5. **Table 6 Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements above £250,000 and below £1m,** details a request for a supplementary capital estimate of £776,000 funded by the Department of Transport pot hole fund.

6. There are also a number of virements requested to realign capital budgets to cover overspends with underspends within the Highways Maintenance programme as a result of the final Outturn and there is also a virement to move the Empty Homes capital allocation into the Private Sector Assistance allocation.
7. **Table 7 Requests for capital virements above £1m** details a Supplementary Capital Estimate request of £2.5m to increase the Crewe Green Roundabout project to bring the approved budget in line with the full costs to delivery the scheme. A separate more detailed report on the project was discussed at the 11th April 2017 Cabinet meeting also. There is a request for a virement of £2.4m from the Supporting Strategic Capital projects budget to the Waste Hub to enable to the satisfactory completion of this Strategic project.
8. **Table 8 Capital Budget Reductions** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.

Table 4 - Summary Capital Programme and Funding

Service	In-Year	SCE's	SCE's	Revised	Actual	Forecast Expenditure	
	Budget	Virements	Virements	In-Year		2018/19 and	
	Outturn	During Quarter	Reductions	Budget	Expenditure	2017/18	Future Years
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	2018/19 and
	£000	£000	£000	£000	£000	£000	£000
People Directorate							
Adults, Public Health and Communities							
Committed Schemes - In Progress	543	-	(153)	390	280	111	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Recurring Programmes	680	-	-	680	-	833	-
Longer Term Proposals	-	-	-	-	-	-	-
Children's Social Care (Incl. Directorate)							
Committed Schemes - In Progress	265	-	-	265	168	386	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Recurring Programmes	-	-	-	-	-	-	-
Longer Term Proposals	-	-	-	-	-	-	-
Education and 14-19 Skills							
Committed Schemes - In Progress	3,577	-	(361)	3,216	2,881	3,093	1,083
New Schemes and Option Developments	2,733	-	90	2,823	1,065	6,158	-
Recurring Programmes	92	-	(91)	1	1	6,891	10,363
Longer Term Proposals	350	-	-	350	252	1,544	11,250
Prevention and Support							
Committed Schemes - In Progress	500	-	(18)	482	233	758	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Recurring Programmes	-	-	-	-	-	-	-
Longer Term Proposals	-	-	-	-	-	-	-
Total People Directorate	8,740	-	(533)	8,207	4,880	19,774	22,696

Service	In-Year	SCE's	SCE's	Revised	Actual		
	Budget	Virements	Virements	In-Year	Actual Expenditure	Forecast Expenditure	
	Outturn	Reductions During Quarter	Reductions Outturn	Budget Outturn		2018/19 and Future Years	
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	2018/19 and Future Years
	£000	£000	£000	£000	£000	£000	£000
Place Directorate							
Infrastructure and Highways (inc Car Parking)							
Committed Schemes - In Progress	37,194	149	202	37,545	30,393	21,793	121,337
New Schemes and Option Developments	2,883	90	(250)	2,723	2,038	1,485	300
Recurring Programmes	2,240	-	-	2,240	1,996	14,961	2,270
Longer Term Proposals	1,508	(90)	-	1,418	764	18,552	31,242
Growth and Regeneration							
Committed Schemes - In Progress	10,232	-	2	10,234	5,342	27,213	19,542
New Schemes and Option Developments	4,050	(2,778)	-	1,272	645	6,885	11,480
Recurring Programmes	2,853	-	-	2,853	1,623	4,091	1,950
Longer Term Proposals	5,000	(5,000)	-	-	-	6,900	10,700
Rural and Green Infrastructure							
Committed Schemes - In Progress	1,491		(48)	1,443	717	1,456	199
New Schemes and Option Developments	111	-	-	111	56	273	125
Recurring Programmes	382	-	40	422	228	1,589	2,194
Longer Term Proposals	-	-	-	-	-	-	13,000
Total Place Directorate	67,944	(7,629)	(54)	60,261	43,802	105,198	214,339

Service	In-Year	SCE's	SCE's	Revised	Actual	Forecast Expenditure	
	Budget	Virements	Virements	In-Year	Expenditure	2017/18	2018/19 and
	Outturn	Reductions	Reductions	Budget			
	2016/17	During Quarter	Outturn	Outturn	2016/17	£000	£000
	£000	£000	£000	£000	£000	£000	£000
Corporate Directorate							
Customer Operations							
Committed Schemes - In Progress	137	-	-	137	44	93	-
New Schemes and Option Developments	182	-	-	182	144	183	30
Recurring Programmes	-	-	-	-	-	-	-
Longer Term Proposals	-	-	-	-	-	-	-
Finance and Performance							
Committed Schemes - In Progress	800	-	-	800	354	-	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Recurring Programmes	-	-	-	-	-	-	-
Longer Term Proposals	-	-	-	-	-	2,126	-
Professional Services							
Committed Schemes - In Progress	822	-	-	822	521	979	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Recurring Programmes	4,306	-	(137)	4,169	3,639	4,205	3,000
Longer Term Proposals	-	-	-	-	-	-	-
ICT							
Committed Schemes - In Progress	15,401	-	-	15,401	6,694	9,161	857
New Schemes and Option Developments	500	-	-	500	592	2,458	2,837
Recurring Programmes	1,697	-	-	1,697	1,659	2,949	1,036
Longer Term Proposals	-	-	-	-	-	-	-

Service		SCE's	SCE's	Revised			
	In-Year	Virements	Virements	In-Year	Actual		
	Budget	Reductions	Reductions	Budget	Expenditure	Forecast Expenditure	
	Outturn	During Quarter	Outturn	Outturn		2018/19 and	
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	Future Years
	£000	£000	£000	£000	£000	£000	£000
Client Commissioning - Environmental							
Committed Schemes - In Progress	19,646	64	80	19,790	13,559	8,685	-
New Schemes and Option Developments	325	-	-	325	111	774	11,900
Recurring Programmes	448	-	-	448	527	140	-
Longer Term Proposals	-	-	-	-	-	-	-
Client Commissioning - Leisure							
Committed Schemes - In Progress	2,660	-	-	2,660	2,185	3,551	5,481
New Schemes and Option Developments	-	-	-	-	-	-	-
Recurring Programmes	-	-	-	-	-	-	-
Longer Term Proposals	-	-	-	-	-	-	-
Total Corporate Directorate	46,924	64	(57)	46,931	30,029	35,304	25,141
Committed Schemes - In Progress	93,268	213	(296)	93,185	63,371	77,279	148,499
New Schemes and Option Developments	10,784	(2,688)	(160)	7,936	4,651	18,216	26,672
Recurring Programmes	12,698	-	(188)	12,510	9,673	35,659	20,813
Longer Term Proposals	6,858	(5,090)	-	1,768	1,016	29,122	66,192
Total Net Position	123,608	(7,565)	(644)	115,399	78,711	160,276	262,176

Funding Sources	2016/17	2017/18	2018/19 and
	£000	£000	Future Years £000
Grants	44,106	53,331	124,156
External Contributions	3,996	10,642	49,972
Cheshire East Council Resources	30,609	96,303	88,048
Total	78,711	160,276	262,176

Table 5 - Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements up to £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Supplementary Capital Estimates		
Infrastructure & Highways (inc car parking)		
A54/A533 Leadsmithy St, M'wich	5,108	Drawdown from S106 to cover additional spend
Accessibility: Public Transp't	3,042	Drawdown from S106
A500 Dualling scheme	85,163	Additional funding received from the Dept of Transport (£500k), this has been partly used in 16/17.
S278s		
Capricorn 17	10,308	Taken to technical approval stage, increase budget to £25k.
Pinsley Green Road, Wrenbury	500	Addition spend to be invoiced on completion.
Red Acres Farm, Buerton	738	Budget adjusted to match developer income.
Park Green Mill, Macc	11,000	Budget adjusted to match developer income.
S278 Bombardier, Dunwoody Way	1,000	To match developers spend.
Environmental		
West Park Play Project	8,970	Additional funds from line ref 87 needed do to an urgent issue that needed to be addressed regarding the safety of the climbing equipment on site being made safe and kept in use.
Adlington Road Park S106	4,853	Drawdown from S106 to cover additional spend

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Supplementary Capital Estimates		
Education		
Free Early Years Education for 2 year Olds	8,344	Contribution from Westminster Nursery and Cledford Primary School towards adaptations to admit two year old pupils
Mablins Lane Primary School – Mobile classroom	43,937	} Contribution from mablin's Lane Primary School towards works to expand the schools site to admit more pupils
Mablins Lane Primary School - Phase 2	31,806	
Suitability/Minor Works/Accessibility Block Provision - Styal Primary School	6,392	Contribution from Styal Primary School towards roofing works
Children's Social Care		
Youth Offending Team System	1,165	Revenue contribution towards additional costs of implementing a shared Youth Offending Team System with our partner authorises
Strategic Housing & Intelligence		
NEA Technical Innovation Fund	1,822	To increase budget to match grant
Total Supplementary Capital Estimates Requested	224,148	

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Capital Budget Virements		
Rural and Green Infrastructure		
Tatton Park Investment Phase 2	40,000	The works to the tuck shop and tenants car park is no longer to go ahead on this project.
Adult Social Care		
Community Capacity / Social Care Capital Grant	152,646	All works within the 2016-17 Adult Social Care have now been complete. The surplus grant funding is being vired to the Community Capacity / Social Care Capital Grant for reallocation.

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Capital Budget Virements		
Education and 14-19 Skills		
Kitchens block (Gas interlock)	8,266	Contribution from Ashdene Primary School from devolved formula capital allocation towards improvements to the schools kitchen.
Adelaide Academy	3,111	
Disley Primary School – Mobile Classroom	9,306	Virement of Schools Condition grant to meet the cost of Children & Families staff time spent on projects.
Elworth Primary - Basic Needs	3,331	
Mablins Lane Primary School – Mobile classroom	8,260	
Wyche PS - Condition Works	317	
Pupil Referral Unit - New Site	16,177	
Puss Bank Mobile	2,612	
The Dingle Primary School	8,083	
Underwood West	2,057	
Poynton HS - Condition Works	20,104	
Disley Primary School (Basic Needs)	8,473	
Monks Coppenhall Primary School - Basic Needs	21,547	
Hungerford Primary School	28,057	
Mablins Lane Primary School - Phase 2	22,622	
Scholar Green Primary School	9,012	

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Capital Budget Virements		
Basic Need Block	41,258	Scheme Completed at Dean Oaks, Elworth Primary and Wheelock Primary Schools, surplus fund vired back to Basic Needs Block for re-allocation.
Suitability/Minor Works/Accessibility Block Provision - Styal Primary School	64,108	Virement to project at Styal Primary - Asset contribution towards roofing works
Schools Condition Capital Grant	6,592	Scheme Completed at Lindow and Offley Primary School, surplus fund vired back to Schools Condition Capital Grant for re-allocation.
Monks Coppenhall Primary School - Basic Needs	191,000	} Virements from Basic Needs Block as additional funds required for schemes at Monks Coppenhall and Hungerford Primary Schools
Hungerford Primary School	83,000	
Wilmslow High School	70,000	Virements from Schools Condition Capital Grant Block to add a new scheme at Wilmslow High School to undertaken adaptions to the site to allow to admit over PAN

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Capital Budget Virements		
Infrastructure & Highways (inc car parking)		
Pay and Display Parking Meters	120,000	Tender exceeds original budget.
Walking routes to school	16,230	
S106 Sbach Town Drp Krbs	70	
Surface Water Mgt Schemes	15,441	
Programme Management	102,340	
Crewe Rail Exchange	84,321	
Accessibility: Public Transp't	7,956	
Poynton Revitalisation	15,162	
Environment		
Queens park Paths Project	947	To pay for final payments to Ringway Jacobs
King George V Pavilion Project	73,499	Additional works included such as re-roofing and renewal of window frames which is funded by Facilities Management maintenance budget.
Total Capital Budget Virements Approved	1,255,905	
Total Supplementary Capital Estimates and Virements	1,480,053	

Table 6 - Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements up to £250,000 but below £1m.

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
Supplementary Capital Estimates		
Infrastructure & Highways		
Highway Investment Programme	776,000	To incorporate the Pothole Action Funding from the DFT into the Capital Programme.
Total Supplementary Capital Estimates Requested	776,000	
Capital Budget Virements		
Infrastructure & Highways		
Bridge Maintenance Minor Wks	199,719	All Bridges spend has been recorded in one place making it unnecessary to have individual project codes for each activity.
Bridge Maintenance Minor Wks	250,000	
Bridge Maintenance Minor Wks	107,379	
Bridge Maintenance Minor Wks	33,564	
Bridge Maintenance Minor Wks	182,811	
Strategic Housing & Intelligence		
Private Sector Assistance	450,000	To move the Empty Homes capital allocation into the Private Sector Assistance allocation to enable it to be managed in one place.
Total Capital Budget Virements Requested	1,223,473	
Total Supplementary Capital Estimates and Virements	1,999,473	

Table 7 - Requests for Supplementary Capital Estimates (SCEs) and Virements above £1m

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to request Council to approve the Capital Virements and SCEs over £1,000,000		
Supplementary Capital Estimates		
Infrastructure & Highways (inc car parking)		
Crewe Green Roundabout	2,500,000	To incorporate the National Productivity Investment Fund (£1.950m) from the Department for Transport as well as Cheshire East Resources
Total Supplementary Capital Estimates Requested	2,500,000	

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to request Council to approve the Capital Virements and SCEs over £1,000,000		
Capital Budget Virements		
Environmental		
Waste Strategy Implementation	2,400,000	The project has encountered ground contamination clean up costs, and increased requirements from our insurers. Approval for virement of £2.4 million from the Council's budget allocation for Supporting Strategic Capital Projects is therefore being requested.
Total Capital Budget Virements Requested	2,400,000	
Total Supplementary Capital Estimates and Virements	4,900,000	

Table 8 - Capital Budget Reductions

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Education and 14-19 Skills				
Devolved Formula Capital - delegated funding to school	5,913,390	5,861,874	(51,516)	Reduction due to Underwood West and Dean Oaks Primary Schools converting to academy status
Underwood West	489,775	2,120	(487,655)	Reduction due to Underwood West converting to academy status
Cypads	180,000	-	(180,000)	Reduction as the chosen solution for implementing CyPad within the catering services wouldn't be able to be treated a capital expenditure. This project will continue as a revenue scheme.
Suitability/Minor Works/Accessibility Block Provision	1,406,238	1,399,644	(6,594)	Return of surplus contributions from Offley and Lindow Primary School
Purchase of Multi Purpose Vehicles - Working on Wheels	360,000	341,721	(18,279)	Reduction to scheme for revenue related costs included within capital budget.

Capital Scheme	Approved Budget £	Revised Approval £	Reduction Reason and Funding Source £
Cabinet are asked to note the reductions in Approved Budgets			
Infrastructure and Highways			
Alderley Edge Village Enhancements	94,007	27,628	(66,379) The section 106 monies which funded this are now to be used for 40HTCAP-CM00016 Alderley Edge Access Improvements
Capacity enhanc. A534 Nant Rd	130,538	130,241	(297) Project complete
Visitor Economy, Culture & Tatton Park			
Bollin Valley Footpath	34,720	26,900	(7,820) When the contractors were employed to do the work, the quotes came in lower than the initial estimates, therefore the grant from WREN was less than originally anticipated, budget changed to reflect this.
Environmental			
Bollin Grove Football Pitch	6,988	6,976	(12) Project completed
Bollington Cross Drainage Imp	17,000	12,860	(4,140) Project completed
The Carrs, Wilmslow S106	20,381	15,427	(4,954) Project completed
Total Capital Budget Reductions	8,653,037	7,825,391	(827,646)

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Appendix 5 Debt Management

1. The balance of outstanding debt has reduced by £0.5m since third quarter review mainly due to the decrease in Adults Social Care outstanding debt.
2. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates).
3. 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 and Building Control.
4. 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.
5. 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.
6. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of March 2017 was £7.3m. This is a reduction of £0.5m since third quarter review mainly due to the decrease in Adults Social Care outstanding debt.
7. The total amount of service debt over 6 months old is £3.6m; 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
People			
Adults, Public Health and Communities	4,183	2,764	2,636
Children's Social Care (Incl. Directorate)	138	21	21
Education and 14-19 Skills	73	0	0
Prevention and Support	59	1	1
Schools	34	19	23
Place			
Planning and Sustainable Development	65	39	39
Infrastructure and Highways (inc Car Parking)	531	274	274
Growth and Regeneration	597	232	232
Rural and Green Infrastructure	42	4	4
Corporate			
Customer Operations	4	3	3
Legal Services	6	0	0
Democratic Services	9	0	0
Human Resources	15	8	8
Finance and Performance	85	19	19
Professional Services	19	1	1
ICT	1,121	0	0
Communications	0	0	0
Client Commissioning - Environmental	268	236	236
Client Commissioning - Leisure	11	11	11
	7,260	3,632	3,508

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Appendix 6 Reserves

Management of Council Reserves

1. 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 currently £11.8m.
2. The opening balance at 1st April 2016 in the Council's General Reserves was £13.0m as published in the Council's Audited Statement of Accounts for 2015/16.
3. 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.
4. **Table 1** shows how the overall impact of service budgets, central budgets and Council decisions impacts on the forecast closing balance of general reserves.
5. The balance of £10.3m reflects the outturn position and risks associated with budget achievement in 2016/17. This brings the reserves to below the level planned in the 2016-19 Reserves Strategy. However, overall the Council remains in a strong financial position given the major challenges across the public sector.
6. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st 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.
7. Together with approved transfer of £1.0m from general reserves into earmarked reserves for planning costs, these items brought the earmarked reserves balance available in 2016/17 to £57.1m.
8. A full list of earmarked reserves at 1st April 2016 and movement in 2016/17 is contained in **Table 2**.

Table 1 – Change in Reserves Position

	£m
Opening Balance at 1 st April 2016	13.0
Impact on Balances at Quarter 4	(2.7)
Forecast Closing Balance at March 2017	10.3

Table 2 - Earmarked Reserves

Name of Reserve	Opening Balance 1 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	1,879	181	2,060	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning - Provider Investment & Fees	450	-	450	Linked to the S256 contribution towards backdated fees, to be used for provider training.
NHS Section 256	3,391	(3,391)	-	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
Public Health	1,942	(1,406)	536	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.
Communities Investment	586	(3)	583	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Trading Standards and Regulations	-	75	75	Ongoing Trading Standards prosecution case on product safety
Air Quality	-	80	80	Provide funding for a temporary Air Quality Officer post for two years.
FPN Enforcement (Kingdom)	-	59	59	Surplus FPN receipts to be ring-fenced to provide a community fund to address environmental issues .
Children's Services				
Children's Reserve	377	(377)	-	To support implementation of the Children's Social Care bill.
Domestic Abuse Partnership	-	165	165	Previously accounted for as a provision.
Early Intervention and Prevention Investment	-	984	984	To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17.
Parenting Journey	-	60	60	The Parenting Journey is in conjunction with Wirral Community Trust Health Visiting Service to integrate Health Visiting, Early Years and Early Help assessments.

Name of Reserve	Opening Balance 1 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
Place				
Planning and Sustainable Development				
Strategic Planning	358	(322)	36	To meet potential costs within the Planning Service and Investment Service Structure.
Infrastructure and Highways				
Parking - Pay and Display Machines	-	100	100	Purchase of Pay and Display Machines.
Highways Procurement	-	276	276	To finance the development of the next Highway Service Contract.
Homelessness & Housing Options	-	200	200	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Winter Weather	360	(130)	230	To provide for future adverse winter weather expenditure.
Growth and Regeneration				
Royal Arcade Crewe	500	-	500	To provide for future costs relating to the Royal Arcade including repairs an maintenance.
Legal Proceedings on land and property matters	-	150	150	To enable legal proceedings on land and property matters.
Skills & Growth	-	446	446	To achieve skills and employment priorities and outcomes.
Rural and Green Structure				
Tatton Park	202	(122)	80	Ring-fenced surplus on Tatton Park trading account.

Name of Reserve	Opening Balance 1 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
Corporate				
Legal Services				
Insurance (Cheshire East & Cheshire County Funds)	4,581	(542)	4,039	To settle insurance claims and manage excess costs.
Democratic Services				
Elections	12	111	123	To provide funds for Election costs every 4 years.
Customer Operations				
Emergency Assistance	569	(569)	-	Carry forward of underspend on previous years' schemes to provide for future hardship payments.
Finance and Performance				
Investment (Sustainability)	2,744	(700)	2,044	To support investment that can increase longer term financial independence and stability of the Council.
Collection Fund Management	8,570	2,767	11,337	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	11,540	(790)	10,750	To provide for financing of capital schemes, other projects and initiatives.
Enabling Transformation	3,345	(1,203)	2,142	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding	-	1,343	1,343	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 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
Cross Service				
Trading Reserve	1,179	120	1,299	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	3,186	(169)	3,017	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	5,158	(1,794)	3,364	Unspent specific use grant carried forward into 2017/18.
Revenue Grants - Other	2,404	(20)	2,384	Unspent specific use grant carried forward into 2017/18.
TOTAL	53,333	(4,421)	48,912	

Notes:

- Figures exclude Schools balances.
- 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>	* amount included in opening balance

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Appendix 7 Workforce Development

1. 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 fourth quarter 2016/17.

Culture and Values

2. Work continues to build from the feedback the June 2016 staff survey. Action plans have been developed by all senior management teams, working with colleagues across the services. A Corporate Governance Group is established to review progress of the action plans at regular intervals and update communications to staff have been undertaken through a special edition of Team Voice.
3. The Making a Difference employee recognition scheme has been launched for 2017. Participation rates in February and March have been strong:
 - Made my Day nominations - 187
 - Making a Difference monthly nominations - 20
4. Innovation Event – this event offered nine creative thinking sessions in one day thus enabling nine problem owners to develop a novel and useful idea. The sessions were facilitated by training creative facilitators and supported by volunteers from across the organisation to add a dimension of naivety increasing the potential for creativity. The event was very well received with another being planned later in the year.

Building Capability and Capacity

5. 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.
6. Over 8,425 CEC employees attended a range of regulatory and mandatory learning and development opportunities during 2016/17 across both the Corporate Training Programme and the training programmes for COO, Place and People. A further 13 employees successfully secured funding approval via the Learning and Development Panel for role specific development in quarter four, seeing £5,200 investment.
7. Developing management capability at all levels has continued with 16 managers and supervisors across the Council currently being supported to complete ILM qualifications through an external commissioning arrangement. Leadership and Management training continues with a suite of courses for managers at different levels available on the Corporate Training Programme and a bespoke course having taken place for Team Managers in Children's Social Care. Further work on management development and pathways for aspiring managers is in progress alongside development of a clear manager induction programme.
8. 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 and Staffordshire Universities and local Further Education colleges too. Relationships are further developing with Social Work staff undertaking roles supporting student learning at universities. 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.

Resourcing and Talent

9. The Council has provided more than 5 work experience sessions for young adults and school children during quarter four. Programmes continue to enable undergraduate and postgraduate students the opportunity to undertake placements within service areas of the Council, with 17 social work student placements organised in partnership with universities and internal initiatives. Four of these students have already secured permanent social work roles at Cheshire East on completion of their courses. Further placement opportunities are also offered within the Compliance and Disabilities teams.
10. The Workforce Development Team has concentrated its efforts this quarter on preparation work for the Government's apprenticeship reforms, which came into effect from April 2017. Due to the funding changes to apprenticeships, which are included in these wider reforms, very few apprenticeship opportunities have been actively promoted to ensure the Council maximises the opportunity presented by the levy. The Government's Register of Approved Training Providers (RoATP) was published in mid March and this has allowed work to get underway on the procurement exercise required for the levy funding. The contracts required by the Government in order for us to spend levy funds have all been

drafted as well. Dialogue with those schools affected has started and Workforce Development has put in place a series of plans to help schools and the wider Council and its ASDVs spend levy funds and achieve the public sector target.

11. The Council continues to offer opportunities for Graduate and Staff Development. Progression pathways are in place across several services to offer development from entry to management roles, offering a clear career route and tailored opportunities for existing staff, recent graduates and apprentices.
12. This recognises the importance of early and ongoing 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. This also recognises the value of developing and retaining talented staff within the Council 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

13. To enhance the range of employee benefits an online "Rewards Centre" was launched in September with more than 1,290 staff (35%) now 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. Currently the most popular retailers for staff are Sainsbury's, Tesco, Argos, Boots, M&S, Morrison's, Costa Coffee, Ikea and discounted cinema tickets. 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

14. 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 remains positive.

Health and Safety

15. Usage of the externally provided Occupational Health service (PAM) remains constant. During quarter four, 493 CEC employees had an Occupational Health appointment. The contract continues

to be monitored monthly to ensure value for money and that KPIs are being achieved.

16. Portfolio Holder approval has been gained for the renewed biannual Corporate Health and Safety Policy and Fire Policy, which are due for reissue in May 2017.

Staffing Changes

17. As shown in the table below, Cheshire East's headcount and FTE of employees remained largely unchanged overall between December 2016 and March 2017.

Cheshire East Council employee headcount and FTE figures

Directorate / Service	Employee FTE Dec-16	Employee FTE Mar-17	Employee Headcount Dec-16	Employee Headcount Mar-17
Corporate	844.9	838.0	1,005	996
Customer Services	278.9	278.1	353	351
Finance and Performance	77.1	76.7	80	79
Human Resources	39.1	38.1	45	44
ICT	182.3	177.6	189	184
Legal and Democratic Services	113.1	113.3	144	145
Communications and Media	12.7	11.9	13	12
Professional Services	119.8	118.4	159	156
Apprentices	20.0	22.0	20	23
People	1,731.4	1727.9	2,323	2,310
Adult Social Care and Health	833.7	827.2	1,046	1,036
Children's Services	787.0	791.4	1,159	1,158
Community and Partnerships	109.7	108.3	117	115
Place	297.1	297.2	373	370
Growth and Regeneration	78.6	77.8	85	84
Infrastructure and Transport	41.0	43.1	43	45
Lifelong Learning	9.2	9.7	10	11
Planning and Sustainable Development	74.0	72.8	76	75
Rural and Green Infrastructure	92.3	92.7	157	154
Cheshire East Council Total	2,874.3	2,864.1	3,690*	3,666*

***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 only be counted 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.

Agency workers

18. Agency workers provide a valuable component of the Council's workforce providing short term cover, project work, flexible specialist skills to maintain service delivery in areas such as social services, ICT and other professional services. The table below provides a summary of active agency worker assignments in December 2016 and March 2017 and agency workers as a percentage of all workforce assignments.

Number and percentage of agency workers.

	No assignments active in Dec 16	No assignments active in Mar 17	% of all workforce assignments Dec 16	% of all workforce assignments Dec 16
People	139	135	5.5%	5.4%
Place	7	7	1.7%	1.7%
Corporate Services	112	120	9.9%	10.6%
Cheshire East Council	258	262	6.4%	6.5%

Absence

19. At the end of the 2016/17 financial year overall absence levels were identical to 2015/16 and, therefore, slightly lower than 2013/14 and 2014/15.

Cumulative average days lost to sickness (per FTE employee) at the end of quarter four, by financial year, since 2013/14

	2013/14	2014/15	2015/16	2016/17
Cheshire East (excluding Schools)	11.33	11.97	11.14	11.14

Voluntary Redundancies

20. 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.
21. Five people have left the Council under voluntary redundancy terms in quarter four, four of whom held posts within the management grades (Grade 10 or above). The total severance cost for all employees was £382,042.97 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £425,220.94 (which is the combined accumulated costs of the deleted posts).

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