

Cabinet Agenda

Date: Tuesday, 6th February, 2018
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 Cheshire East Council decision-making meetings are audio recorded and the recordings are 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 paragraph 3.33 of the Cabinet procedure rules, 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 5 - 12)

To approve the minutes of the meeting held on 5th December 2017.

6. **Second Pump Crewe Fire Station** (Pages 13 - 18)

To consider a report summarising the deliberations of the Corporate Overview and Scrutiny Committee in relation to a proposal by Cheshire Fire and Rescue Service to reduce the utilisation of the second pump (fire engine) at Crewe Fire station from whole time to “on-call” status.

7. **Sydney Road Replacement Bridge - Project Implementation** (Pages 19 - 32)

To consider a report on the steps required to implement the construction phase of the Sydney Road Replacement Bridge (Crewe) Project.

8. **Third Quarter Review of Performance 2017/18** (Pages 33 - 108)

To consider a report on the third quarter review of performance for 2017/18.

9. **Medium Term Financial Strategy 2018/21** (Pages 109 - 408)

To consider a report on the Medium Term Financial Strategy for Cheshire East Council for the years 2018/19 to 2020/21.

10. **Treasury Management Strategy and MRP Statement 2018/19** (Pages 409 - 438)

To consider a report on the Treasury Management Strategy and MRP (Minimum Revenue Provision) Statement for 2018/19.

11. **Update on Schools Funding and the Local Schools Funding Formula for 2018/19** (Pages 439 - 446)

To consider a report providing an update on schools funding in Cheshire East.

12. **Sustainable Modes of Travel to Schools (SMOTS) Strategy** (Pages 447 - 508)

To consider a report on progress with producing a new Sustainable Modes of Travel to School (SMOTS) strategy which will provide a framework to support schools when they are implementing their School Travel Plans.

13. **Early Help Framework** (Pages 509 - 534)

To consider a report seeking approval for the setting up of an Early Help Framework across the People Directorate in order to streamline the procurement of early help services.

14. **Building an Investment Portfolio** (Pages 535 - 542)

To consider a report on the development of a strategy to enable the Council to invest in commercial property.

15. **Mutually Agreed Resignation Scheme (MARS)** (Pages 543 - 556)

To consider a report seeking approval for the introduction of a Mutually Agreed Resignation Scheme (MARS) policy and guidance.

THERE ARE NO PART 2 ITEMS

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Cabinet**
held on Tuesday, 5th December, 2017 at Committee Suite 1, 2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor Rachel Bailey (Chairman)
Councillor L Wardlaw (Vice-Chairman)

Councillors A Arnold, P Bates, J Clowes, J P Findlow, J Saunders and
D Stockton

Members in Attendance

Councillors G Baxendale, S Corcoran, L Durham, I Faseyi, S Gardiner,
S Hogben, L Jeuda, B Moran, B Walmsley and G Williams

Officers in Attendance

Kath O'Dwyer, Frank Jordan, Jan Willis, Linda Couchman, Nigel Moorhouse,
Deborah Nickson and Paul Mountford

81 DECLARATIONS OF INTEREST

There were no declarations of interest.

82 PUBLIC SPEAKING TIME/OPEN SESSION

Cllr Jane Smith, Alsager Town Council, asked if Cheshire East Council would be prepared to ban the use of snares on Council-owned farmland, following the example of West Sussex Council in May 2017.

Cllr Jonathan Parry, Middlewich Town Council, referred to the findings of the Council's Middlewich Transport consultation earlier this year which he said did not refer to a number of issues raised by local residents including problems with speed bumps on Chadwick Road, Middlewich; traffic issues on Warmingham Lane, including the need for a link road to Booth Lane to ease traffic on Cross Lane; and dangerous bus stops on the canal side of Booth Lane between Cledford Lane and Brooks Lane. The Leader asked Cllr Parry to provide a written transcript of his question and undertook to provide a written response.

Carol Jones referred to a range of issues relating to Crewe, including the state of some buildings and facilities in the town, a lack of support for the homeless, those with mental health problems and parents of foster children, and cuts to bus services. She also referred to the current suspension on pay of some Council officers. The relevant Portfolio Holders responded, outlining the various actions and initiatives that the Council and local community organisations were taking to address social,

environmental and public health issues in Crewe, as well as improvements to housing and infrastructure, economic regeneration and the provision of bus services. At the Leader's invitation, the Acting Chief Executive advised that the suspension of certain officers had been a neutral act to enable an investigation to take place, and that the individuals concerned were entitled under the legislation to receive their salaries.

Sinead Wheeler referred to working age benefits being frozen at the current rate until 2020, which she said would have a dire impact on some residents of the Borough. She suggested that the Council could assist through the Council Tax support calculation. The Leader responded that the matter would be considered under the agenda item.

83 QUESTIONS TO CABINET MEMBERS

Councillor I Faseyi referred to the question raised under public speaking on the use of snares on Council-owned farmland and suggested that the Council consider adopting an approach similar to that of West Sussex County Council. The Portfolio Holder for Adult Social Care and Integration, in response to Councillor Faseyi and Alsager Town Councillor Jane Smith who had raised the matter earlier, responded that Cheshire East Council did not allow the use of snares on its land although there were a number of existing tenancies the terms and conditions of which could not be changed after the event, and the Council had sought a voluntary agreement with those tenants. All new tenancies issued by the Council prohibited the use of snares.

Councillor S Hogben asked why the Council's response to the Boundary Commission on proposed parliamentary boundary changes in the North West was not available before it was circulated at a Portfolio Holder meeting on Monday at which the response was to be approved. The Portfolio Holder for Corporate Policy and Legal Services responded that this had not been ideal but the Council was having to act on a tight timescale. He added that the papers had been available for perusal at the meeting but that no members had attended to debate the matter.

Councillor Hogben also asked if some of the revenue incurred by fixed penalty notices and returned to the Council by its agents, Kingdom, could be fed back into the areas that generated the revenue such as enforcement, education and clearance. The Portfolio Holder for Adult Social Care and Integration responded that some of the revenue was used to pay for the service itself, to support the Council's community enforcement team, provide training for that team and meet the cost of bringing cases to court.

Councillor S Corcoran referred to the review of the Council's constitution which he felt was being rushed through at a time when some senior officers had been suspended. He asked specifically why the Acting Monitoring Officer had not been present at the meeting of the Constitution Committee on 30th November when the constitution was approved for

recommendation to Council. The Portfolio Holder for Corporate Policy and Legal Services responded that one of the two Deputy Monitoring Officers had been present at the Committee meeting. He added that over sixty members of the Council had engaged with the review process and there was no reason why the matter should not now proceed to full Council.

Councillor G Baxendale asked about progress with the Congleton to Macclesfield Link Road. The Portfolio Holder for Environment responded that the scheme was currently out to tender.

84 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 7th November 2017 be approved as a correct record.

85 COUNCIL TAX BASE 2018/19 - DOMESTIC RATES

Cabinet considered a report setting out the Council Tax base calculation for 2018/19 for recommendation to Council.

In response to a comment made during public questions, the Portfolio Holder for Finance and Communication referred to the budget consultation document which outlined Council tax increases for the next three years.

RESOLVED

That Cabinet recommends to Council

1. in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2018/19 as 147,003.80 for the whole area; and
2. that no changes be made to the Council Tax Support Scheme for 2018/19, other than the annual increase in the allowances used and clarification following changes in other state benefits.

86 NON-DOMESTIC RATES TAXBASE 2018/19

Cabinet considered a report on the Non-Domestic Rates Tax base for 2018/19.

RESOLVED

That

1. Cabinet notes that:

- (a) the non-domestic rates estimates and calculations for 2018/19 will be calculated in accordance with the regulations as follows:

	2018/19	£m
	Projected NDR net income after accounting adjustments	134.7
Less	Payable to DCLG (50% share)	-67.4
Less	Payable to Fire Authority (1% share)	-1.3
	Cheshire East Council proportionate share	66.0
Less	<i>Fixed Tariff payable to DCLG</i>	-24.2
Add	<i>Pooling arrangement levy reduction</i>	+0.8
Add	<i>Section 31 Compensation grant*</i>	+0.5
	Cheshire East Council Retained share	43.1

** to compensate for additional business rate discount measures introduced by DCLG since the inception of the BRRS scheme in April 2013*

- (b) the Director of Finance and Procurement in consultation with the Portfolio Holder for Finance and Communication will finalise these estimates based on the latest data for submission to the Department for Communities and Local Government (DCLG) in January 2018; and
2. in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, Cabinet recommends to Council the amount to be calculated by Cheshire East Council as its business rates tax base for the year 2018/19 as £134.7m.

87 NORTH WEST CREWE PACKAGE SCHEME DELIVERY AND FUNDING

Cabinet considered a report on a proposed delivery and funding strategy for the North West Crewe Package Scheme.

The Portfolio Holder for Adult Social Care and Integration reported that the local ward member, Councillor D Bebbington, who had been unable to attend the Cabinet meeting, had welcomed the scheme.

The Leader placed on record her thanks to the officers for delivering the scheme.

RESOLVED

That Cabinet

- notes that the latest total scheme cost estimate for all phases of the North West Crewe infrastructure package is £41.6 million;
- recommends to Council that the scheme budget profile be adjusted in line with the attached appendices in the Council's capital programme;

3. notes that the bid for £5m to the National Productivity Fund (Local Roads element) has been successful and that this money needs to be spent by March 2020;
4. notes that a bid has also been made for £10m to the Housing Infrastructure Fund to support this scheme and that the outcome of this bid is expected by the end of this year, but is not guaranteed;
5. authorises the Executive Director Place in consultation with the Director of Legal Services and the Portfolio Holder for Environment, to complete the assembly of the necessary land and third party funding contributions required for delivery of the scheme;
6. authorises the Executive Director Place, in consultation with the Portfolio Holder for Environment, to proceed with all necessary technical work for the submission of a planning application and to finalise detailed design for all phases of the works, including site investigation and any required early diversions of statutory undertaker's apparatus, to a maximum scheme budget of £2.53m (Prior years expenditure is approximately £330k); and
7. notes that further Cabinet reports will be coming forward with recommendations on the procurement process and the statutory process to deliver this package of works.

88 COMMISSIONING OF ACCOMMODATION WITH CARE (RESIDENTIAL AND NURSING CARE HOMES)

Cabinet considered a report on the commissioning of accommodation with care provision for existing and future residents of Cheshire East.

The Portfolio Holder for Finance and Communication asked that before any contract was awarded, the Finance Team was given sight of the contract to assess its financial implications, and that this should apply to any contract to be awarded in relation not only to this item but to the remaining items on the agenda where it was recommended that a contract be awarded.

RESOLVED

That Cabinet

1. approves Cheshire East Council undertaking the commissioning of accommodation with care services in partnership with both Eastern and South Cheshire Clinical Commissioning Groups, with CEC as the lead Commissioner;
2. notes that independent consultants have been appointed to undertake a review of care fees to inform the new commission and that

accommodation with care fees are held at the current market price until the new contracts commence; and

3. delegates authority to the Acting Executive Director of People in consultation with the Portfolio Holder for Adult Social Care and Integration to:

- (a) award contracts to suppliers; and

- (b) in consultation with the Acting Director of Legal Services, enter into contracts with the successful suppliers.

89 COMMISSIONING OF CARE AT HOME (DOMICILIARY CARE)

Cabinet considered a report on re-commissioning care at home provision for adults and older people with low level, non-complex care and support needs residing in Cheshire East.

RESOLVED

That Cabinet

1. approves Cheshire East undertaking the re-commissioning of care at home services which are procured in partnership with both Eastern and South Cheshire Clinical Commissioning Groups, with Cheshire East Council as the lead Commissioner;
2. approves the procurement of Children's Care at Home services as part of this process; and
3. delegates authority to the Acting Executive Director of People in consultation with the Portfolio Holder for Adult Social Care and Integration and the Portfolio Holder for Children and Families to:
 - (a) following the prescribed procurement process, award contracts to suppliers; and
 - (b) in consultation with the Acting Director of Legal Services, enter into contracts with the successful suppliers.

90 RESPITE REVIEW AND RE-COMMISSIONING

Cabinet considered a report on the development of a new model as the basis to re-commission respite care.

RESOLVED

That Cabinet

1. notes the outcomes of the work to date and approves the new model as the basis for the provision of respite care; and
2. delegates authority to the Acting Executive Director of People in consultation with the Portfolio Holder for Adult Social Care and Integration following the prescribed procurement process to:
 - (a) award contract/s to suppliers;
 - (b) in consultation with the Acting Director of Legal Services, enter into contracts with the successful suppliers; and
 - (c) agree that further work be progressed on more diverse opportunities for Respite.

91 PARTNERSHIP AGREEMENT WITH CHESHIRE WEST AND CHESTER COUNCIL FOR THE DELIVERY OF HEALTHWATCH CHESHIRE

Cabinet considered a proposed partnership agreement with Cheshire West and Chester Council to deliver the statutory requirements of a Local Healthwatch and Independent Health Complaints Service across the areas of both authorities.

RESOLVED

That Cabinet

1. notes the information contained within the report for the delivery of an integrated Healthwatch and Independent Complaints Advocacy Service;
2. approves entering into a Partnership Agreement with Cheshire West and Chester Council for the delivery of the local Healthwatch Cheshire and Healthwatch Cheshire East and ICAS services; and
3. delegates authority to the Director of Commissioning, in consultation with the Portfolio Holder for Adult Social Care and Integration, to approve the final form of the Partnership Agreement (and any subsequent amendments thereto).

92 SUBSTANCE MISUSE SERVICE RE-COMMISSIONING

Cabinet considered a report on the provision of a new model for Substance Misuse Services in Cheshire East.

RESOLVED

That Cabinet

1. agrees that a competitive EU compliant procurement exercise be undertaken for the provision of a new model for Substance Misuse Services in Cheshire East; and
2. delegates authority to the Acting Executive Director of People in consultation with the Portfolio Holder for Health and the Portfolio Holder for Children and Families to:
 - (a) award a contract for an initial period of 3 years (with options to extend for a maximum of 2 years); and
 - (b) in consultation with the Acting Director of Legal Services, enter into a contract with the successful supplier.

The meeting commenced at 2.00 pm and concluded at 4.00 pm

Councillor Rachel Bailey (Chairman)

Cheshire East Council

Cabinet

Date of Meeting: 6th February 2018

Report of: Councillor Margaret Simon, Chairman of the Corporate Overview and Scrutiny Committee

Subject/Title: Second Pump Crewe Fire Station

Portfolio Holder: Councillor Janet Clowes, Adult Social Care and Integration

1. Report Summary

- 1.1. This report summarises the deliberations of Corporate Overview and Scrutiny Committee in relation to a proposal by Cheshire Fire and Rescue Service to reduce the utilisation of the second pump (fire engine) at Crewe Fire station from whole time to “on-call” status, and recommends that Cabinet consider whether support the resolution of Overview and Scrutiny Committee from its meeting held on 11 January 2018.

2. Recommendation

- 2.1 Cabinet is asked to support the resolution 2 of Corporate Overview and Scrutiny Committee as set out in bold in paragraph 5.12 below.

3. Reasons for Recommendation

- 3.1 In order to respond to the resolution of the Corporate Overview and Scrutiny Committee.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1 The Police and Justice Act 2006, requires local authorities to designate one of its Overview and Scrutiny Committees to scrutinise crime and disorder functions. The Council’s Corporate Overview and Scrutiny Committee has been designated as the appropriate Overview and Scrutiny Committee which gives it a remit to review Community Safety matters.

- 5.2 On the 7th September 2017, Corporate Overview and Scrutiny Committee invited Cheshire Fire and Rescue Service to make a presentation relating to a proposal to change the utilisation of the second pump at Crewe Fire Station from 'whole time' to 'on call' utilisation: a proposal which was contained in the Cheshire Fire and Rescue Service Integrated Risk Management Plan 2018. The proposal had first appeared as one of fourteen proposals across Cheshire in Cheshire Fire and Rescue Service Integrated Risk Management Plan 2013. In the intervening years, all of the proposals have been implemented except those relating to Crewe and Ellesmere Port.
- 5.3 At the 7 September 2017 meeting, it was resolved that the Members of the Committee who were also Members of Cheshire Fire Authority should be requested to continue to monitor the situation regarding the second pump and feedback to the Committee prior to any decision being made by the fire authority.
- 5.4. On the 11 January 2018, Cheshire Fire and Rescue Service was invited back to allow the Committee to consider the matter again with a view to a formal response being submitted ahead of the meeting of the Cheshire Fire Authority on 14 February 2018, at which it was expected that a final decision would be made on the second pump at Crewe. On this occasion, the Committee also invited the Fire Brigade's Union's representative to address the Committee with a short presentation to establish the view of the union on the proposal.
- 5.5. There are currently two fire engines with whole time crews (24/7) housed at Crewe Fire Station at a cost of in the region of £800k each per annum. Fire pumps are not 'owned' by a fire station or town, they are housed there and can be drafted to neighbouring fires (across county borders if necessary) to wherever an incident occurs. Cheshire Fire and Rescue have cited the Bosley Wood Flour Mill incident as an example of how pumps were drafted from across Cheshire to deal with a major incident.
- 5.6. Cheshire Fire and Rescue Service is proposing to change the status of the second pump from whole-time utilisation to on-call utilisation. This would mean that firefighters on the second pump would not be present at the fire station 24 hours a day, but when on call would be required to arrive at the station within a defined period of time. On call pumps cost in the region of £150k per annum; this change represents in the region of a £650k a year saving to the Fire Service.
- 5.7. The following section summarises the main issues raised at the meeting on 11 January 2018. Of necessity this report cannot illustrate all of the evidence considered over two lengthy meetings that took place on 7 September 2017 and 11 January 2018, rather, it presents a summary of the views expressed by the representatives of the Cheshire Fire and Rescue Service, Fire Brigade's Union and Corporate Overview and Scrutiny Committee. These have been expressed as succinctly as possible but should not be regarded as exhaustive.

5.8 Cheshire Fire and Rescue Service (CFRS):

The following is a brief non-exhaustive summary of issues raised by CFRS:

- At Crewe Fire Station, 69% of call-outs are listed as 'one pump' incidents and 31% as 'two pump' incidents.
- If the Fire Authority approves the proposal to reduce the facility at Crewe, the earliest it could be implemented would be 2020.
- Every year 40,000 visits are made to properties throughout Cheshire by the Fire and Rescue Service in respect of fire prevention measures. This equates to 110 a day. This has had a direct impact by reducing fire incidents.
- When an incident is reported to the control centre (which is located in Warrington and is responsible for the whole of the North West of England) the nearest available fire pump to the incident is deployed irrespective of county boundaries. The mobilisation system selects the pump that will arrive on scene the quickest.
- The level of economic growth (e.g. an increase in housing), does not correlate to increased risk of fire. For instance, new building regulations require all new builds to have hard wired fire alarms.
- Recruitment to date shows that 7 fire fighters are currently in training and 2 pending, but recruitment has been on-hold since February 2017.
- CRFS recognises that since 2013, the population in Crewe has increased by 2%, dwellings have increased by 4% and business units have increased by 23%. However, the annual demand based on a five-year average shows that fires (that include: dwelling, non-domestic, primary vehicle, road traffic collisions, false alarms) are all down by 29%

5.9 Cheshire Fire Brigades Union (FBU):

The following is a brief non-exhaustive summary of issues raised by the FBU:

- Over the past 2 years several recruitment initiatives have failed to provide the service with the sufficient numbers of personnel required to staff these fire engines. In addition, of the few personnel that have been recruited, many have left. The FBU contend that they have consistently highlighted the difficulties they anticipated the fire service would face in recruiting sufficient numbers of suitable recruits to enable the proposal to regarding the second pump to be realised.
- The current proposal to staff the second appliance in a new shift system Monday-Friday daytime only is a reduction in the existing standard of fire cover which currently includes evenings and at weekends. The FBU

previously opposed plans to downgrade the second appliances at each of the six whole-time stations across Cheshire, and it re-iterated that opposition.

- Crewe fire station will provide the only appliance that has a guaranteed response to cover the entire Cheshire East area at night. This leaves an area of over 1,116km² and a population of over 370,000 residents at risk from shortages in the level of guaranteed response.

5.10 Corporate Overview and Scrutiny Committee

Based upon the information presented to at the meeting on 11 January 2018, the main issues raised by the Corporate Overview and Scrutiny Committee on 11 January were:

- It appears that the north and north west side of Cheshire, which includes Ellesmere Port and Warrington, has a large proportion of whole time and on call pumps, yet if the current proposal goes ahead, Cheshire East would be left with just one full-time pump in Crewe. However, the Committee did accept that wider issue of the distribution of appliances across Cheshire was beyond the scope of its review but was something that should be considered by the Fire Authority as part of the overall strategic view.
- CFRS does not seem to have taken into account future development resulting from the Cheshire East Local Plan. The Committee acknowledged the evidence provided by Cheshire Fire and Rescue Officers, but Committee Members questioned the suitability of current proposals taking into consideration an expected increase of 36,000 houses in the area, the arrival of HS2, the town centre redevelopment plans and the changes to the M6 motorway network.
- The Committee questioned, whether due to level of traffic congestion and general accessibility, the location of current Fire Station had contributed to the failure to recruit from the surrounding area because the expected turn out time for on-call could not be met.
- The Committee was made aware that the CFRS and the FBU currently disagree on the figures on mobilisation times.
- CFRS is funded through two main sources of income: a grant from central government and precept. The precept provides the majority of funding - approximately 65% with government grant comprising the other 35%. The precept from Cheshire East residents for Fire and Rescue services is the highest of all the local authorities in Cheshire, yet Cheshire East appears to have dis-proportionately fewer appliances compared to other parts of Cheshire, for instance, there would be only one full time pump in the south of the region and eight in the north. However, it is important to note that a fire pump is not allocated on a cost per person basis, but where there is a high density of fire incidents.
- The Committee indicated that it would like to see how the response times to fire incidents in Crewe compares to those of neighbouring forces.

5.12 The Committee subsequently requested that Cabinet support the Committee's position on the second pump as follows:

- 1) That the Committee recommend that the Adult Care and Integration Portfolio Holder request that the proposals for Crewe's 2nd pump to become 'On-Call', be dropped for the foreseeable future.
- 2) **That the Leader of the Council and Cabinet be requested to advise Cheshire Fire and Rescue and Cheshire Service and Fire Authority that the Leader of the Council and Cabinet cannot support a proposal for the 2nd pump to become On-Call.**
- 3) That Corporate Overview and Scrutiny Committee cannot support the proposal to change the 2nd pump to become On-Call.

6. Wards Affected and Local Ward Members

6.1. All Wards

7. Implications of Recommendation

7.1. Policy Implications

7.1.1. N/A

7.2. Legal Implications

7.2.1 There are no legal implications for the Council.

7.3. Financial Implications

7.3.1. None directly for the Council

7.4. Equality Implications

7.4.1. The implications remain with Cheshire Fire Authority as the body responsible.

7.5. Rural Community Implications

7.6. The implications remain with Cheshire Fire Authority as the body responsible.

7.7. Human Resources Implications

7.71 The implications remain with Cheshire Fire Authority as the body responsible.

7.8. Health and Wellbeing Implications

7.9. The implications remain with Cheshire Fire Authority as the body responsible.

7.10. Implications for Children and Young People

7.10.1 The implications remain with Cheshire Fire Authority as the body responsible.

7.11. Overview and Scrutiny Committee Implications

7.11.1. Corporate Overview and Scrutiny considered this matter on 11 January 2018 and through the Chairman of the Committee forwarded its recommendation to the Fire Authority on 16 January 2018.

7.12. Other Implications

7.12.1 N/A

8. Risk Management

8.1. Consideration of risk issues is integral to this matter. It is ultimately for the Fire Authority to evaluate that risk and act accordingly.

9. Access to Information

9.1 Presentation for the Cheshire Fire and Rescue Service to Corporate Scrutiny Committee 11 January 2018 and FBU response to the CFRS Integrated Risk management Plan 2018 to Corporate Scrutiny Committee 11 January 2018.

9.2 The audio recording for the Corporate Scrutiny Meeting from 11 January 2018 can be found [here](#).

10 Contact Information

Contact details for this report are as follows:

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Executive Director of Place
Subject/Title:	Sydney Road Replacement Bridge - Project Implementation
Portfolio Holder:	Cllr D Stockton, Environment

1. Report Summary

- 1.1. The Council has set out a clear vision and strategy for employment led economic growth. An important element of this strategy is to improve the Borough's infrastructure to improve connectivity.
- 1.2. As the largest town in the Borough, the role of Crewe in the economy of Cheshire East and the wider Cheshire and Warrington sub-region is crucial. Planned housing development is taking place in the north of Crewe so providing capacity improvements at Sydney Road Bridge will support this growth and enhance access to the key destinations of Bentley and Leighton Hospital.
- 1.3. Sydney Road is a classified B Road which acts as a main distributor route and crosses the West Coast Crewe to Manchester main railway line. The existing bridge is a narrow traffic signal controlled single carriageway only structure. The scheme seeks to increase capacity by replacing the existing bridge with a new wider structure capable of taking two way traffic and removing the traffic signal restriction.
- 1.4. This report recommends undertaking the steps required to implement the construction phase of the project, including the following:
 - Enter into agreements with Network Rail to facilitate the transfer of bridge ownership from Network Rail to the Council and the grant of rights to the Council and utility providers (see 2.1.2)
 - Enter into an Implementation Agreement with Network Rail for Construction (see 2.1.12)
 - Establish control of the required permanent and temporary land
 - Agree the funding strategy
- 1.5. Recommendations requested within this paper would not directly impact on the adjacent Crewe Green Roundabout project. However, Sydney Road

Bridge replacement is linked to the improvements planned for Crewe Green roundabout and both projects are working together to minimise disruption to the public and maximise any associated opportunities.

2. Recommendation

Cabinet is recommended to:

2.1. Authorise the Executive Director of Place, in consultation with the Portfolio Holder for Highways to:

2.1.1 Enter into an Implementation Agreement with Network Rail for them to deliver construction of the scheme through their design and build supply chain framework.

2.1.2 Acceptance of the newly constructed bridge into Council ownership upon payment of an appropriate commuted sum by Network Rail and to enter into an Asset Transfer Agreement, a Two Party Bridge Agreement, Option Agreements and any Easement and other related agreements relating to use of and rights over Network Rail's land, with Network Rail as necessary.

2.2. Authorise the Executive Director of Place, in consultation with the Director of Legal Services, to enter into discussions with land owners, utility companies, Network Rail and all third parties in relation to acquiring the necessary land and acquiring and granting rights to deliver the scheme and to delegate the negotiation and entering into of any necessary supporting legal agreements (including but not limited to option agreements, permanent land take, temporary land take/use of third party land, licences, easements (granting and acquiring), rights of support, rights to go onto land to do works, rights of access and rights for services, wayleaves and oversail agreements) and any variations required to those agreements during the course of the project

2.3. Authorise the Executive Director, Place in consultation with the Portfolio Holder for Environment, to proceed with the scheme on the basis of the proposed funding arrangement as outlined in Section 7 and approve the underwriting, in principle, of any necessary gap funding required to deliver the scheme due to timing of receipt of Section 106 contributions (see 7.3.12).

2.4. Further to the authorisation at Cabinet on 13th October 2015 to proceed with the use of the Council's Compulsory Purchase Powers (CPO) to acquire land to construct the scheme and to approve the following specific recommendations:

Authorise the Executive Director of Place in consultation with the Director of Legal Services to take all appropriate actions to secure the confirmation of the contemplated orders including:

2.4.1. 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 project.

- 2.4.2. To take all necessary action to secure the making, submission to the Secretary of State for confirmation and (if confirmed) implementation, of 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 of Entry or, as the case may be the execution of General Vesting Declarations;
- 2.4.3. To negotiate and enter into agreements and undertakings with the owners of any interest in the CPO and any objectors to the confirmation of the Orders setting out the terms for the withdrawal of objections to the Orders including where appropriate, the inclusion in and/or exclusion from the CPO of land or new rights and to authorise the Director of Legal Services to agree, draw up, and to sign all necessary legal documents to record such agreements and undertakings
- 2.4.4. 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;
- 2.4.5. To authorise the Head of Assets to negotiate and approve the payment of relevant and reasonable professional fees incurred by landowners and others with compensatable interests in taking professional advice in connection with the acquisition of their interests required for the scheme and related compensation claims.
- 2.5 Note the previous Cabinet consideration and the associated engagement with elected members on this project as outlined in paragraph 5.17.
- 2.6 Endorse the report author's analysis regarding the urgency of this decision and his view that the delay caused by any call-in process would seriously prejudice the Council's and the public's interests.

Note: CPO powers will only be used if land is unable to be acquired by negotiation.

3. Reasons for Recommendation

- 3.1. There is a need to drive forward the development of this £10.5m scheme as the DfT / Local Growth Funding grants of £5.85m are dependent on delivery during the 2015 - 2021 period.
- 3.2. Network Rail (NR) railway overhead electrification apparatus needs to be modified in advance of the bridge works. Through negotiation with the Train Operating Companies (TOCs), NR have identified an acceptable time for possession of the railway required for this work during May 2018.

- 3.3. Council and NR discussions with the TOCs have identified that an acceptable time for possession of the railway to enable bridge demolition and construction of the replacement bridge is during February 2019.
- 3.4. NR will confirm possession booking in advance of the enabling works. NR plan to publish the necessary notices to fix the possession dates required for the construction of the new bridge.
- 3.5. The diversion of a Scottish Power high voltage cable is required for the bridge works to proceed. A cable power outage to implement this diversion is scheduled for April to August 2018.
- 3.6. Cabinet has previously agreed:
 - That the delivery strategy for a new structure will be to contract with Network Rail (NR IP) to design and construct the scheme using a Contractor from their tendered OJEU compliant Construction Framework.
 - To enter into an Implementation Agreement with NR to deliver the construction phase of the project.

To meet the time constraints outlined above an Implementation Agreement is required to be in place by 5th March 2018.

- 3.7. The bridge cannot be demolished and replaced without a temporary road closure of Sydney Road at the bridge. The closure is expected to be for approximately 22 weeks starting in November 2018. Diversion routes have been developed by the highways network team. The timing and details of diversion routes are being coordinated with the Crewe Green Roundabout project team. Communications with Stakeholders are ongoing and communications will be proactively escalated as the scheme moves towards implementation.
- 3.8. Temporary and permanent land take is required for the scheme as identified during public consultation and as outlined in the approved planning application (Planning Application No. 17/1980N).
- 3.9. Agreements with Network Rail, including an Asset Transfer Agreement (with agreed commuted sum), a Two Party Bridge Agreement, Option Agreement and any Easements and other related legal agreements relating to use of and rights over Network Rail's land, with Network Rail will need to be in place before signing of an Implementation Agreement with NR.

4. Other Options Considered

4.1. Switching to an alternative delivery route

The Council have previously agreed to procure the delivery of the scheme through Network Rail, utilising their in house expertise and their OJEU compliant design

and construction framework. Switching to an alternative delivery route for construction at this stage would result in failure to meet the programme and lose valuable expertise and specific knowledge of the scheme solution. This would put realisation of the scheme at significant risk.

4.2. Deciding not to enter into a Bridge Transfer agreement

The Council have agreed in principle to have bridge ownership transferred to the Council from NR. A decision to not enter into a Bridge Transfer Agreement would prohibit Network Rail from entering into an Implementation Agreement for construction of the scheme. This would put delivery of the scheme at significant risk.

4.3. Halting the acquisition of land required for the scheme

Not proceeding with the acquisition of the permanent and temporary land identified as required for the scheme would result in the preferred option not being deliverable. There would be significant delays to the project if design is switched to a solution that does not require land. This would put realisation of the scheme at significant risk.

4.4. No alternative funding options have been identified.

5. Background

5.1. Sydney Road is located on the north east side of Crewe. It is a Classified 'B' Road which acts as a distributor route serving the north side of Crewe and connecting it to key destinations such as the Bentley Motor Factory and Leighton Hospital.

5.2. Traffic flows on Sydney Road are restricted by the narrow, Network Rail owned Sydney Road Bridge, which currently operates a single-way traffic system controlled by traffic lights at either end of the bridge. The bridge crosses the West Coast Main Line (Crewe – Manchester).

5.3. There are planning consents for new developments along the Sydney Road corridor. The developments will increase road traffic and the Council wishes to undertake work to mitigate the pinch point at this bridge location.

5.4. To demonstrate the economic benefits of the scheme the value for money category is defined by the Benefit Cost Ratio (BCR) of the scheme using monetised impacts in line with Department for Transport guidance notes. The replacement Sydney Road Bridge scheme currently returns a BCR of greater than 3 which demonstrates the scheme offers High Value for Money.

5.5. In 2012 the Council commissioned Jacobs, the Council's term consultant, to undertake a feasibility options study to create 2-way traffic working over Sydney Road Bridge and recommend a preferred option. Five options were considered in the June 2012 report: bridge widening; bridge replacement; a separate pedestrian footbridge to the north or south (in conjunction with two-way vehicular traffic on the existing bridge deck); and, a new bridge to carry westbound traffic, constructed immediately to the south of the existing bridge

which would be retained to carry eastbound traffic and services. Bridge replacement was the preferred option of both the Council and Network Rail Infrastructure Projects (NRIP).

- 5.6. The preferred solution endorsed by Cabinet in November 2014 was to demolish the existing bridge and build a new bridge structure within the enlarged footprint of the old bridge. This solution has the main advantage of being constructed independently from the existing bridge without necessitating structural dependencies upon it. This will result in very low long term maintenance risk, less impact to the traffic flow and rail service providers during construction and a shortened programme.
- 5.7. A NR Basic Asset Protection Agreement (BAPA) was agreed and signed between the Council and NR. The agreement allowed for a small amount of scheme development together with live track access. The Council's consultants Jacobs have undertaken seasonal visual ecology surveys on the live railway to inform the planning application.
- 5.8. The Cabinet has agreed that the delivery strategy for a new structure will be to contract with Network Rail Infrastructure Projects (NRIP) to design and construct the scheme using a Contractor from their tendered OJEU compliant Construction Framework.
- 5.9. NRIP were commissioned to identify and assess options for replacement of the bridge structure and reinstatement of a widened highway. A single option has been selected.
- 5.10. The Council entered into a Development Services Agreements (DSA1) for the outline design phase of the project. This has been completed and the outline design was accepted by the Council in July 2017.
- 5.11. The council have entered into a further Development Services Agreement (DSA2) for detailed design of the scheme. The detailed design is scheduled to be submitted to the Council in December 2017 for review for acceptance by the Council.
- 5.12. The Council have agreed in principle to enter into an Implementation Agreement with NR for the construction phase of the project.
- 5.13. Planning permission was granted for the scheme at Southern Planning Committee on 5th July 2017.
- 5.14. Land acquisition or licences for temporary use of land are required for the construction of the project and these negotiations are ongoing. Negotiations are not yet concluded, however the Council can use its Compulsory Purchase powers if necessary to undertake the acquisition of land required to deliver this scheme.
- 5.15. The bridge is currently owned and maintained by NR. NR has requested that the ownership and liability for maintenance of the replacement structure is passed to the Council. The Council has agreed in principle to this transfer. A commuted sum one off payment from NR amounting to £269,489 has been

agreed with NR as part of the transfer of liability to the Council. This is the current value of 120 years maintenance cost to NR for the existing bridge, calculated by application of the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) Commuted Sum Calculator. This figure matches the similarly calculated council current value 120 years maintenance liability for the replacement structure.

5.16. For the following reasons, it is essential for officers to be able to implement the decisions which are recommended in this report, without delay:

- The temporary and permanent land required for the project needs to be in Council control before the LEP can release scheme funds before the Council can enter into the construction phase Implementation Agreement with Network Rail.
- The project programme is time constrained by the fixed timing of the Scottish Power 132kv cable outage necessary for the required diversion of this cable scheduled for May 2018.
- To maintain programme the temporary and permanent land required for the project needs to be in council control by the end of February.
- The authorisations requested in this report are necessary for the completion of the land agreements and there needs to be time available once authorisation is confirmed to finalise negotiations in time.
- At the time of writing the report there is no leeway with the time available to close out land negotiations to keep to programme

It is clear to the report author that, if the call-in procedure was to apply to the decision which is sought of Cabinet, this decision could not be implemented within the urgent timescale which is essential to observe for delivery of this project.

In the opinion of the report author, and taking into account the Council's Overview and Scrutiny Procedure Rules which relate to call-in, it is clear that the decision is urgent and, furthermore, that the delay caused by any call-in process would seriously prejudice the Council's and the public's interests for the following reasons:

- Delay in authorisation to complete land negotiations will result in failure to utilise the scheduled Scottish Power 132kv cable outage which would result in a time at large delay to the project.
- Any delays to the project may push the programme outside the current funding envelope resulting in loss of funding. [The funding through the LEP is dependent on delivery of the replacement bridge during the 2015 - 2021 period. Project completion is currently scheduled for May 2019].

In the interests of transparency, and to give advance notice to Members of the Council, and members of the public, full consideration has been given to this matter in advance of the decision which is sought of Cabinet. This will

enable those who have an interest in this matter to engage with the Portfolio Holder, or to speak at the Cabinet meeting in order to express their views.

The Chairman of the Environment and Regeneration Overview and Scrutiny Committee has been consulted on this matter and agrees that the decision sought of Cabinet should be treated as urgent, within the meaning of the Rules, and that the call-in process should not apply.

5.17. Through papers previously submitted to Cabinet in Nov 2014, October 2015 and April 2017, the Cabinet has to date authorised the following :

- Negotiate and approve the terms of an agreement with Statutory Undertakers to divert their services to enable the construction of the replacement bridge.
- Negotiate and approve the terms of an agreement with Scottish Power to undertake the design and delivery for the diversion of the 132KV power cable.
- Negotiate and approve the terms of an agreement with Network Rail Infrastructure Projects (NR IP) to undertake accommodation works. Advance works to include the cable diversion route and Overhead Line Equipment (OLE) modifications to enable the replacement of the bridge structure.
- Authorise the Director of Legal Services to execute all necessary legal documents to give effect to the above agreements.
- Entering into a Development Services Agreement (DSA) with NR IP to enable the design and delivery plan of the scheme.
- Make a planning application to Cheshire East Council as planning authority to enable lawful construction of the new bridge structure.
- Officers to enter into discussions with land owners about acquiring the necessary land and rights to deliver the scheme and to delegate the entering into any necessary supporting legal agreements to the Head of Legal Services in consultation with the Portfolio Holder.
- The use of the Council's Compulsory Purchase powers ("CPO") to acquire land in order to construct the scheme. Note: CPO powers will only be used if land and rights required for the project cannot be acquired by agreement.
- The appointment of external legal advisors to undertake the CPO process if required.
- Council to adopt, if constructed the newly constructed bridge as a Cheshire East Council highway asset.

- Forward funding of up to £382,050 from the associated S106 agreements to fund the DSA.
- Enter into an Implementation Agreement with Network Rail Infrastructure Projects.
- If required, authorise the publication of a Voluntary Ex-ante Transparency (VEAT) Notice in respect of the Implementation Agreement.
- Enter into negotiation with NR over funding contributions.
- Entering into a Basic Asset Protection Agreement (BAPA) with NR and any subsequent amendments to the BAPA as may be required as the scheme progresses.

6. Wards Affected and Local Ward Members

6.1. Crewe East

Councillors Suzanne Brookfield, Clair Chapman, Joy Bratherton (Crewe East).

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. This scheme relates directly to the delivery of the Council's Corporate Plan, **Outcome 2 – Cheshire East has a strong and resilient economy**.
- 7.1.2. The recently adopted Local Plan Strategy is the Council's most important tool for shaping development in Cheshire East over the period to 2030. The Strategy supports the Council's priority of jobs-led growth. The plan has been developed to support the generation of jobs focused around Crewe High Growth City, the M6 Corridor and the North Cheshire Science Corridor. In addition, there is provision for extended employment sites in our main towns.
- 7.1.3. As part of the Local Plan Strategy the Council identified in the Infrastructure Development Plan (July 2016) what infrastructure of strategic significance is needed to support the scale of development proposed and how such infrastructure can be provided. Infrastructure of strategic significance is defined as that which is over and above the normal provision that is part and parcel of developing a site.
- 7.1.4. The Sydney Road Bridge Replacement is in the Council's strategic highways programme and is included in the Infrastructure Delivery Plan.

- 7.1.5. The scheme is closely linked to the delivery of significant numbers of Local Plan led new houses in north Crewe and improvement of access to key locations such as the Hospital, Bentley Motor Works and the strategic housing locations at Leighton.
- 7.1.6. The scheme therefore aligns strongly to both the Economic Development Strategy and the Vision and Strategy for Economic Growth.

7.2. Legal Implications

- 7.2.1. Previous reports to Cabient have outlined the position in relation to the fact that the various agreements for design and works such as the DSA and the Implementation Agreement are subject to the Public Contracts Regulations 2015. If the Council enters in to the agreement without undertaking a compliant procurement process the award of the contract could be challenged and the agreement set aside by the Courts on the basis it is ineffective. However, Network Rail will only allow the delivery of works on its land by companies on its own compliantly procured Contractors Framework and has ultimate veto on any contractor appointed by the Council. The Council's Legal department will continue to support the project and advise on the terms of the Implementation Agreement and the terms of all land agreements.

7.3. Financial Implications

- 7.3.1. The current estimated cost of the scheme is £10.5m. The delivery component of this cost estimate is based on information from NR. NR is due to issue an updated delivery cost estimate in November 2017 based on the accepted outline design. NR has advised they will provide a formal final cost estimate after completion of detailed design in February 2018. The final scheme cost may be less than the current estimate as a result of value engineering and partnering with NR.
- 7.3.2. Currently four signed developer Section 106 Agreements committing contributions totalling £4.518m have been agreed in respect of the following housing developments:
- Maw Green
 - Coppenhall East
 - 138 Sydney Road
 - 152 Broughton Road
- These developments along the Sydney Road corridor have secured planning permission.
- 7.3.3. Alternative or additional Developer Section 106 contributions toward the scheme may be secured from other proposed housing developments along this corridor.

- 7.3.4. Funding from these Section 106 agreements will be available once the linked development has commenced and any triggers in the agreement have been met.
- 7.3.5. £2.35M of funding has been contributed from the Department for Transport (DfT) devolved major scheme pot via the Cheshire and Warrington Local Enterprise Partnership (LEP). This funding is to be used for the construction of the scheme. This funding is dependent on the approval of the Final Business Case to be submitted in January 2018. This funding will also dependent on delivery of the replacement bridge during the 2015 - 2021 period.
- 7.3.6. A further £3.5m of contribution has been committed directly from the Local Growth Fund.
- 7.3.7. A contribution of £0.5m has been committed by the Council from the Local Transport Plan (LTP) grant allocation toward the development of the scheme.
- 7.3.8. A contribution toward the scheme cost is expected from Network Rail in the form of a commuted lump sum as part of the bridge transfer for future maintenance. Negotiations on this NR contribution are ongoing.
- 7.3.9. The estimated total scheme cost in October 2017 is £10.50m. If, for any reason the scheme is delivered for less than the budget, the Section 106 funding is flexible and can be redirected towards the improvements proposed at Crewe Green Roundabout or other relevant highway projects.
- 7.3.10. The scheme is included in the Council's Capital Programme approved by Full Council on 23rd February 2017.
- 7.3.11. Funding summary:

Funding Sources	£M	Status
DfT Devolved Major Scheme Pot	2.350	Confirmed
Local Growth Fund Contribution	3.500	Confirmed
Local Transport Plan Grant	0.500	Confirmed
Section 106 funding	4.518	See 7.3.12
Total funding available	10.868	
Estimated Total Scheme Cost	10.500	
Surplus	0.368	

- 7.3.12 The project will be fully funded from external grants and developer contributions. There may be a requirement for the Council to forward fund the Section 106 developer contributions in advance of receipt.

7.4. Equality Implications

- 7.4.1. The scheme will support equality initiatives providing enhanced pedestrian and cycling access whilst improving the capacity of the highway.
- 7.4.2. The scheme includes a new pedestrian crossing that will improve access for pedestrians.

7.5. Rural Community Implications

- 7.5.1. The scheme would reduce the relative attractiveness of vehicles using alternative rural lanes that avoid the capacity constraints at the existing bridge.

7.6. Human Resources Implications

- 7.6.1. The scheme has no impact on human resources. The decision to employ NR IP removes any requirement to provide extra personnel or training.

7.7. Health and Wellbeing Implications

- 7.7.1. The scheme may impact on air quality, noise and vibration during construction. Network Rail and their contractors will mitigate any impacts by adopting construction techniques and practices that will minimise impact on the public.
- 7.7.2. Following construction it is anticipated that the new bridge, with two way traffic without signalisation will improve air quality local to the structure. Increased volumes of traffic may have an impact on noise and vibration.

7.8. Implications for Children and Young People

- 7.8.1. The scheme provides improved safety for pedestrians including children and young people.

7.9. Overview and Scrutiny Committee Implications

- 7.9.1. There will be no Scrutiny Committee implications as a result of these recommendations.

7.10. Other Implications

- 7.10.1. There will not be any other implications as a result of these recommendations.

8. Risk Management

- 8.1. A risk to delivery is securing the possessions to enable the bridge to be constructed before the 2021 deadline for the LEP funding. The Council have been supporting Network Rail in discussions with TOCs and agreed in principle that possessions will be available during February 2019 for the main bridge works.
- 8.2. The Sydney Road bridge scheme is linked to the Crewe Green roundabout improvement scheme. Benefits associated with the delivery of Crewe Green Roundabout, in advance of Sydney Road Bridge replacement, will be taken into consideration when the design of Sydney Road Bridge and associated traffic diversions are finalised.
- 8.3. There is a risk that Sydney Road Bridge and Crewe Green Roundabout will be implemented within the same timeframe if the Crewe Green Roundabout scheme is delayed due to unforeseen events. In this eventuality, the impact on the local community and businesses will be continually assessed to minimise the combined impact of the two schemes on the overall highway network.
- 8.4. A series of joint public information and engagement events for the related Sydney Road Bridge and Crewe Green Roundabout were held in March/April 2017.
- 8.5. There is reputational risk with the Cheshire and Warrington Local Enterprise Partnership (LEP) and DfT around the late or non-delivery of the scheme. The Council is developing a strong reputation for delivery with Crewe Rail Exchange already completed and 3 other schemes on site. It would be in the best interests of the Council to continue this trend.
- 8.6. Scheme cost is based on a NR delivery cost estimate for the preferred option. NR have committed to providing an updated estimate in Nov 2017 which will be based on the outline design. NR has advised that a final scheme cost will be issued to the Council in February 2018. This means that final scheme cost will be confirmed after the Final Business Case is issued to the LEP and two weeks before the Implementation Agreement for construction needs to be signed to remain on programme.
- 8.7. Detailed design will provide further detail and clarification of requirements. A Quantified Cost Risk Assessment (QCRA) has been held to review project risk and establish the contingency required for the project. Costs are as robust as we can achieve with the level of detail available.
- 8.8. The funding from Section 106 Agreements to the scheme is dependent on the associated development being delivered. There is a risk that the forward funding arrangement may adversely impact the Council's capital resources in the event of these contributions being delayed or not materialising.
- 8.9. Significant risk exists with constructing a complex scheme such as this in a constrained site and over the live West Coast Mainline. It is considered that

the partnering arrangement with NR that we have entered into to develop and deliver the scheme is the most effective way of managing that risk. In this way NR can bring their experience and expertise in similar schemes to bear and thereby reduce the risk to the Council.

- 8.10. Temporary and permanent land requirements have been established and the Council will need to establish control of this land before entering into an Implementation Agreement. Negotiations and agreement with home owners and businesses are ongoing. Negotiations are not completed so the Council implemented the CPO process in August 2017 to run in parallel with ongoing negotiations.
- 8.11. A Scottish Power high voltage (132kv) cable is in close proximity to the works and needs to be diverted ahead of the bridge works. The diversion needs to be completed during the cable outage scheduled for May to August 2018.
- 8.12. Legal Agreements with NR (Asset Transfer, Two Party Bridge Agreement, Option & Easements and any other related legal agreements) need to be in place before LEP funding can be released and before the Implementation Agreement can proceed.
- 8.13. Any delays to the project may push the programme outside the current funding envelope resulting in loss of funding. [The funding through the LEP is dependent on delivery of the replacement bridge during the 2015 - 2021 period. Project completion is currently scheduled for May 2019].
- 8.14. The funding contributions from the Local Enterprise Partnership and the Section 106 contributions are fixed amounts. If the scheme cost exceeds the available funding as a consequence of realisation of project risks attributable to the Council then additional funding from the Council would be required to complete the scheme.

9. Access to Information

- 9.1. The background papers relating to this report can be inspected by contacting the report writer as detailed in section 10.

10. Contact Information

Contact details for this report are as follows:

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Interim Executive Director of Corporate Services (Section 151 Officer)
Subject/Title:	Third Quarter Review of Performance 2017/18
Portfolio Holder:	Cllr Paul Bates, Finance and Communication

1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money services during the 2017/18 financial year. The report highlights financial and non-financial pressures and performance and provides an overview of progress towards achievement of the priority outcomes set out in the Corporate Plan 2017 to 2020.
- 1.2. 2017/18 is presenting a challenging year for local authorities across the UK as revenue budgets come under severe pressure due to the combined effects of rising inflation, increased demand for services and continuing reductions in government funding. Demand led financial pressures in the People Directorate are currently exceeding forecasts in both Children and Adults Services. This pressure is more significant as previous one-off mitigation, such as financial contributions from health services, are unlikely to continue, which exposes an additional underlying shortfall in certain budgets.
- 1.3. At the third quarter the Council's forecast overspend is estimated at £0.1m compared to the 2017/18 Budget. This is an improvement of £5.7m compared to quarter two due to continued robust mitigation and remedial action. The reduction within services during the quarter is £0.5m, with a forecast overspend of £9.4m. The improvement is mainly due to reduced costs in Children's Social Care Services.
- 1.4. Further options to reduce Central Budgets by £5.0m have been included in the forecast outturn at quarter three. These include the part release of the collection fund management reserve relating to a review of non-collection and appeals and use of capital receipts to fund transformation activity. Additional grants of £0.3m have been received in the quarter giving an overall forecast underspend of £9.3m within central budgets.

- 1.5. This is a significant improvement compared to quarter one where the forecast included £17.7m of potential financial pressures, which were partially mitigated by services, to leave a potential overspend of £10m.
- 1.6. At mid-year the changes to Capital Financing and early redemption of the pension deficit were resolved and were included within the forecast outturn reducing the potential overspend to £5.9m.
- 1.7. As reported above at quarter three there is a small forecast overspend of £0.1m. Robust action continues to further reduce the forecast deficit, returning the budget to a balanced position.
- 1.8. Against this extremely challenging financial backdrop it is pleasing to note that the Council has continued to perform strongly, delivering positive outcomes in each of the six priority areas identified by the Corporate Plan.
- 1.9. In quarter three, a few examples of good performance were:
 - The Welcome Café, Longridge Estate, Knutsford and Audlem Community Centre both became Connected Communities Centres
 - The Council introduced Public Spaces Protection Order to tackle dog fouling and control of dogs
 - A new report placed Cheshire East as the top performing area in the North West for 'economic wellbeing'
 - Latest Gross Value Added (GVA) figures estimate the local economy at £11.59bn, a growth of 2.9% per annum during the period 2012-16
 - The Council scooped Best Tourism Marketing Project of the Year at the Marketing Cheshire Awards for Stage Three of the Tour of Britain
 - Cheshire East has achieved the third-lowest level of young people not in education, employment or training (NEET) in the UK
 - The 'Emotionally Healthy Schools' programme launched across Cheshire East
 - The Housing Strategy 2018-2023 went out for consultation during the quarter
 - Our recycling rate was confirmed at 55.2%, placing us in the top 10% of all authorities in England
 - Crewe Lifestyle Centre was shortlisted for the Community benefit category by the Royal Institute of Chartered Surveyors
 - The Carers' Living Well Fund pilot scheme was launched on 1st November 2017 and is available until 31st March 2018
 - The Council approved a new constitution, marking its first update since 2009
- 1.10. Areas requiring further improvement also identified as:
 - The need to increase the number of Adult Social Care assessed within 28 days to above 50%
 - To improve the percentage of staff Personal Development Reviews completed for the previous year and initiated for the current year

- To reduce the inquiry and legal costs related to planning appeals
- Recovery of invoiced Housing Benefits overpayments
- To increase the number of children that have a health assessment by a paediatrician within 20 working days of entering care
- To reduce the percentage of referrals to Children Social Care

1.11. The attached report, **Annex 1**, sets out details of how the Council is performing in 2017/18. It is structured into three sections:

Section 1 Summary of Council Performance - brings together the positive impact that service performance and financial performance have had on the six Council Outcomes during the year.

Section 2 Financial Stability - provides an update on the Council's overall financial position. It demonstrates how spending in 2017/18 has been funded, including the service budgets, grants, council tax & business rates, treasury management, centrally held budgets and reserves.

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

2. Recommendation

2.1. Cabinet is asked to consider and comment on the third quarter review of 2017/18 performance, in relation to the following issues:

- The summary of performance against the Council's six Strategic Outcomes (**Section 1**);
- The projected service revenue and capital outturn positions, overall financial stability of the Council, and the impact on the Council's reserves position (**Section 2**);
- The delivery of the overall capital programme (**Section 2, paragraphs 156 to 165, Appendix 4 and Appendix 5**);
- Fully funded supplementary capital estimates up to £500,000 approved in accordance with Finance Procedure Rules (**Appendix 6**);
- Capital virements up to £1,000,000 approved in accordance with Finance Procedure Rules (**Appendix 6**);
- Changes to Capital Budgets made in accordance with the Finance Procedure Rules (**Appendix 9**);
- Treasury management investments and performance (**Appendix 10**);
- Supplementary revenue estimates to be funded by additional specific grant (**Appendix 11**).
- Management of invoiced debt (**Appendix 12**);
- Use of earmarked reserves (**Appendix 13**);
- Update on workforce development and staffing (**Section 3**);

3. Other Options Considered

- 3.1. The 2017/18 Budget sets out a financial framework for Council services, which is approved and then adjusted in-year in accordance with the Constitution. Approval limits within the Constitution may require approval by members of the authority and non-financial changes, such as options to vary ways of working, staffing changes and reviews to levels of services delivery are applied within an approved policy framework.
- 3.2. Options such as a freeze on spending, or stopping fulfilment of vacancies are considered as part of the management review of expenditure throughout the year.

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.

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 2017/18 of £264.8m.
- 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 the third quarter stage, action continues to ensure that the Council's reserves strategy remains effective following identification of a potential overspend of £0.1m (0.05%) against a net revenue budget of £264.8m. Forecast capital expenditure in the year is £111.0m.

6. Wards Affected and Local Ward Members

- 6.1. All

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. Performance management supports delivery of all Council policies. The projected outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2018/21 medium term financial strategy.

7.2. Legal Implications

- 7.2.1. The legal implications surrounding the process of setting the 2017 to 2020 medium term financial strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the third quarter stage in 2017/18. 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. In relation to the approach the Council's minimum revenue provision the Council's 151 Officer needs to be content that Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 which requiring local authorities to make a prudent amount of minimum revenue provision are complied with. In addition The Secretary of State has issued statutory guidance on determining the "prudent" level of MRP which the Council is required to have regard to.
- 7.2.3. The only other 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.
- 7.2.4. 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. Any proposals to amend the calculation of the Minimum Revenue Provision will be reported to Council as part of the process to review the Treasury Management Strategy. Any proposal to use reserves to

support in-year expenditure will be consistent with the Reserves Strategy or otherwise reported to Council.

7.4. Equality Implications

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

7.5. Rural Community Implications

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

7.6. Human Resources Implications

7.6.1. This report is a backward look at Council activities in quarter three (October to December 2017) and states the forecast 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 to which they relate.

7.7. Public Health Implications

7.7.1. This report is a backward look at Council activities in quarter three and provides the forecast 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 to which they relate.

7.8. Implications for Children and Young People

7.8.1. The report provides information on financial and non-financial performance of Council services within the Borough, which includes services to Children & Young People. The recommendations of this report do not include specific proposals that will directly impact on Children & Young People, but the narrative within the report does provide relevant information and updates on Council Services to these groups.

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 2017/18 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 2017/18](#)
[Medium Term Financial Strategy 2017/20](#)
[First Quarter Review of Performance 2017/18](#)
[Mid-Year Review of Performance 2017/18](#)

Contact Information

- 9.2. Contact details for this report are as follows:

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Third Quarter Review of Performance 2017/18

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

Anyone wanting to comment can contact the Council at:

shapingourservices@cheshireeast.gov.uk



Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 370,000 local people with annual spending of over £720m.

Local government is going through a period of unprecedented change and financial challenge. A combination of increasing demand for services, rising costs and reduced Government grant is creating significant pressures on the Council's revenue budget. The Council's response continues to focus on increasing efficiency and productivity to enable us to deliver a high level of sustainable, quality services.

Demand for Council services is high however, with more individuals and families needing support than ever before. This reflects an increase in population but also reflects changes in demographics. This demand is resulting in revenue pressures of £0.1m (0.05%) against a budget of £264.8m. Robust action is being taken to mitigate this position and deliver a balanced outturn position and protect General Reserves.

To support openness and transparency the report has three main sections, to provide background and context, and then thirteen supporting appendices with detailed information about allocation and management of public money during 2017/18:

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

Section 2 provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2017/18 is being funded, including the positions on overall service budgets, grants,

council tax and business rates, treasury management, centrally held budgets and the management of the Council's reserves.

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

- **Appendix 1** shows the Council's six Outcomes.
- **Appendix 2** explains budget changes since the Mid Year Review.
- **Appendix 3** shows the latest position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists transfers from and to the Capital Addendum.
- **Appendix 6** lists approved Supplementary Capital Estimates up to £500,000 and Capital Virements up to £1,000,000.
- **Appendix 7** lists requests for Supplementary Capital Estimates over £500,000 and Capital Virements over £1,000,000 for Cabinet approval.
- **Appendix 8** lists requests for Supplementary Capital Estimates over £1,000,000 and Virements over £5,000,000 for Council approval.
- **Appendix 9** lists Capital Budget reductions.
- **Appendix 10** provides details of Treasury Management investments.
- **Appendix 11** lists requests for allocation of additional Grant funding.
- **Appendix 12** analyses the position on Outstanding Debt.
- **Appendix 13** lists details of Earmarked Reserves.

Jan Willis

Interim Executive Director of Corporate Services (Section 151 Officer)

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2017/18 Outturn Forecast at Third Quarter Review - Financial Position

2017/18 Third Quarter Review (GROSS Revenue Budget £605.2m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m	Change in Over / (Underspend) from MYR £m	For further information please see the following sections
SERVICE DIRECTORATES					Section 1 - Paragraphs 103-114 Section 1 - Paragraphs 115-121 Section 1 - Paragraphs 122-130
People	155.1	163.4	8.3	(0.5)	
Place	33.8	33.8	-	-	
Corporate	60.9	62.0	1.1	-	
Total Services Net Budget	249.8	259.2	9.4	(0.5)	Section 2 - Paragraphs 166-176 Section 2 - Paragraph 177 Section 2 - Paragraph 177
CENTRAL BUDGETS					
Capital Financing	14.0	8.0	(6.0)	-	
Transfer to/(from) Earmarked Reserves	(0.2)	(2.8)	(2.6)	(4.7)	
Corporate Contributions / Central Budgets	1.2	1.2	-	0.1	Section 2 - Paragraph 177
Total Central Budgets	15.0	6.4	(8.6)	(4.6)	
TOTAL NET BUDGET					
	264.8	265.6	0.8	(5.1)	
Business Rates Retention Scheme	(41.0)	(41.0)	-	-	Section 2 - Paragraphs 150-155
Revenue Support Grant	(13.4)	(13.4)	-	-	Section 2 - Paragraph 137
Specific Grants	(18.0)	(18.7)	(0.7)	(0.6)	Section 2 - Paragraphs 131-137
Council Tax	(191.1)	(191.1)	-	-	Section 2 - Paragraphs 139-149
Sourced from Collection Fund	(1.3)	(1.3)	-	-	
CENTRAL BUDGETS FUNDING	(264.8)	(265.5)	(0.7)	(0.6)	
FUNDING POSITION	-	0.1	0.1	(5.7)	
Planned Contribution 2017/18 £m					
Forecast £m					
Variance £m					
Impact on Reserves £m					
Impact on Reserves	-	(0.1)	(0.1)		
2017/18 Budget (estimated) £m					
Quarter 3 Forecast					
Opening Balance April 2017	10.3	Actual	10.3		Section 2 - Paragraphs 179 - 180
2017/18 Impact on Reserves (see above)	-	Forecast	(0.1)		
Closing Balance March 2018	10.3	Forecast	10.2		

Overview of Performance

ACHIEVING THE COUNCIL'S SIX OUTCOMES

Cheshire East Council provides in the region of 500 services, supporting over 370,000 residents, and over 18,500 businesses.

1 ~ Our local communities are strong and supportive

- 19 community grant applications were awarded to organisations across the Borough, totalling £31,870
- The Council introduced Public Spaces Protection Order to tackle dog fouling and control of dogs
- The Welcome Café, Longridge Estate, Knutsford and Audlem Community Centre both became Connected Communities Centres

2 ~ Cheshire East has a strong and resilient economy

- A new report placed Cheshire East as the top performing area in the North West for 'economic wellbeing'
- Latest Gross Value Added (GVA) figures estimate the local economy at £11.59bn, a growth of 2.9% per annum during the period 2012-16
- The Council scooped Best Tourism Marketing Project of the Year at the Marketing Cheshire Awards for Stage Three of the Tour of Britain
- Work continued on planning for future regeneration activity in Macclesfield town centre with a 9-week public consultation

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

- Cheshire East has achieved the third-lowest level of young people not in education, employment or training (NEET) in the UK
- The 'Emotionally Healthy Schools' programme launched across Cheshire East
- The Special Educational Needs and Disability (SEND) Toolkit was launched

4 ~ Cheshire East is a green and sustainable place

- The Housing Strategy 2018-2023 went out for consultation during the quarter
- Our recycling rate was confirmed at 55.2%, placing us in the top 10% of all authorities in England

5 ~ People live well and for longer

- Consultation on the Homelessness Strategy closed; feedback will inform a new Strategy to go through the Council's approval process
- Crewe Lifestyle Centre was shortlisted for the Community benefit category by the Royal Institute of Chartered Surveyors
- The Carers' Living Well Fund pilot scheme was launched on 1st November 2017 and is available until 31st March 2018
- During November Children's Rights Month (NCRM) staff from across the Council and our partners took part in a number of activities, with this year's theme centred on the Diversity of Children's Rights

6 ~ A Responsible, Effective and Efficient Organisation

- The Council approved a new constitution, marking its first update since 2009.
- In November the Council published its Budget Consultation 2018-21, setting out initial proposals for how the Council could target resources more effectively and save money whilst achieving a balanced budget.

FINANCIAL STABILITY

Cheshire East Council has a strong track record of sound financial management. Nevertheless, pressures on our revenue budget are intensifying.

- At quarter three there is a potential forecast overspend of £0.1m against a revenue budget of £264.8m (0.05%).
- A full mitigation plan is in action to ensure delivery of a balanced outturn position by the year end.
- **Service Budgets** – a forecast overspend of £9.4m is reported.
- **Central Budgets** – are currently forecast to underspend by £9.3m due to a revised approach in relation to the capital financing budget, early redemption of the pension deficit, revenue implications of funding transformation activity from capital receipts and use of earmarked reserves to mitigate overspending in 2017/18.
- The Council is among the top third of Unitary Councils in terms of **Council Tax collection**. Over 99% of Council Tax and Business Rates are collected within three years.
- **Council Tax** increased by 4.99% in 2017/18 which includes a 3% increase relating to Adult Social Care precept.
- **Investment income** is £205,000 which is in line with budget at quarter three. The average rate earned on investments (1.46%) is higher than the London Inter Bank 7 day rate.
- **General Reserves** - a potential overspend of £0.1m is within the original forecast risks parameters. Further action in relation to using reserves is expected to maintain general reserves at expected levels by year end.
- **Capital Programme** – total capital expenditure of £111m is forecast in 2017/18, which is a reduction of £1.3m since mid year review following a review of in-year forecasts.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £97.5m. The in-year forecast has been revised to £92.7m and £4.8m has slipped to future years.
- Outstanding **Debt** (excluding local taxation) is £7.4m, a decrease of £1.1m since quarter two. Debt over 6 months old has reduced by £0.5m to £3.2m (around 4.4% of total debt raised annually) and this is covered by provisions to meet potential write-offs.

1. Summary of Council Performance

Introduction

1. Cheshire East Council is responsible for delivering in the region of 500 local public services across an area of over 1,100km² for over 375,000 residents. The budget to deliver these services in the period April 2016 to March 2017 is £738m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users. In terms of core spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending:

Funding per Head Comparisons 2017/18			
	Cheshire East £	Rural East Riding of Yorkshire £	Urban Liverpool £
Grants (<i>budgeted grants including schools</i>)	763	923	1,489
Council Tax (<i>excluding Parish Precepts</i>)	507	445	322
Retained Business Rates	109	195	513
Total	1,379	1,563	2,324

2. The Council's Corporate Plan 2017-2020, which was agreed by Council on 23rd February 2017, has six Outcomes that will focus service delivery in the medium term (see **Appendix 1**). This section of the report highlights progress towards achieving each of the six outcomes.
3. This report reflects activity that has taken place mostly in the period October 2017 to December 2017. Commentary is also provided on the financial impacts (both revenue and capital) of this activity.

1 ~ Our local communities are strong and supportive

Active, Resilient and Connected Communities where people want to live

4. Five Connected Communities Centres have now been opened within the Borough with The Welcome Café, Longridge Estate, Knutsford and Audlem Community Centre both becoming Connected Communities Centres during this quarter.
5. Our Community Development team support local community groups and organisations with a range of projects all designed to build and support strong communities where everyone has the opportunity to live the best life possible. Projects this quarter include:
6. **Self care** – training volunteers and professionals to promote 'self care', enabling people to manage their own health and well-being

as effectively as possible with the ultimate aim of helping people stay independent for longer and reducing the need to attend GPs or hospital.

7. **Help with IT and getting online** – six IT and Chat sessions have been held in Congleton where people can drop in and get help to access services online and chat to our community development officers. This project aims to support everyone in the community to benefit from online services which are especially important in an increasingly digital world.
8. **The Green in the Corner Café, Macclesfield** – a new community café has been opened by local residents on the Moss Estate in Macclesfield. The Council has supported with a grant and advice to the group but the hard work has been done by the community, offering a great space for local people to drop in and connect with each other, reducing social isolation and providing a place to get local information and support if needed.
9. **Winter wellbeing** – the Communities team have supported a number of winter wellbeing events to raise awareness of health and welfare issues as the weather gets colder, particularly taking care of elderly or vulnerable people in our communities. The team has also done work to support homeless people in the area, including distributing around 200 winter coats which were personally donated by Council staff.
10. **Connected to Decision Making Event** – over 250 people attended an event at Congleton Town Hall to give the Council feedback on adult and health services as well as influence our plans as we look to commission future services. The Council is keen to listen to local people, find out what works well, what doesn't and where the gaps are in service provision.

11. 19 community grant applications were awarded to organisations across the Borough, totalling £31,870, and contributing to £259,307 of project costs. Examples of awards include: Red Dragon Karate, a newly established group which was awarded £1,000 for safety equipment and soft floor matting for use during training; Space4Autism being awarded £4,266 for furniture, fixtures and fittings for a new community café which will provide a safe environment for people with autism to meet new people, socialise and make friends without worry or prejudice; and Sandbach Rugby Union Club being awarded £3,000 to resurface their car park area to provide a multi-sports surface for use by the local community as well as the primary school.
12. **Community Cohesion** – the Council hosted a 'Faith and Hope' multi-faith conference at South Cheshire College on 18th November which was attended by around 100 people with representation from local voluntary, community and faith groups. There was a lot of debate and discussion about local community issues and how to work together to make communities resilient and strong. The Council will continue to work with and involve local people as it develops a community cohesion plan for the Borough.

Communities where you are Safe, and feel Safe

13. Following public consultation during September and October, the Council introduced a Borough-wide Public Spaces Protection Order (PSPO) on 1st November to tackle dog fouling and control of dogs. The PSPO applies to all land open to the public and states that it is an offence to not clean up after your dog and dispose of the waste in an appropriate bin. It is also an offence to refuse to put your dog on a lead if asked to do so by an Authorised Officer such as a Police or Council Officer or their authorised contractor. Failure to

comply can result in receiving a Fixed Penalty Notice (FPN) of £100 or if prosecuted in court, a fine of up to £1,000.

14. **Community Payback – Crewe** The Council continues to work with the Community Payback Team to clear and clean areas across the town. Local resident and voluntary groups help to identify new areas to be cleaned and also do their bit by helping to keep newly cleaned areas looking good in the long term. Recently there has been much work in the Valley Park area in Crewe to clear shrubs and tree branches in the park, install new waste bins and repair street lighting, all of which makes the area look better and also helps to reduce anti-social behaviour in and around the park due to improved visibility across the site.
15. The Multi-Agency Action Group (MAAG) is a group of partner organisations including local Police, NHS and Housing Associations which meets monthly to share information about crime and anti-social behaviour with a view to taking preventative measures where possible and early intervention for better outcomes for individuals and communities. The group organised two public community safety events held in ASDA, Crewe and Tesco, Macclesfield to give shoppers personal and consumer safety advice in the run up to Christmas. In addition, safety messages were put out via social media channels during the festive period.
16. Our community protection team were part of the multi-agency 'Operation Hebe' to tackle rogue traders and illegal waste carriers in the Knutsford area in response to local intelligence. The team spot checked vehicles of 15 traders seen carrying and disposing of waste in several areas across the Borough including High Legh, Bucklow Hill, Mere, Pickmere, Ashley, Plumley, Lower Peover, Chelford, Toft, Mobberley, Knolls Green, Ollerton and Marthall. Further investigations are ongoing into one of the trader's activities as a result of the operation.
17. Our community protection team work in partnership with the North West Regional Investigations Team for Trading Standards. This work has led to the arrest and remand of two career 'rogue' traders responsible for a string of illegitimate companies trading across the UK and 'scamming' consumers of over £360,000 over a two year period. An arrest warrant has also been issued in respect of a third trader in connection to the scams. The team have also seized over £21,000 cash and tobacco products worth approximately £34,000 following joint working with local Police. A member of the team also received national recognition for excellence in financial investigation work which led to a successful prosecution.
18. Following joint working between the Council and Police, Crewe Magistrates issued a Criminal Behaviour Order to a teenager from Crewe who had been committing anti-social behaviour and criminal activities in and around the town over a long period of time. The order is a severe penalty with a curfew and restrictions for where and who the teenager is able to visit. Especially in the case of a young person, the Council will always try and seek alternatives to criminal proceedings but will take action where necessary to protect local people from the effects of crime and anti-social behaviour.
19. Following public consultation, the Council is looking to introduce a PSPO for the market area in Congleton to help reduce anti-social behaviour in the town centre. The Council and Police have received complaints from local residents over a number of years and this measure will enable the Police to issue Fixed Penalty Notices of £100 or fines up to £1,000 if prosecuted in court to those committing anti-social behaviour.

2 ~ Cheshire East has a strong and resilient economy

Culture, Heritage and Tourism

20. In November, the Council scooped a tourism award at the Marketing Cheshire Awards, winning Best Tourism Marketing Project of the Year for Stage Three of the Tour of Britain in September 2016. The event generated more than £3.5m for the local economy and 300,000 visitors into towns, villages and Borough venues to watch the race. Organisation of the event required joint working between many different internal departments at the authority as well as working alongside external partners including Cheshire Police.
21. The Lyceum Theatre in Crewe is currently on track for a successful year with its most successful Christmas period ever and audiences up by 22% for the first half of the year.
22. Having received the UK's nomination for World Heritage Status earlier in the year, Jodrell Bank has received funding from Government that secures the future of its 'First Light' project. The proposals would deliver a £20m investment to the area's visitor economy. Jodrell Bank not only provides leading edge scientific research, its heritage is also world-leading, whilst its educational and tourism offers have significant further potential. An expanded welcome and visitor infrastructure at Jodrell Bank could improve capacity which would position it as one of our most significant attractions alongside the likes of Tatton Park. If it achieves World Heritage Status, Jodrell Bank would also then be able to attract valuable international visitors, especially with increasing numbers flying into Manchester Airport.

Jobs and Skills

23. A new report placed Cheshire East as the top performing area in the North West for 'economic wellbeing'. The 'Vibrant Economy Index', developed by consultants Grant Thornton, is a new way of measuring economic wellbeing based on national statistics broken down into categories of: prosperity; dynamism and opportunity; inclusion and equality; health, wellbeing and happiness; resilience and sustainability; and community, trust and belonging. The index also placed Cheshire East highly in the overall national picture as one of the best performing areas outside the South East, and provides insight into a broad range of factors, including skills, educational attainment, health and earnings, economic growth and employment rates.
24. The Skills and Growth Company (SAGC) have continued their role in connecting employers to skills provision on behalf of the Council, with 24 Business Ambassadors recruited to support the Enterprise Adviser Network in 18 of our secondary schools. The annual 'YourSay' careers education survey for young people has also recently been launched. The Transport Infrastructure Board was also launched this quarter, a sector skills board bringing together rail and construction employers and HS2 Ltd. Science, Technology, Engineering and Maths (STEM) and digital employers were also supported, with curriculum mapping undertaken across sub regional provision, and a collaborative bid has been submitted with Northern Powerhouse partners, for a Creative Digital cluster development programme.

Business Growth and Inward Investment

25. Latest Gross Value Added (GVA) figures, issued in December 2017, estimate the local economy at £11.59bn for 2016. Cheshire East's real GVA growth averaged 2.9% per annum during the 2012-16

period. Figures are updated annually, and have been retrospectively revised during the 2012-16 period to: £10.35bn (2012), £10.81bn (2013), £11.14bn (2014) and £11.30bn (2015).

26. **Regeneration North - Macclesfield:** Pre-application community consultation was undertaken in respect of the planned town centre cinema development, with attendance by over 500 local people. The developers are now working towards submission of the formal planning application in spring 2018. The build phase of the Grosvenor Centre Refurbishment also commenced with steel work erected on site. Take up of Shop Front Grants continued with applications now up to 27 and eight completed schemes and a project team was also assembled to develop detailed designs for the upgrading of the public realm on Castle Street. Work has also continued on developing plans for future regeneration activity in the town centre with a nine week public consultation on the draft Macclesfield Town Centre Revitalisation Strategy run during quarter three.
27. **Regeneration South – Crewe:** Following Cabinet approval, officers have moved forward in negotiating final terms of the proposed development agreement for the Royal Arcade scheme, which plays a central role in the Council’s town centre regeneration programme. A consultation was held with current Market Hall traders as part of proposals to redevelop and remodel the building, following which a range of measures have been agreed to mitigate the impact on traders whilst developing more detailed plans for works on the Market Hall to commence. Alongside this, the proposed public realm strategy for Crewe town centre has progressed, with the expectation that this will be consulted upon with key local stakeholders in January 2018. The total cost of this regeneration programme to the Council will be approximately £25m, of which a £10m Local Growth Fund grant has been conditionally awarded by Cheshire & Warrington Local Enterprise

Partnership. In addition there will be commercial investment of £23.6m from developers.

28. On behalf of the Council, the SAGC is working with Alderley Park Ltd to land two major (foreign owned) investors that could result in the creation of 60 new highly skilled roles. This follows the announcement that Cancer Research UK utilises 81,000sqft of lab/office space at Alderley Park securing 300 new skilled Research and Development (R&D) jobs and Royal London confirms its intention to relocate there, securing over 1,200 ‘Fintech’ jobs. Support has also been provided to Barclays to overcome short term parking problems by agreeing a five month lease of 100 spaces at Booths Park, with shuttle service, and an Inward Investment visit from Austrian company seeking a new location for its technical documentation centre.
29. Local business has also been signposted to support or funding opportunities via a series of events held by SAGC including the Digital 2020 Business Support programme, a rural workshop held at Tatton Park, procurement training sessions delivered at South Cheshire College to encourage businesses from Cheshire East to tender for both local and central government work. A major Access to Finance event is also being planned at Alderley Park with over 70 businesses expected to showcase the Northern Powerhouse Investment Funds.

Infrastructure

30. Following the end of the Department for Transport’s consultation on the Crewe Hub in October 2017, a public consultation on the Crewe High Speed Two (‘HS2’) Masterplan Vision was launched on the 20th November. Responses to this consultation are due by mid-January 2018. The Masterplan Vision shows how HS2 will be a catalyst for growth and transformation over the next 30 years

and the consultation is seeking views on the key moves underpinning the vision, which include bringing the Cheshire landscape into the town centre and Hub station area, and also their ambitions for a Crewe Hub station.

31. The National Highways and Transport Network (NHT) Survey Report for 2017 was received in quarter three in which Cheshire East Council received an overall satisfaction level of 49%. The NHT survey is based on a variety of themes, some of which (Accessibility & Public Transport) are outside the control of the Highways Service. The NHT Survey is included in the current Performance Management Framework (PI 2.2 Customer Satisfaction – Average level of satisfaction with Highways Service as measured by the annual NHT Survey) with the target performance level in this financial year set at 48%. The results of the relevant Highways related themes within the NHT survey will be analysed over the next few weeks using the full ‘Question by Question Report’ and by comparing against neighbouring / similar Authorities to determine where improvements can be made in line with the service’s annual priorities.
32. In addition, as part of the ongoing procurement exercise the current Performance Management Framework will be revised to ensure that the new framework is promoting the right behaviours as expected by Cheshire East Council. To ensure fairness, rather than looking at the overall NHT results where themes are included to which Highways has no influence, the current one performance indicator (PI 2.2, as mentioned above) will become four separate indicators, each with their own expected target performance level (based on the 2017 NHT figures) and with appropriate financial incentives:
 - PI 3.1 Customer satisfaction – Walking and cycling theme. Expected performance of 51%
 - PI 3.2 Customer Satisfaction – Tackling congestion. Expected performance of 42%
 - PI 3.3 Customer satisfaction – Road safety theme. Expected performance of 53%
 - PI 3.4 Customer Satisfaction – Highway maintenance / enforcement theme. Expected performance of 46%
33. The winter low season began in October, with the core (high) season beginning on 1st November. The earlier start of the winter season, compared to last year saw 416 winter related enquiries received compared with only 76 enquiries for quarter three in 2016. Up to and including 21st December 2017, 785 treatments were completed. Salt spreading, salt for the hill farmers, filling of salt bins and footway treatments has resulted in a total salt usage of 5,626 tonnes.
34. By the end of quarter three the Highways Service received 10,431 enquiries of which 8,564 are marked as a resolved status (82%) within the Confirm system. The number of enquiries received in quarter three was higher than those of the same period last year (9,265). The top five Highways enquiries with the Confirm reporting system in quarter three were ‘Lights Out’ 2,131 enquiries, ‘Potholes’ 2,100 enquiries, ‘Gully / drainage’ 559 enquiries, ‘Carriageway’ 513 enquiries and ‘Hedge / Tree Maintenance’ 455 enquiries.
35. The number of third party claims made against the Council in quarter three (115), has increased when measured against last year’s quarter three figure (58). An increase of nearly 100%. The first frost of the winter season arrived during the first week in November, these conditions in November have not happened since 2012. These periods of very wet weather, followed by frost or snow have led to the increase in claims we have received during the last quarter. Sustained investment will be required to maintain

the carriageway condition and reduce the impact from the increase in the number of carriageway defects as a result of the inclement weather.

36. Gully emptying is achieving high outputs with 44,228 to date against a target of 55700 (79% completion to date) by the end of March 2018. A targeted approach is being utilised to address defects identified during routine emptying.
37. The British Standards Institution (BSI) audit took place recently with a focus on year to date has seen improvements in the way that the bridge stock, and street lighting assets are managed. The assessor looked at the systems used, processes followed, stock management as well as reviewing a random selection of project folders and completing site visits. The assessor was most impressed with the work completed by the Highways Service. In November it was announced that Cheshire East Highways had won the Project Achievement Award at the Institute of Asset Management Awards for the ISO 55 001 accreditation.
38. The capital maintenance and Managing and Maintaining the Highways Network programmes are on track with all surface dressing, grip fibre, micro asphalt and carriageway re-surfacing programmes completed by early November. Level 2 carriageway patching programmes continues with monthly programmes including works to address carriageway deterioration resulting from recent frost, snow and heavy rain. The patching programmes also prepare the carriageway for the coming year's surface dressing programme.
39. The Footway slurry seal programme is now complete; 'slurry surfacing' is used to repair imperfections and seal footway surfaces to prevent fretting caused by loss or ageing of the binder, and provides an even and consistent surface free from trip hazards. The flags to flexi programme, which involves removing flags and replacing with tarmac, will continue to run throughout the financial year.
40. Street lighting upgrade to LED lights in residential areas and the structural column replacement programmes were completed in December 2017. Preparations for year three are underway with scheme design and other preparatory works to ensure an early start and completion in 2018.
41. Two main flood alleviation projects are being taken forward in conjunction with the Environment Agency, subject to funding approval by Department for Environment, Food and Rural Affairs (DEFRA). In addition to these a programme of smaller drainage projects are planned to tackle flooding both on the highways and to local communities and will be delivered in year. The draft Local Food Risk Management Strategy (LFRMS) completed its public consultation and minor updates were implemented before being approved by Council for publication on the website in November.
42. The structures programme of bridge, culvert and retaining wall repairs is progressing well and on track to be completed in year. Temporary lights are still in place on the A535 Chelford Road, Goostrey awaiting the cable service owner undertaking works to their cables/ducts before the parapet can be re-installed. Unplanned events are also being dealt with in a timely manner as they occur. Ground investigation work is under way on the A51 Calveley. The design for the cantilever deck scheme to provide improved vehicle restraint system on the A54 high level route is progressing for delivery on site in 2018-19.
43. At the end of quarter three Highways revenue and capital spend remains broadly in line with the available budget and cash flow

expenditure forecast for 2017-18 as reported to Highway Operations Board.

44. The procurement of the next Highway Services Contract (October 2018) is progressing with first round of tender submissions received from the three bidders on 30th November. The Council team evaluated and scored these in December and updated bidders on the results. The next step is negotiation meetings with all bidders in mid-January 2018. The successful bidder will be announced following due process in April 2018.

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

Securing the Best Start in Life

45. UNICEF UK's Rights Respecting Schools Award supports schools across the UK to embed children's human rights in their ethos and culture. It recognises achievement in putting the UN Convention on the Right of the Child (UNCRC) at the heart of a school's practice to improve wellbeing and help all children and young people realise their potential. In quarter three we received confirmation of the number of schools who have achieved the award in Cheshire East. Since September 2016:
 - 4 schools have signed up for the award;
 - 3 schools have achieved a Recognition of Commitment; and
 - 1 school, Puss Bank Primary, has achieved Level 1. This level focuses on the commitment of school leadership, knowledge of the UN Convention on the Right of the Child and the setting up of the infrastructure.
46. September saw the launch of the 'Emotionally Healthy Schools' programme across Cheshire East. The Emotionally Healthy Schools project has been running for nearly two years and is supported by

a number of agencies, including Cheshire East Council, local schools, Cheshire and Wirral Partnership, NHS Eastern Cheshire Clinical Commissioning Group (CCG), NHS South Cheshire CCG and the charities Visyon and Just Drop In. Following a successful initial pilot of six secondary schools, which improved confidence in schools when responding to the emotional needs and mental health of children and young people, the roll out of the programme means that all schools across the Borough can now benefit. The programme has also been shortlisted for a Local Government Chronicle (LGC) award.

Highest Achievement for All Learners

47. Cheshire East has been successful in two applications in Round 2 of the Strategic School Improvement Fund as part of the West Midlands region. The two applications totalled over £1.2m with funding identified to improve outcomes in targeted Cheshire East and Cheshire West and Chester schools. The successful Cheshire East Council led bid of £638,000 aims to reduce the gap in attainment and progress made by disadvantaged pupils with a focus on maths and improving home/school liaison. The project includes 19 Cheshire East schools (14 primary and five secondary) and 19 schools from Cheshire West and Chester (CWAC). The second bid, led by Aspirer Trust (a Cheshire East Teaching School Alliance and Multi Academy Trust), will reduce the attainment gap in writing with a focus on transition between primary and secondary. At a total cost of £601,000, this project will support 23 Cheshire East schools (20 primary and three secondary) and four CWAC schools. In both successful bids, there was very strong emphasis on sector-led working combined with the resources within Teaching Schools, Multi Academy Trusts, Local Authorities and other key providers to secure better outcomes for our learners.

48. Cheshire East Council has achieved the third-lowest level of young people not in education, employment or training (NEET) in the UK. The Council, which has consistently held the best figures across the North West region, now sits only behind Harrow London Borough Council and the Council of the Isles of Scilly – which, in comparison, has a very small sample of people to monitor – in national government statistics. The figures reflect a new government measure combining the NEET figure with what is referred to as the ‘not known’ figure. Under the new measure, there are only 2.2% of young people who are NEET and ‘not known’ in Cheshire East, compared to a national average of 6%.

Inclusion

49. **Alternative Provision Developments** – The local authority is working with head teachers and they have put in place a three year plan for the development of alternative provision across the local authority. Innovative, collaborative joint working has enabled clusters of schools to develop additional strategies and support mechanisms to prevent permanent exclusions and meet the needs of vulnerable learners. The impact of this work will be evaluated on a termly basis and will be supported by the underpinning work of the Welfare, Attendance and Behaviour Network.
50. Changes in pupil premium mean that this is now allocated against specific interventions and actions over and above those already provided by schools to support pupils to make accelerated progress. The changes in the Schools Funding Formula include increasing the amount of funding allocated to each local authority and this will be used in Cheshire East to provide flexible support, including frontline staffing to meet the needs of each child in a timely manner. The remit of the Virtual School will also expand to provide advice and guidance for previously cared for children and to support schools to identify and provide appropriate support for children's mental health issues. This will be done in collaboration with the Emotionally Healthy Schools Programme.
51. The Special Educational Needs and Disability (SEND) Toolkit was launched in quarter three. The Toolkit outlines the provision and support that Cheshire East Council expects to be in place in all educational settings which support Cheshire East children and young people with special educational needs, and forms an important part of the Cheshire East Local Offer for SEND. Its purpose is to provide detailed guidance on how educational settings can identify children and young people with different types and levels of need, and information on appropriate steps and strategies to support them. It provides clear information about when a request for an Education, Health and Care needs assessment, or specialist services, may be required.
52. Earlier in the year significant work took place to produce a comprehensive ‘Sufficiency Statement’ outlining the supply and demand for education places to support children and young people with special educational needs and disabilities. Based on the needs identified in our Sufficiency Statement, we developed a proposal for what specialist SEN provision we thought we should develop in Cheshire East. We tested out the findings in this Statement in workshops with schools, other settings, and professionals in summer 2017. We also invited schools who were interested in developing or expanding their SEN provision to express their interest in this work going forward. We have now developed a three year plan to develop our Specialist SEN Provision in Cheshire East.
53. The Children and Families Scrutiny Committee has established a task and finish group to look at the effectiveness of implementation of SEND reforms. This has involved meetings with a number of key strategic and operational staff from the Council

and partner agencies, meetings with parent/carers, visits to schools (special and mainstream with resourced provision), along with consideration of key documents, data and finance information. The findings of the group will be published in the New Year.

54. Funding for the free early education entitlement changed from September 2017. In addition to the universal offer of 15 hours free early education entitlement most working parents of three and four year old children are now eligible for an additional 15 hours per week, giving them a total of 30 hours free childcare. The new 30 hours free childcare is intended to support working parents with the cost of childcare and enable parents, where they wish, to return to work or to work additional hours. Take up of the 30 hours in Cheshire East is one of the highest in the country.

4 ~ Cheshire East is a green and sustainable place

Sustainable Development

55. The Housing Strategy 2018-2023 is currently out for consultation and will set out the authority's vision and priorities for housing until 2023. Driven by the Cheshire East Local Plan, the Housing Strategy is a significant contributor to achieving the aims and objectives of the Corporate Plan and its outcomes. It aims to further improve the quality, quantity and choice of housing in Cheshire East.
56. In the Quarter two report the Council identified that reducing the inquiry and legal costs related to planning appeals was an area for improvement. Actions which have taken place include the introduction of Quarterly Appeal Monitoring reports for Planning Committee, the first of which was produced in October 2017. The reports will highlight performance statistics and key lessons learnt from the previous quarter's appeals. Officer awareness and

training for effective decision making were instigated, and a training session for Members was given by legal Counsel on good decision making and material considerations. These actions should reduce the number of unnecessary appeals and therefore reduce costs to the Council. Quarter three appeals allowed were just 17% (well below the national average), demonstrating sound decision making. Further training as part of normal process during quarter four will further strengthen practices.

Waste Management

57. **Waste & Landfill** – We are seeking to realise our Waste Strategy aspirations to end dependency on landfill for disposing of our black bin residual waste. Our wholly owned company, Ansa Environmental Services, is currently in procurement to obtain a contract, to start in April 2018, which will allow access through the Environmental Hub to more sustainable Waste to Energy disposal plants outside the Borough. Black bin residual waste from the north of the Borough continues to be delivered to the energy from waste facility in Stoke.
58. **Reuse and Recycling** – During this quarter we anticipate collecting around 22,000 tonnes of waste for recycling through our silver and green bin schemes and from Household Waste Recycling Centres. Around 350 tonnes of the material is reused through charitable partnerships and the Recycling Centres.
59. It has been confirmed this quarter that our recycling rate is at 55.2%, which places us in the top 10% of all authorities in England. When compared with fellow unitary authorities we are 6th out of 91. This is a similar level to last year and is testament to the hard work of residents and the continued efforts of Ansa and our partners in waste education to reduce, reuse and recycle.

60. **Waste, Recycling Reuse Figures (Quarter 3 indicative draft tonnages)**

Residual		
Landfill	Waste to Energy	
10,000	11,000	
Recycling		
Household	HWRC	Reuse
10,000	3,000	350
Green Garden		
Household	HWRC	
8,000	1,400	

61. **The Environmental Hub** – Ansa have now begun to move their teams and collection crews into the purpose built hub in Middlewich. The teams from the south have now moved in and are fully operational. The teams from the Macclesfield area will transfer in early 2018.
62. Three £400 Fixed Penalty Notices were issued to fly-tippers in the Crewe area following investigations by Council community enforcement officers. The Council worked closely with local communities to identify problem areas and get information. In all three cases, accurate information from residents led to questioning of offenders and, ultimately, the issue of fines. In one of the cases, CCTV footage was used to identify gas bottles that had been dumped. Two other people were issued with formal warnings. In addition to prosecutions, the Council also gives advice and educational visits with the aim of preventing and reducing environmental crime.

Environment

63. **Playing Pitches** – We continue to work with the Cheshire Football Association developing a playing pitch improvement partnership, aimed at raising the quality of Council-owned playing fields across the Borough.
64. Cheshire East, in partnership with Ansa Environmental Services, has 32 park improvement projects on the programme at this time. These projects are funded from Section 106 developer contributions and with external grants where possible. We are working in partnership with local members and local community groups (Friends of Parks) to deliver schemes across the Borough.
65. **Bereavement Services** – Our bereavement services are undertaken by the Council's wholly owned company Orbitas. The company is reporting compliance with its performance indicators at quarter three and is showing an increase in its overall customer satisfaction figures from this time last year; up from 85% very satisfied in 2016/17 to 89% in 2017/18.

Affordable Energy, Growing Energy Businesses, Independent Energy

66. Cheshire East has novated the Fairerpower contract to the SAGC who have been delivering the scheme for the benefit of Cheshire East's residents, and will continue to do so, along with reaching out to wider geographies including Lancashire, where it was recently launched with Preston City Council.

5 ~ People live well and for longer

Empowering people to live independent, healthier and more fulfilled lives

67. The consultation on the Homelessness Strategy closed on 15th December – feedback was received via an online survey and on 24th November an event was held at Crewe Alexandra which was attended by statutory agencies such as the Police, health and probation along with community groups, providers and faith groups to discuss the contents of the Strategy. The feedback will be analysed and the new Strategy will then go through the Council's approval process. Work has begun on reviewing the Allocation Policy for Cheshire Homechoice, consultation has been held with the registered providers that are partners to the policy with a view to public consultation on the policy in the New Year.
68. **Crewe Lifestyle Centre:** Although the Centre has now been open for eighteen months and has started to deliver a range of services to improve health outcomes for local residents in the Crewe area, it continues to be recognised nationally, having recently been a finalist in three different competitions including the Royal Institute of Chartered Surveyors, where it was shortlisted for the Community benefit category, and the National Building Excellence Awards in the "Value" category.
69. **Congleton Leisure Centre redevelopment:** The project to upgrade the Leisure Centre including the design and building of a replacement swimming pool continues with the process of selecting a preferred "development partner" currently reaching a conclusion. A decision on the appointment is due to be made by Cabinet in early spring.
70. As well as the capital build programme for Congleton Leisure Centre, the Council continues work with the Leisure Trust to invest in improving the quality of facilities for users. A new gym and studio space was opened at Sandbach Leisure Centre in October, and within the first month membership had grown by 36% from 729 to 990.
71. In addition to recently presenting their third Annual Performance Report to Council, Everybody Sport and Recreation Trust continue to achieve the targets set for them by the Council; latest available data shows an increase in attendances at leisure facilities to 1,633,626 against the target of 1,559,058.
72. Performance on the Bikeability indicator has also remained strong during the year. Latest figures (relating to the first half of the year) show 3,343 young people being trained against a target of 2,444.
73. Once again there has also been an increase in volunteer hours in supporting local sports clubs and events with 3,495 hours against the target of 3,338 hours (during the first half of 2017/18).
74. A service user engagement plan has been developed by East Cheshire NHS Trust Sexual Health service. The plan intends to improve service user engagement from high risk groups and includes the ultimate aim of providing high quality, accessible services that promote self help and independence.
75. The School Nursing service provided by Wirral Community NHS Trust has commenced delivery of the Flu immunisation to up to 22,000 school children across Cheshire East.

Information, Advice & Guidance, Prevention and Early Intervention

76. **Youth Connect 5** – This wellbeing and resilience course for the parents of 10-18 year old children has been delivered to 180 trainers across Cheshire and Merseyside. Courses are now underway and can be found on the new website: <https://youthconnect5.org.uk/>. An evaluation will be published in the New Year which has been undertaken by John Moores University Liverpool.
77. **Suicide Prevention Gatekeeper Training** – Over 250 people in Cheshire East have trained to become ‘Gatekeepers’ reducing stigma and encouraging people to talk about their feelings and spot the signs of a person who may take their own life.

Accessible high quality services, Information & Advice

78. One You Cheshire East aims to improve the life expectancy and long term health of residents by offering a number of programmes aimed at transforming lifestyle behaviours such as healthy eating, weight management, physical activity and smoking cessation services. Falls prevention continues to be well subscribed and physical activity services have also experienced increased take up in the last three months. However, a review of the service has taken place due to the need to improve take up of Healthy Eating and Weight Management services.
79. A Chlamydia Action Plan has been developed by East Cheshire NHS Trust which aims to increase the number of young people (15-24) and particularly young men tested for chlamydia with the aim of meeting the national target for chlamydia diagnoses of 2,300 per 100,000 15-24 year olds. The Action Plan builds on a workshop

provided by Public Health England which identified opportunities to maximise testing and diagnostic rates.

80. A training event has been held with pharmacies who are contracted to provide Quick Start contraception. The service will be launched in December and is designed to encourage women who are given emergency hormonal contraception to adopt a longer term approach to their contraceptive needs.
81. Cheshire East Council, in partnership with NHS Eastern Cheshire and NHS South Cheshire introduced the Carers’ Living Well Fund, a pilot scheme commissioned via the Better Care Fund. It was launched on 1st November 2017 and is available until 31st March 2018. The fund enables Carers within Cheshire East, who meet the eligibility criteria, to access financial help for a range of activities to improve their health and wellbeing.
82. The fund has a dedicated resource from within the Local Area Co-ordinator team and has been exceptionally well received by carers across Cheshire East. To date 233 referrals have been received with 108 Total Wellbeing Budgets completed. The total payments to carers to date is £29,250, funded from NHS South Cheshire and NHS Eastern Cheshire as part of their agreed contributions towards the Better Care Fund. Awareness of the fund has significantly increased, which reflects in the number of referrals received to date. The Carers’ Living Well Fund will form part of the newly commissioned Carers Hub Service from 1st April 2018.
83. Carers’ services are currently being re-commissioned in Cheshire East. The aim is that the new Carers Hub service will go live on the 1st April 2018. The re-commissioning brings together the seven exiting contracts for Carers services into one single point of access. This is in response to feedback from carers in terms of accessibility of Carers services and having to repeat their story to

various organisations. The service will provide information, advice and guidance for carers across Cheshire East and will be aligned to the Carers Live Well website. The aim is that the Carers Hub will act as a trusted assessor for carers, which will be developed with Commissioners and Social Care within the first six months. The Carers Hub will take a whole family approach and will provide support for both young and adult carers.

Public Protection, Health Protection & Safeguarding

84. At the North West Association of Directors of Adult Social Services – Making Safeguarding Personal Conference held on 12th October, officers from Cheshire East helped to produce the agenda, including interactive training from AFTA THOUGHT. Several of our service users attended to ensure that the voice of our service users was heard.
85. Cheshire East and Cheshire Police facilitated two bespoke training events for Care Providers in Crewe and Macclesfield. These events were scenario-based and were attended by over 150 people. The focus was on preserving evidence and promoting good practice.
86. A safeguarding training event was held at Leighton Hospital specifically for newly qualified GPs. Presentations were given by the Police, Adult Social Care, Deprivation of Liberty Team, Prevent, Human Trafficking and Trading Standards.
87. The percentage of Adult Social Care assessments completed within 28 days from referral date stood at around 52% during the third quarter. Work has been undertaken on improving liaison with hospitals and workers to ensure the referral and assessment takes place at appropriate times. There has been a change to ‘front door’ processes enabling the right people to get access to assessment and services in a timely manner which should have a positive impact on performance going forwards.
88. In quarter three a number of committees, including the Health and Wellbeing Board, scrutinised the Children’s Improvement Annual Progress Report. The Annual Progress Report is a self-assessment of our progress to date against the recommendations from the Ofsted inspection in July 2015. Due to the significant progress made, the service is now moving to a model of continuous improvement, but with a continued focus on key areas still requiring improvement.
89. September saw the launch of Signs of Safety, a highly regarded national and international model of social work, which for us is a new way of working with families in need of early help and protection in Cheshire East. Signs of Safety will support us to achieve the type of service that children, young people, parents, carers and professionals have told us they want; one that is child-centred, solution-focused, and respectful and inclusive.
90. For the fourth year running Cheshire East dedicated the month of November to raising awareness of children and young people’s rights and making it clear to them that we value their opinions and rights. This year’s theme centred on the Diversity of Children’s Rights, concentrating on Equality and Diversity for young people. During November Children’s Rights Month (NCRM) staff from across the Council and our partners took part in a number of activities, including raising their hands for children’s rights and taking up the offer of a ‘takeover takeaway’ where young people from Cheshire East Youth Council challenged adults to experience what it is like to be a young person today, including sitting an exam, living on a budget etc. The month included the ‘Star Awards’, an annual event to celebrate the achievements of our cared for children and care leavers.

91. Earlier this year, Cheshire East Local Safeguarding Children Board (LSCB) launched a new Neglect campaign to raise awareness and encourage young people to speak out if they are affected by neglect. Aimed at adolescent neglect, the campaign was designed with the help of students from Eaton Bank Academy in Congleton and includes quotes from some of our young people who have experienced neglect. During quarter three, our strategy was presented to the Annual Conference of the National Association of LSCB Chairs as an example of good practice. The campaign has also been shortlisted for a Local Government Chronicle (LGC) award.
92. On 25th November, Cheshire East Council staff, service users and partner agencies joined together for an event organised by the Cheshire East Domestic Abuse and Sexual Violence Partnership (CEDSAP). The day marked White Ribbon Day, otherwise known as the International Day for the Elimination of Violence against Women. The event was themed around 'change' and those who attended listened to the experiences of people affected by domestic abuse and sexual violence and considered how the services being offered could be changed as a result.

6 ~ A Responsible, Effective and Efficient Organisation

93. The Council has approved a new Constitution – the authority's legal framework which sets out the rules and procedures it must follow. The update is the first since the Council was formed in 2009 and comes into effect from 1st January 2018. The constitution was updated to make it more user-friendly whilst streamlining the legal framework of the authority.
94. In November the Council published its budget consultation report, starting a conversation with residents and other stakeholders about its financial plans for the next three years. The Budget Consultation 2018-21 sets out initial proposals for how the Council could target resources more effectively and save money – while achieving a balanced budget. The deadline for comments to be included in the consultation report was 12 January 2018.
95. At the end of quarter three, the percentage of staff Personal Development Reviews (PDRs) completed for the previous year (2016/17) stood at 64%, a significant improvement on our 2016/17 outturn (for the PDR year 2015/16) of 41%, however still falling short of our stretch annual target of 75%. The percentage of PDRs initiated for the current year (2017/18) stood at 65%, which is in line with corresponding performance at 2016/17 outturn, but short of our annual target of 80%. During the fourth quarter the Council will seek to ensure additional PDRs are completed and initiated across all directorates to provide a sound basis for further improvement in 2018/19.
96. Recovery of invoiced Housing Benefits overpayments (reported in-year as year-to-date) stood at £827,000 at quarter three, against an annual target of £1.35m. Current performance suggests that 2017/18 outturn will be short of the ambitious stretch-target. Targets were exceeded in 2015/16 and 2016/17 in response to a drive from central government to proactively identify benefit overpayments, supported by improved data sharing from other government agencies. This year's performance may be a more realistic expectation as overpayments are now identified more promptly through improved data sharing leading to a lower overall value of overpayment debt.
97. The value of construction projects across Council's assets, managed by the Property Projects team, remained fairly stable from quarter two reporting, at £83,442,158. The Property Services team have completed 41 cases which include requests for occupation or use of Council assets and/or land requiring a legal agreement, and

dealt with 235 ownership or boundary queries, maintaining a one day response rate of 62%.

98. The Council is finalising the disposal of its Redsands site to generate a capital receipt in excess of £3m as planning approval has now been granted for its proposed scheme. The value of

capital receipts obtained through disposals to date this year is £399,613. Planning applications for affordable residential schemes in Gawsworth & Crewe town centre are to be submitted in early 2018.

2. Financial Stability

Introduction

99. The Council has a strong track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of increased costs, growing demand and reducing Government grant. The pressures are most intense in Children's and Adults Social Care.
100. A full mitigation plan is in progress to address the forecast overspend and ensure that the General Reserves are protected. Given the scale of the financial pressures achieving a balanced budget position this year will be extremely challenging.
101. **Table 1** provides a service summary of financial performance at quarter three. The current forecast is that services will overspend by £9.4m in the current year. The Financial Narratives provide further details and changes to service net budgets since mid year review are analysed in **Appendix 2**.
102. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on Central Contingencies and Contributions.

Table 1 - Service Revenue Outturn Forecasts

2017/18 Third Quarter Review (GROSS Revenue Budget £605.2m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m
SERVICE DIRECTORATES			
Directorate	1.5	0.9	(0.6)
Children's Social Care	33.2	36.6	3.4
Education & 14-19 Skills	12.5	13.2	0.7
Prevention & Support	9.6	8.9	(0.7)
Adult Social Care - Operations	28.1	29.8	1.7
Adult Social Care - Commissioning	67.5	71.6	4.1
Public Health and Communities	2.7	2.4	(0.3)
People	155.1	163.4	8.3
Directorate	(1.0)	(1.3)	(0.3)
Planning & Sustainable Development	2.6	2.9	0.3
Infrastructure & Highways (incl Car Parking)	13.5	13.3	(0.2)
Growth & Regeneration	15.9	16.0	0.1
Rural & Cultural Economy	2.8	2.9	0.1
Place	33.8	33.8	-
Directorate	2.0	2.0	-
Customer Operations	8.9	9.3	0.4
Legal Services	5.4	5.7	0.3
Human Resources	2.4	2.2	(0.2)
Finance & Performance	5.9	5.8	(0.1)
ICT	5.8	5.8	-
Communications	0.6	0.7	0.1
Client Commissioning			
Leisure	2.2	2.2	-
Environmental & Bereavement	27.7	28.3	0.6
Corporate	60.9	62.0	1.1
Total Services Net Budget	249.8	259.2	9.4

Financial Narratives

People Directorate

103. The number of cared for children stood at 466 at 30th November 2017, having stayed at broadly that level since July 2017 which is positive. This is compared to 410 in November 2016 and it continues to place strain on existing budgets. Most children enter care due to neglect and abuse with increasing numbers of children being made the subject of applications to the Family Courts to secure their welfare. By third-quarter 116 children left care as a result of adoption, returning home or moving to independent living.
104. The Council increased funding for cared for children in 2017/18 by £2.1m to meet the demand levels at that time and to ensure our cared for children and care leavers achieve the best possible outcomes. However, indications at this stage are that both demand and costs have continued to rise. This is attributed to providers increasing their costs, especially for residential care, and as the number of children entering care has increased more children are now placed in higher costs independent fostering placements. The Service has put plans in place to reduce this cost pressure, which could have reached as much as £4.3m, through increased scrutiny, ensuring senior staff agree new placements and regular reviews. It is forecast this will make a difference by the year end and a prudent forecast of £4m overspend is incorporated into the third quarter review.
105. Several children have entered care with very complex needs and challenging behaviour, which has necessitated them being placed in secure children's homes at unavoidably very high cost.
106. Despite the increase in cared for children, we continue to be towards the lower end of our statistical neighbour group and nationally for rate of cared for children (per 10,000), in particular lower than Cheshire West and Chester and Warrington Councils.
107. A number of initiatives are being taken forward to reduce the pressures such as commissioning residential children's homes, expanding Project Crewe, establishing Project Macclesfield, joining a regional adoption agency, and starting work on a shared fostering service.
108. Other key pressures for the service include the interagency adoption placements budget which needs to be re-aligned to match a reduced level of activity and delivery of transport savings. A £0.5m growth bid is included in the draft 2018/19 budget to reduce the inter-agency pressure.
109. Across Children's Social Care, Education Services and Prevention Services various pressures are being mitigated by further vacancy management and underspends across the services. This means Children's Services are forecasting a £2.8m overspend overall, compared to budget.
110. The Adult Social Care (Operations and Commissioning) and Public Health and Communities budgets remains under continued pressure across the country. The pressure here in Cheshire East comes from the combination of factors, which have been building over a number of years, and relate to meeting the needs of our most vulnerable residents. Demand for services creates pressure in all areas, in front line teams which in turn, means staff time assessing needs in order to provide the appropriate care and support becomes a weekly prioritisation. Sometimes we are able to offer information and advice which enables people to access the right services but on other occasions we are duty bound to provide services which meet the eligible needs of our residents. Some care

providers are struggling to respond to request for placements and providing care packages remains a daily challenge.

111. Adult Social Care Commissioning is responding to this challenge by commissioning the care home and care home market to ensure there is a better offer to service users and more certainly for providers. In addition to this the Adult Social Care Commissioners are also looking to introduce an Early Help Framework to support better outcomes in the Voluntary, Community and Faith sectors.
112. We are seeing additional support requirements at both ends of the age spectrum. It is a source of great celebration that our population continues to live longer, but not everyone can do this without significant care and support. There are many more people coming through transitions as young people into adulthood with many more complex needs. Equally the need for services to support our aging population continues to rise. This is of course all against the backdrop of our NHS financial challenges locally and the interdependencies between health and social care which can be seen now in Winter which is our most challenging time of the year.
113. The department has commenced work on a number of actions aimed at reducing the extent of any adverse pressure to the budget and continue to meet the outcome. There are projected overspends in Commissioning (£4.1m) and Operations (£1.7m) and an underspend in Communities (£0.3m) against a gross base budget of £153.9m, meaning a variance of 3.5% against gross budget. Measures that deliver savings based on service redesign with the person always in mind whilst ensuring a safe service is at the heart of what we are doing. A further financial risk at the present time relates to the current financial position of the Council's largest partner the local NHS who is already reducing direct funding to both the Council and key partners in the sector which can further add to the Council's financial pressure. These

actions which are being implemented in order to produce a balanced position but are only likely to increase the demand for social care. This means Adult Services are forecasting a £5.46m overspend overall, compared to budget which presents a £263,000 increase to the overspend position reported at quarter two. Overspending for the People Directorate is therefore forecast at £8.3m at third quarter as identified in Table 1 (above).

114. Colleagues in Finance and Performance are working together to support the People Directorate in using new systems, in order to help identify trends and enable appropriate action to be implemented earlier. This work involves a continued commitment to deeper examination of the underlying position and the inherent pressure which has been masked by temporary mitigations.

Place Directorate

115. Place is reporting a pressure of £0.6m against a budget of £33.8m at third quarter review. This is similar to the level reported at mid year although new pressures have been identified.
116. Costs of appeals within Planning have continued to rise and are now £0.4m above budget. Included in this number is a £0.2m estimate for costs associated with the Supreme Court challenge relating to Moorfields.
117. Other pressures have arisen for factors outside the control of the Place management team such as additional costs for sleeping in arrangements at Tatton Park, the relocation of items from West Park Museum and refunds given to Leisure Centre customers as an incentive to use the facilities.
118. Transport Service Solutions Limited (TSSL) is reporting pressures relating to local bus services of £0.2m, it is hoped that this will be closer to budget before the year end.

- 119. It is unlikely that further income from the investment portfolio will be realised before the end of March, this has created an income shortfall of £0.3m.
- 120. Productivity and contract savings in 2017-18 totalled £2.8m for Place. £1.5m of savings against this target have been found to date and a further £1.2m will be covered by the use of earmarked reserves in year. Shortfalls in establishment budgets have also been corrected. This has led to a £0.2m pressure reported for productivity and contracts at this stage, although the directorate is still working to reduce this number.
- 121. A mitigation plan is in place which covers three main areas: a review of major contracts, remedial actions from TSSL and a further review of earmarked reserves. It is expected that Place will have achieved a balanced budget by year end.

Corporate Directorate

- 122. At third quarter, the budget for services within the Corporate Directorate is forecasting a £1.1m overspend, no change since mid year.
- 123. Overall, Environmental Operations, including Bereavement is currently forecasting a £0.6m overspend for 2017/18 against a net £27.7m budget. £0.5m of Ansa's identified contract savings of £850,000 are scheduled to be delivered. Savings, linked to the move to the new Environmental Hub at Cledford, are being deferred to the following year, but this is being partially mitigated by the dry recycling contract forecast improvements. This figure is however, dependent on commodity prices over the remainder of the year and could go up or down at final outturn. The Authority is looking at a best value solution for in-vessel composting to enable the recycling of food waste. Approved Savings of £150,000

associated with the closure of Arclid Household Waste Recycling Centre and charging for rubble waste are on track to be delivered as planned in 2017/18.

- 124. The Crewe Town Centre Regeneration Plans (Cabinet September 2017) involve changes to Market provision and during this period of transition there is a forecast shortfall in markets income for the year of £174,000.
- 125. Customer Operations continues to forecast spend of £0.4m above budget. This is primarily due to the re-profiling of £0.6m of savings in relation to the Digital Customer Services programme. Revenues is experiencing a reduction in the forecast income from court fees of £250,000, signalling a positive reduction in the number of debt cases however, this is being partially offset by a one off refund of revaluation fees paid in a previous year. Overspending is partially offset by activity within the Digital Customer Services programme and savings in Benefits Administration, and Service Development and Systems.
- 126. The forecast outturn for ICT Services is a net nil. Pressure is arising from managing an ageing ICT estate. Mitigations are expected through improved cost recovery, development the Infrastructure Investment Programme and reduced reliance on contractors.
- 127. Legal and Democratic Services remains unchanged from mid year with an overspend of £0.3m being predicted. This is mainly from staffing and Counsel cost pressures related to increasing numbers of childcare cases in Legal Services, and staffing pressures in Compliance. These are being partially offset by underspends in Democratic Services and staffing underspends in the Business Support Unit. In addition, Registrations is forecasting an overachievement of ceremonies income.

128. Finance and Performance, which now includes all services that fall under the Interim Executive Director of Corporate Services, are forecasting a net underspend of £0.1m (£0.1m at mid year). Services in this area now include: Finance, Performance, Project Management, Procurement, Internal Audit, Risk Management and Insurance. Underspends in staffing, from vacancies or completed restructures, have offset allocations of productivity and contracts savings. Vacancies and recovered income, such as from the Local Enterprise Partnership (LEP), contribute further to the overall forecast underspend.
129. At third quarter the Strategic HR Services is forecasting a slightly lower underspend of £0.2m (£0.3m at mid year). Contract and Productivity savings, and pressures within Health & Safety and HR Delivery are being offset by other in year underspends on a number of planned vacancies, mostly within the Workforce Development budget.
130. The Communications Team is forecasting an overspend of £82,000 following implementation of activities identified in the peer review.

Government Grant Funding of Local Expenditure

131. 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 2017/18 was £281.3m.
132. In 2017/18, Cheshire East Council's specific use grants held within the services was budgeted to be £251.0m based on Government announcements to February 2017. This figure was revised up at first quarter to £260.4m (an increase of £9.4m). This was due to all the Council's ring-fenced grants held in service being reported, as opposed to just those recorded at budget setting, which are mainly schools related. The figure was subsequently revised down at mid year to £258.2m, mainly due to a reduction in the allocation of Early Years funding and the conversion of six schools to academies during the year.
133. The third quarter has seen a further reduction in specific grant to £255.0m, a decrease of £3.2m. This is predominantly due to a reduction in Housing Benefit Subsidy (£2.8m) following the increasing introduction of Universal Credit. As a result, the estimate for Housing Benefit for the year has gone down. There has also been a net reduction in schools-related grants of £0.4m, relating to one academy conversion and an adjusted Dedicated Schools Grant (DSG) allocation from the Education and Skills Funding Agency.
134. Spending in relation to specific use grants must be in line with the purpose for which the funding is provided.
135. General purpose grants were budgeted to be £30.3m, but further in-year grant announcements have increased this figure to £32.0m at third quarter (an increase of £0.4m on mid year).
136. Additional general purpose grants of £0.4m have been received during the third quarter of 2017/18. These include an additional £0.34m in respect of Adult Social Care related grants, £0.05m for the Homelessness Reduction Act and £0.007m for Remand Funding. However, £0.27m of Adult Social Care related grants had already been budgeted for so supplementary revenue estimates are only required for £0.007m of this figure, the remainder going to balances. Requests for the allocation of the additional grants received are detailed in **Appendix 11**.
137. **Table 2** provides a summary of the updated budget position for all grants in 2017/18. A full list is provided at **Appendix 3**.

Table 2 – Summary of Grants to date

	2017/18 Revised Forecast MYR £m	2017/18 Revised Forecast TQR £m	2017/18 Change £m
SPECIFIC USE			
Held within Services	258.2	255.0	(3.2)
GENERAL PURPOSE			
Revenue Support Grant	13.4	13.4	-
<u>Service Funding:</u>			
People - Children and Families *	1.6	1.6	-
People - Adult Social Care and Independent Living	2.4	2.7	0.3
Place *	0.1	0.2	0.1
Corporate – Customer Operations	2.1	2.1	-
Corporate – Chief Operating Officer	12.0	12.0	-
Total Service Funding	18.2	18.6	0.4
Total General Purpose	31.6	32.0	0.4
Total Grant Funding	289.8	287.0	(2.8)

* Change from Mid Year: Lifelong Learning and Extended Rights to Free Transport have now been transferred to Children & Families from Place.

Collecting Local Taxes for Local Expenditure

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

Council Tax

139. Council Tax is set locally and retained for spending locally. Council Tax was set for 2017/18 at £1,324.92 for a Band D property. This is applied to the taxbase.

140. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect Council Tax from (after adjustments for relevant discounts, exemptions and an element of non-collection). The taxbase for 2017/18 was agreed at 144,201.51 which, when multiplied by the Band D charge, means that the expected income for the year is £191.1m.

141. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 3** shows these amounts separately, giving a total budgeted collectable amount of £232.2m.

142. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the actual amount billed will therefore be more than the budget.

143. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £236.4m.

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

	£m
Cheshire East Council	191.1
Cheshire Police and Crime Commissioner	23.7
Cheshire Fire Authority	10.5
Town and Parish Councils	6.9
Total	232.2

144. **Table 4** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within this period.

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

Financial Year	CEC Cumulative			
	2013/14	2014/15	2015/16	2016/17
	%	%	%	%
After 1 year	98.1	97.9	98.1	98.3
After 2 years	99.0	98.9	99.0	**
After 3 years	99.3	99.3	**	**

**data not yet available

145. The Council Tax in-year collection rate for 2017/18 is 76.5%, a small decrease on the previous year (76.8%).
146. Council Tax support payments (including Police and Fire) were budgeted at £16.2m for 2017/18 and at the end of the third quarter the total council tax support awarded was £14.4m. The

Council Tax Support caseload has reduced since April 2014 and there have been more reductions in the Council Tax Support awards in the year than increased or new awards.

147. No changes were made to the Council Tax Support scheme for 2017/18. The scheme was agreed by full Council in December 2016.
148. Council Tax discounts awarded are £21.4m which is broadly in line with the same period in 2016/17.
149. Council Tax exemptions awarded total £4.6m which is broadly in line with the same period in 2016/17.

Non-Domestic Rates (NDR)

150. NDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief.
151. The small business multiplier applied to businesses which qualify for the small business relief was set at 46.6p in 2017/18. The non-domestic multiplier was set at 47.9p in the pound for 2017/18.
152. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester for 2016/17) for the purposes of Business Rates Retention. The purpose of the pool is to maximise the retention of locally generated business rates to further support the economic regeneration of Greater Manchester and Cheshire Councils. As a pool the members will be entitled to retain the levy charge on growth that would normally be paid over to Central

Government. Cheshire East will retain 50% of this levy charge locally before paying the remainder over to the pool.

153. The Cheshire and GM Pool are also taking part in a pilot scheme where the pool is 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 Central Government.

154. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

Table 5 – Over 99% of Business Rates are collected within three years

Financial Year	CEC Cumulative			
	2013/14	2014/15	2015/16	2016/17
	%	%	%	%
After 1 year	98.2	98.1	98.1	97.7
After 2 years	99.2	99.3	99.1	**
After 3 years	99.6	99.7	**	**

**data not yet available

155. The business rates in-year collection rate for 2017/18 has decreased to 73.2% compared to 73.3% for the same period in 2016/17.

Capital Programme 2017/21

156. Since reporting the Capital Programme at mid year the overall forecast expenditure for the next three years has increased by £1.4m as shown in **Table 6**.

Table 6 – Summary Capital Programme

	Revised MYR Total Forecast Budget 2017/21 £m	Amendments to MYR Forecast Budget 2017/21 £m	Amended TQR Forecast Budget 2017/21 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2017/21 £m
People Directorate	43.5	-	43.5	-	0.5	44.0
Place Directorate	283.2	4.3	287.5	(3.2)	(0.3)	284.0
Corporate Directorate	71.8	0.1	71.9	-	-	71.9
	398.5	4.4	402.9	(3.2)	0.2	399.9

157. An Officer Decision record was approved within the quarter, this related to the Strategic Site Development project £1.9m, which has now been transferred from the Addendum to the main programme.

158. Following a review of the capital programme and as part of the business planning process for 2018-21 a number of schemes, totalling £12.3m have been removed from the programme,. Further details are provided in **Appendix 5**.

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

Table 7 – Capital Funding Sources

	MYR Total Forecast Budget £m	TQR Total Forecast Budget £m	Change £m
Grants	181.9	182.0	0.1
External Contributions	54.5	55.2	0.7
Cheshire East Resources	162.1	162.7	0.6
	398.5	399.9	1.4

Capital Budget 2017/18

160. At the third quarter review stage the Council is forecasting actual expenditure of £111m. The in-year budget for 2017/18 of £118.2m has been revised from the budget book position to reflect the forecast expenditure for the financial year and any slippage reported at outturn and slipped to future years.
161. Since the start of 2017/18, slippage on the capital programme has been measured on schemes that are at the Gateway 2 stage. These are classed as committed schemes as these schemes should have commenced prior to or during 2017/18 and have a detailed forecast expenditure plan in place. Schemes will be monitored on their progress during the year and re-categorised quarterly. This includes the net impact in 2017/18 of supplementary capital estimates, virements and budget reductions listed in **Appendices 6 to 9**.
162. **Table 8** shows the actual expenditure incurred on those schemes against the revised Outturn Budget.

Table 8 – 2017/18 Revised Budget compared to Second Quarter

Committed Schemes	Revised MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast Over / Underspend £m
People Directorate	9.6	8.9	8.3	(0.6)
Place Directorate	57.9	55.8	53.1	(2.7)
Corporate Directorate	32.8	32.8	31.3	(1.5)
Total Committed Schemes	100.3	97.5	92.7	(4.8)

163. At the Third Quarter Review Stage the in-year forecast has been revised and £4.8m has slipped to future years.
164. **Appendix 6** details requests of Supplementary Capital Estimates (SCE) up to and including £500,000 and Capital Virements up to and including £1,000,000 approved by delegated decision which are included for noting purposes only.
165. **Appendix 9** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only. The most significant of these is a reduction in the Alderley Edge Bypass of £2m as the total scheme costs are finalised.

Central Adjustments**Capital Financing Costs and Treasury Management**

166. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans.

These costs are partly offset by the interest the Council earns from temporary investment of its cash balances during the year.

167. Investment income to November 2017 is £205,000 which is equal to the budgeted income for the period. However, offsetting this are costs of £101,000 arising from temporary borrowing. The level of cash balances and the need for temporary borrowing has arisen from the decision to pay past service pension deficit contributions for the next three years in one advance payment of £45m in April 2017. The discount available from early payment more than offsets the costs of temporary borrowing. The forecast benefit over the three year period is around £2m which will support mitigation of future service costs as appropriate. The level of temporary borrowing has been in excess of immediate cash needs but this allows a liquidity safety net and maintenance of investments in the Churches Charities and Local Authorities (CCLA) Investment Management Ltd property fund and other funds which pay a higher return than the cost of borrowing.

- The average lend position (the 'investment cash balance') including managed funds up to the end of November 2017 is £31.1m
- The average annualised interest rate received on in-house investments up to the end of November 2017 is 0.36%
- The average annualised interest rate received on the externally managed property fund up to the end of November 2017 is 4.95%
- The average temporary borrowing position up to the end of November 2017 is £36.3m
- The average annualised interest rate paid on temporary borrowing up to the end of November 2017 is 0.42%

168. The Council's total average interest rate on all investments for the period April to November is 1.46%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.21%, and our own performance target of 1.00% (Base Rate + 0.50%).

Table 9 – Interest Rate Comparison

Comparator	Average Rate to 31/11/2017
Cheshire East	1.46%
LIBID 7 Day Rate	0.45%
LIBID 3 Month Rate	0.49%
Base Rate	0.50%
Target Rate	0.75%

169. It is likely that further borrowing will be required throughout the current year and in future years. At the moment this need is being met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. If the predicted interest environment changes or the availability of temporary borrowing reduces then this strategy will be re-assessed.
170. The Section 151 Officer has explored options to revise the approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Liaison with the Council's treasury management advisors, Arlingclose, has taken place and the proposal to use the annuity method to calculate the Minimum Revenue Provision will result in the ability to take an MRP holiday and realise savings of £6m in 2017/18. This approach was approved by Council at its meeting on 14th December 2017.

171. The Section 151 Officer is exploring options to capitalise costs of transformation in line with guidelines issued by the Treasury. This approach can mitigate overspending of the revenue budget. Final details of 2017/18 costs that have met this criteria will be reported in the final outturn position in June 2018.
172. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 23rd February 2017. Further details of counterparty limits and current investments are given in **Appendix 10**.
173. The Council has maintained the £7.5m investment in the CCLA managed property fund. The underlying value of this fund had been devalued following the 'Brexit' referendum but has since been increasing in value. The current value of the units in the fund if sold is £7.7m which is slightly higher than the original invested amount. However, the fund continues to generate income of 4.95%.
174. Most other investments currently held are short term for liquidity purposes. Following the base rate increase on 2nd November 2017 some of the funds which were achieving higher returns than temporary borrowing were no longer yielding the same results. Cash was, therefore, withdrawn to reduce borrowing and, from December, to invest £2.5 in a Royal London Enhanced Cash Plus Fund. This fund has been consistently achieving over 1% annual returns without significant volatility to its underlying value. Consideration is also being given to investments with Schroders in a high yielding equity fund but with a highly volatile underlying value. This fund has been consistently achieving 7% per year but would need to be held for 5-6 years to manage its volatile nature. This is similar to the recommended time frame for the Property fund.

175. The use of three different funds will generally mitigate the effects of volatility on the underlying value as normally when one type of fund is devalued other types of funds will increase in value. These investments will also provide an annual rate of return which exceeds other types of investments and the costs of borrowing. The Council can borrow up to its Capital Financing Requirement (CFR) but forecasts indicate that borrowing will be comfortably lower than this and will not exceed the authorised limits set in the Treasury Management Strategy Statement.
176. Full details of current investments and temporary borrowings are shown in **Appendix 10**.

Central Contingencies and Contributions

177. A budget of £1.2m is held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. It was also budgeted that a transfer of £0.2m from earmarked reserves relating Fairer Power would take place in year, however this no longer going to happen. It is now planned that £1.9m of the £6.0m underspend on capital financing will be transferred to reserves. Following a review £3m will be transferred from the collection fund non-collection and appeals reserve. £2m will be transferred from the capital receipts reserve to fund transformation activities. Grants have been received centrally in-year that are additional to budget by £0.7m of which £0.4m relates to business rates that will be transferred to reserves for use in 2018/19.

Debt Management

178. The balance of outstanding debt has decreased by £1m since quarter two of 2017/18 mainly due to the settlement of invoice raised by Adults Social Care, Education and ICT. Balances remain within forecast levels and adequate provisions have been made.

Details of the Council's invoiced debt position are contained in **Appendix 12**.

Outturn Impact

179. The impact of the projected service outturn position is to decrease balances by £9.4m as reported above (**para 101**).
180. Taken into account with the central budget items detailed above (**para 170 and para 177**), the financial impact could result in a reduction in balances of £0.1m as shown in **Table 10**.

Table 10 – Impact on Balances

	£m
Service Net Budget Outturn	(9.4)
Central Budgets Outturn	8.6
Specific Grants Outturn	0.7
Total	(0.1)

Management of Council Reserves

181. The Council's Reserves Strategy 2017-20 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 £0.1m.

182. The opening balance at 1st April 2017 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2016/17.
183. Without the planned proactive and robust development of mitigating actions to address the potential overspend on service budgets the current forecast overspend would result in the General Reserves being significantly depleted by the end of this year.
184. A mitigation plan is in progress to deliver a balanced revenue outturn position and maintain General Reserves at or close to the level planned in the 2017-20 Reserves Strategy. Overall the Council remains in a strong financial position relative to most Councils.
185. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st March 2017 balances on these reserves stood at £48.9m, excluding balances held by Schools.
186. During 2017/18, an estimated £16.4m will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding. Where appropriate, further earmarked reserves will be re-allocated to General Reserves to maintain an adequate level of General Reserves overall.
187. A full list of earmarked reserves at 1st April 2017 and estimated movement in 2017/18 is contained in **Appendix 13**.

3. Workforce Development

188. This section sets out the Council’s activities and progress in relation to HR, Organisational Development, Health and Safety and Workforce Development plans and changes for the second quarter 2017/18.

Culture and Values

189. The staff survey focus groups took place in July 2017. The groups focused on the broad themes – Leadership and Management, Communication and Engagement, Health and Wellbeing, Development and Opportunities and Culture. The outcomes and actions from the focus groups were shared with the staff across the council in a Team Voice Special Edition.

190. In addition an external independent culture review was commissioned jointly by the Leader and the Acting Chief Executive in October 2017 and this was undertaken by the Local Government Authority (LGA) during November and December 2017. The purpose of the review is to provide an objective assessment of the current culture of Cheshire East Council, aspects of this that are positive and should be built on and identified areas for change and improvement. The review will have particular regard to an ongoing perception that there are significant issues relating to bullying and harassment. The findings and recommendations from the independent cultural review are expected in January 2018.

191. The nominations for the “Making a Difference” employee recognition annual awards opened in October with over 100 nominations, which is the highest number since the scheme

started. The number of people and teams nominated also exceed previous years.

Employee of the year frontline -13 people nominated

Employee of the year support – 15 people nominated

Manager of the year – 20 people nominated

First time Manager of the year – 4 people nominated

Team of the year Innovation – 6 teams

Team of the year Collaboration – 12 teams

Team of the year Outstanding Service – 20 teams

The award event was held on 19th December at Wrenbury Hall with a total of 130 people attending.

192. The first meeting of the Wellbeing in Work Contributors Group has taken place bringing together various representatives from those teams who are involved in wellbeing initiatives across the Council. The Wellbeing Employee Forum also met for the first time bringing together volunteers from across the council to share ideas for the Wellbeing in Work agenda. A programme of work is now moving forward with the first Wellbeing in Work newsletter being shared with all staff in early January.

Building Capability and Capacity

193. 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.

194. Over 50 courses and 79 sessions have been offered to CEC employees over the first two quarters of the year. A further 11 employees successfully secured funding approval via the Continuous Professional Development Panel for role specific development and qualifications in quarter three, seeing over £6,000 investment.
195. Developing management capability at all levels has continued with a cohort of managers being on track to complete the Institute of Learning and Management (ILM) level three and Level five Diploma qualifications. New ILM level three and ILM level five qualifications, funded via the apprenticeship levy, are now being offered organisation wide. A total of 24 members of staff started on the ILM 3 Leadership and Management qualification in November, with cohorts on the level 5 and the new Chartered Management Degree starting in January. Leadership and Management development continues with bespoke team manager skills development days taking place in Corporate and Children's Safeguarding teams and development of an aspiring manager module in Children's Social Care. A Leadership and Management manager resource portal and induction programme are currently under development for release in early 2018 along with a suite of courses for managers at different levels available on the Corporate Training Programme.
196. The Workforce Development Team continues to maintain close relationships with partner universities and Further Education colleges, supporting work experience placements for career starters and changers, course required workplace placements, graduate schemes and mentoring opportunities for young people. Relationships development is further encouraged through

exploring links with universities for staff engagement such as guest lecturing. All employees and apprentices receive up to date training through quality assured processes and methods including internal and external training, e-learning and wider Continuous Professional Development opportunities to ensure they surpass expectations of external verification and examination boards, and feel fully supported throughout all stages of their career.

Resourcing and Talent

197. Four graduates previously undertaking their course placements at Cheshire East Council have secured permanent roles within Children's Social Care and a further 30 undergraduate placements have been confirmed in quarter three, predominantly within Social Care teams. Two successful candidates have been allocated to the Adult Social Care Service through the Skills for Care Graduate Management programme and will begin their year-long placements from January 2018.
198. The Workforce Development Team has concentrated its efforts this quarter on launching the new process for the funding of apprenticeships across the Council, ASDVS and maintained schools. Since the funding reforms came into effect from 1st May, we have appointed 75 new apprentices and have 5 live vacancies. There are also 21 requests from staff for the level 5 and level 6 management apprenticeships. Regular updates are sent to all Heads of Service to report against progress towards the target.
199. The Council continues to offer opportunities for Graduate and Staff Development. Progression pathways are in place across several services and in development in others such as the and HR Team to offer development from entry to management roles, offering a clear career route and tailored opportunities for existing staff, recent graduates and apprentices. A bespoke Graduate

Traineeship Scheme is in development to offer a high quality programme to promising individuals during early career or career change.

Reward and Recognition

200. To enhance the range of employee benefits an online “Rewards Centre” continues to be well received with more than 1,328 staff (31%) 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 outlets. 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

201. Education HR consultancy continue to offer and provide two levels of service, Gold and Silver. Buy back from September 2017 remains positive. 122 schools have bought this service but market conditions are becoming more difficult with the increase in multi-academy trusts resulting in a loss of some business. Some

establishments however, who moved away from buying back HR Consultancy services are now coming back.

Health and Safety

202. Work continues on refreshing Corporate Health and Safety guidance notes – commencing with Drug & Alcohol, Driving at Work, Violence and Aggression, Personal Emergency Evacuation Plans and Display Screen Equipment. The programme will continue until financial year end when all guidance notes will have been completed.
203. Buy-back from Schools for delivery of Health & Safety services during the academic year of 2017/2018 has reached 85% and totals 132 schools.

Staffing Changes

204. As shown in **Table 11** below, Cheshire East Council’s overall headcount and the number of FTE employees has decreased slightly during the third quarter of 2017/18.

Table 11: Cheshire East Council Employee Headcount and FTE Figures

Directorate / Service	Employee FTE Oct 17	Employee FTE Dec 17	Employee Headcount Oct 17	Employee Headcount Dec 17
Corporate	762.7	767.0	882	885
Audit	7.3	7.3	9	9
B4B / Business Development	10.2	9.2	12	11
Business Management	19.0	18.0	20	19
Communications & Media	10.9	10.9	11	11
Customer Services	273.9	278.4	346	349
Finance & Performance	99.8	99.8	103	103
Human Resources	39.3	39.3	45	46
ICT	188.6	190.2	197	198
Legal & Democratic Services	96.0	96.2	121	121
Procurement	14.8	14.8	15	15
People	1643.5	1636.2	2196	2189
Adult Social Care and Health	861.9	849.5	1070	1055
Children's Services	780.6	785.7	1125	1133
Place	433.0	430.4	541	540
Growth and Regeneration	150.9	152.1	190	193
Infrastructure & Transport	52.0	52.0	53	53
Planning and Sustainable Development	129.9	127.2	136	133
Rural and Green Infrastructure	98.1	96.1	160	158
Cheshire East Council Total	2841.2	2836.6	3613*	3609*

***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/or "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 for that service.

Agency workers

205. Agency workers are a valuable component of the Council's workforce, providing short term cover, project work and 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 as at the end of October and December 2017, and shows agency worker assignments as a percentage of all active workforce assignments (excluding casuals) at the end of the specified month.

Table 12: Number and percentage of agency worker assignments

	Number of C.Net agency worker assignments active at end of Oct 17	Number of C.Net agency worker assignments active at end of Dec 17	% of all workforce assignments on 31 Oct 17	% of all workforce assignments on 31 Dec 17
People	49	84	2.1	3.6
Place	5	5	0.9	0.9
Corporate	58	67	6.1	7.0
Cheshire East Council	112	156	2.9	4.0

206. There is a noticeable increase in the number of agency worker assignments within the People Directorate between October and December 2017; this is due to new C.Net assignments being created towards the end of the period to provide short term emergency cover for sickness absence within Adult Services (Care4CE).

Absence

207. At the end of the third quarter (April–December) 2017/18 the absence rate for Cheshire East Council is level with the absence

rate for the same time period in 2016/17 but higher than the 2015/16 figure. However, absence rates for this quarter have been consistently lower than they were in 2014/15 over the previous two financial years. The Council's current target for 2017/18 is 10 days lost per FTE employee; in 2015/16 and 2016/17, the Council's actual absence rate was 11.14 days lost per FTE employee.

Table 13: Cumulative days lost to sickness absence per FTE employee for Quarter Three and the Financial Year from 2014/15 to present

Cheshire East (excluding Schools)	2014/15	2015/16	2016/17	2017/18
Cumulative absence – end quarter three	8.87	8.02	8.32	8.31
Full Financial Year Absence	11.97	11.14	11.14	

Voluntary Redundancies

208. 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.

209. Eight people have left the Council under voluntary redundancy terms in quarter three; they all held posts within the management grades (Grade 10 or above). The total severance cost for all employees was £417,001 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1,366,230 (which is the combined accumulated costs of the deleted posts).

Appendices to Third Quarter Review of Performance 2017/18

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Appendix 1 Cheshire East Council Strategic Outcomes



Appendix 2 Changes to Revenue Budget 2017/18 since Mid Year Review

	Quarter 2 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 3 Net Budget £000
PEOPLE				
Directorate	10,565	-	(9,023)	1,542
Children's Social Care	33,085	7	80	33,172
Education & 14-19 Skills	2,590	-	9,891	12,481
Prevention & Support	9,649	-	(55)	9,594
Adult Social Care Commissioning	67,464	71	(1)	67,534
Adult Social Care Operations	28,090	-	-	28,090
Public Health & Communities	2,673	-	-	2,673
	154,116	78	892	155,086
PLACE				
Directorate	(1,080)	-	-	(1,080)
Planning & Sustainable Development	2,572	-	-	2,572
Infrastructure & Highways	13,515	-	-	13,515
Growth & Regeneration	16,706	49	(836)	15,919
Rural & Cultural Economy	2,831	-	-	2,831
	34,544	49	(836)	33,757

	Quarter 2 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 3 Net Budget £000
CORPORATE				
Directorate	1,947	-	24	1,971
Client Commissioning :				
Leisure	2,209	-	(26)	2,183
Environmental	27,745	-	-	27,745
Customer Operations	8,900	-	(30)	8,870
Legal Services	5,410	-	3	5,413
Human Resources	2,476	-	(35)	2,441
Finance & Performance	5,943	-	8	5,951
Professional Services	-	-	-	-
ICT	5,741	-	-	5,741
Communications	591	-	-	591
	60,962	-	(56)	60,906
CORPORATE UNALLOCATED				
Corporate Unallocated	-	-	-	-
	-	-	-	-
TOTAL SERVICE BUDGET	249,622	127	-	249,749

	Quarter 2 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 3 Net Budget £000
CENTRAL BUDGETS				
Capital Financing	14,000	-	-	14,000
Corporate Contributions	1,163	-	-	1,163
Contribution to / from Reserves	(147)	-	-	(147)
Roundings	-	-	-	-
	15,016	-	-	15,016
TOTAL BUDGET	264,638	127	-	264,765
CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(40,973)	-	-	(40,973)
Revenue Support Grant	(13,415)	-	-	(13,415)
Specific Grants	(17,844)	(127)	-	(17,971)
Council Tax	(191,056)	-	-	(191,056)
Sourced from Collection Fund	(1,350)	-	-	(1,350)
TOTAL CENTRAL BUDGETS FUNDING	(264,638)	(127)	-	(264,765)
FUNDING POSITION	-	-	-	-

Appendix 3 Corporate Grants Register

Corporate Grants Register 2017/18		Revised Forecast	Revised Forecast	Change	SRE / Balances
		MYR	TQR		(Note 2)
		2017/18	2017/18	2017/18	
	Note	£000	£000	£000	
SPECIFIC USE (Held within Services)					
PEOPLE					
Schools	1	150,340	150,032	(308)	
Children & Families		716	603	(113)	
Adult Social Care		9,022	9,022	-	
Public Health		16,833	16,833	-	
Total		176,911	176,490	(421)	
PLACE					
Growth and Regeneration		1,157	1,157	-	
Planning and Sustainable Development		121	121	-	
Directorate		787	787	-	
Total		2,065	2,065	-	
CORPORATE					
Customer Operations		79,219	76,425	(2,794)	
Total		79,219	76,425	(2,794)	
TOTAL SPECIFIC USE		258,195	254,980	(3,215)	
GENERAL PURPOSE (Held Corporately)					
Central Funding					
Revenue Support Grant		13,415	13,415	-	
Total Central Funding		13,415	13,415	-	

Corporate Grants Register 2017/18		Revised Forecast	Revised Forecast	Change	SRE / Balances
	Note	MYR 2017/18 £000	TQR 2017/18 £000	2017/18 £000	(Note 2)
People - Children & Families					
Tackling Troubled Families		654	654	-	
Staying Put Implementation Grant		113	113	-	
Remand Funding		-	7	7	SRE
Adult Skills (Lifelong Learning)		706	706	-	
Extended Rights to Free Transport		123	123	-	
People - Adult Social Care & Independent Living					
Independent Living Fund		917	917	-	
Local Reform and Community Voices		-	201	201	SRE / Balances
Social Care in Prisons		-	77	77	SRE / Balances
War Pension Scheme Disregard		-	64	64	SRE
Adult Social Care Support Grant		1,457	1,457	-	
Place					
Lead Local Flood Authorities		14	14	-	
Neighbourhood Planning Grant for Local Planning Authorities		60	60	-	
Homelessness Reduction Act - new burdens		-	49	49	SRE

Corporate Grants Register 2017/18		Revised Forecast	Revised Forecast	Change	SRE / Balances
	Note	MYR 2017/18 £000	TQR 2017/18 £000	2017/18 £000	(Note 2)
Corporate - Customer Operations					
Housing Benefit and Council Tax Administration		1,209	1,209	-	
NNDR Administration Grant		506	506	-	
Universal Support Grant		62	62	-	
Business Rates Relief Schemes: Payment of New Burdens 2017/18		12	12	-	
Discretionary Funding for Business Rates Relief 2017/18		378	378	-	
Corporate - Chief Operating Officer					
New Homes Bonus		8,254	8,254	-	
New Homes Bonus: Returned Funding Grant 2017/18		96	96	-	
Education Services Grant		641	641	-	
Transitional Funding		2,974	2,974	-	
Transition to Individual Electoral Registration 2017/18		64	64	-	
Total Service Funding		18,240	18,638	398	
TOTAL GENERAL PURPOSE		31,655	32,053	398	
TOTAL GRANT FUNDING		289,850	287,033	(2,817)	

Notes

- 1 The Dedicated Schools Grant, Pupil Premium Grant, Sixth Form Grant and Other School Specific Grant from the Education Funding Agency (EFA) figures are based on actual anticipated allocations. Changes are for in-year increases/decreases to allocations by the DfE and conversions to academy status.
- 2 SRE - Supplementary Revenue Estimate requested by relevant service.

Appendix 4 Summary Capital Programme and Funding

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	TQR	Reductions	Reductions	Budget	2017/18	2018/19	2019/20 and
	2017/18	2017/18	2017/18	2017/18	2017/18	2018/19	Future Years
	£000	£000	£000	£000	£000	£000	£000
People Directorate							
Adults, Public Health and Communities							
Committed Schemes - In Progress	111	-	-	111	111	833	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Children's Social Care (Incl. Directorate)							
Committed Schemes - In Progress	109	-	-	109	109	277	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Education and 14-19 Skills							
Committed Schemes - In Progress	9,128	-	(606)	8,522	7,840	6,199	1,767
New Schemes and Option Developments	1,693	-	(100)	1,593	1,151	23,392	-
Prevention and Support							
Committed Schemes - In Progress	250	-	-	250	250	266	-
New Schemes and Option Developments	1,375	-	-	1,375	1,825	-	-
Total People Directorate	12,666	-	(706)	11,960	11,286	30,967	1,767

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	TQR	Reductions	Reductions	Budget			
	2017/18	2017/18	2017/18	2017/18	2017/18	2018/19	2019/20 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Place Directorate							
Infrastructure and Highways (inc Car Parking)							
Committed Schemes - In Progress	40,232	8	(1,957)	38,283	37,118	27,730	117,119
New Schemes and Option Developments	13,518	(412)	-	13,106	11,702	13,906	11,272
Growth and Regeneration							
Committed Schemes - In Progress	15,198		(250)	14,948	13,704	13,684	29,628
New Schemes and Option Developments	184	1,876	-	2,060	1,911	858	-
Rural and Cultural Economy							
Committed Schemes - In Progress	2,486	50	-	2,536	2,285	1,842	1,274
New Schemes and Option Developments	-	-	-	-	-	-	-
Total Place Directorate	71,618	1,522	(2,207)	70,933	66,720	58,020	159,293

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	TQR	Reductions	Reductions	Budget			
	2017/18	2017/18	2017/18	2017/18	2017/18	2018/19	2019/20 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Corporate Directorate							
Customer Operations							
Committed Schemes - In Progress	2,918	-	-	2,918	2,918	530	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Finance and Performance							
Committed Schemes - In Progress	2,926	(43)	-	2,883	501	2,382	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Professional Services							
Committed Schemes - In Progress	-	-	-	-	-	-	-
New Schemes and Option Developments	-	-	-	-	-	-	-
ICT							
Committed Schemes - In Progress	14,101	-	-	14,101	14,787	11,335	3,564
New Schemes and Option Developments	-	-	-	-	-	-	-

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	TQR	Reductions	Reductions	Budget			
	2017/18	2017/18	2017/18	2017/18	2017/18	2018/19	2019/20 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Client Commissioning - Environmental							
Committed Schemes - In Progress	11,794	48	1	11,843	11,916	450	150
New Schemes and Option Developments	1,650	-	-	1,650	1,000	3,200	9,400
Client Commissioning - Leisure							
Committed Schemes - In Progress	1,106	43	-	1,149	1,149	6,000	1,926
New Schemes and Option Developments	720	-	-	720	720	-	-
Total Corporate Directorate	35,215	48	1	35,264	32,991	23,897	15,040
Committed Schemes - In Progress	100,359	106	(2,812)	97,653	92,688	71,528	155,428
New Schemes and Option Developments	19,140	1,464	(100)	20,504	18,309	41,356	20,672
Total Net Position	119,499	1,570	(2,912)	118,157	110,997	112,884	176,100

Funding Sources	2017/18	2018/19	2019/20 and
	£000	£000	Future Years
			£000
Grants	34,955	56,911	90,154
External Contributions	6,278	6,664	42,298
Cheshire East Council Resources	69,764	49,309	43,648
Total	110,997	112,884	176,100

Appendix 5 Transfers from and to the Capital Addendum

Capital Scheme	Amount Transferred Q1 £	Amount Transferred Q2 £	Amount Transferred Q3 £	Reason / Comment
Budgets Transferred from the Addendum to the Main Capital Programme				
Education and 14-19 Skills				
To Expand 'in borough' SEN placement Capacity (Feasibility)	(600,000)			Element moved to main programme to undertaken an expansion of Springfield Special School.
Prevention and Support				
Development of Hurdsfield Family Centre		(700,000)		Approved for transfer to main programme
Infrastructure and Highways (inc Car Parking)				
Middlewich Eastern Bypass Add	-	(1,500,000)		Approved for transfer to main programme
Northern Gateway Infrastructure	(2,955,500)	-		During the First Quarter, £2,955.5k has been transferred from the Addendum to the main programme as Crewe HS2 Hub Project Development
Growth and Regeneration				
Crewe Town Centre Regeneration	(295,936)	(24,659,064)		Approved for transfer to main programme
Strategic Site Development			(1,875,600)	Approved for transfer to main programme
Total Budgets Transferred to Main Capital Programme	(3,851,436)	(26,859,064)	(1,875,600)	

Capital Scheme	Amount Transferred Q1 £	Amount Transferred Q2 £	Amount Transferred Q3 £	Reason / Comment
Capital Budget removed from the Addendum				
Education and 14-19 Skills				
Education - Community Hub			(9,400,000)	Removed following third quarter review of capital programme.
Rural and Cultural Economy				
Playing Fields Strategy	-	(1,000,000)		Removed following mid year review of capital programme.
Growth and Regeneration				
Supplier Park			(40,000)	Removed following Place Capital Challenge
ICT				
Elections Replacement System			(100,000)	Amount amended as part of the Business Planning process
Revs & Bens Doc Mgmt System			(2,000,000)	Amount amended as part of the Business Planning process
Planning and Sustainable Development System Replacement			(368,000)	Amount amended as part of the Business Planning process
Regulatory Services and Environmental Health System			(370,000)	Amount amended as part of the Business Planning process
Total Capital Budget Removed from the Addendum	-	(1,000,000)	(12,278,000)	

Capital Scheme	Amount Transferred Q1 £	Amount Transferred Q2 £	Amount Transferred Q3 £	Reason / Comment
Capital Budgets transferred from the Main capital Programme to the Addendum				
Infrastructure and Highways (inc Car Parking)				
Alderley Road, Wilmslow – A34 Junction and pedestrian access improvements			1,162	Moved to Addendum from main programme following Third Quarter Review of capital programme.
Growth and Regeneration				
Astbury Marsh Caravan Site Works		200,000	}	Moved to Addendum from main programme following mid year review of capital programme.
Gypsy and Traveller Sites		2,401,142		
Housing Development Fund		1,211,766		
Modular Construction (Gawsworth)		1,653,538		
Volumetric Construction (Redroofs/Hole Farm)		1,766,000		
Supplier Park		40,000		
Total Capital Budget Transferred to the Addendum	-	7,272,446	1,162	
Capital Budgets transferred from one Directorate's Addendum to another.				
Infrastructure and Highways (inc Car Parking)				
Handforth Garden Village (formerly known as A34 Corridor)	(15,500,000)			Moved to Growth and Regeneration Addendum, associated with North Cheshire Garden Village (NCGV).
North West Crewe (Leighton West)	6,000,000			£6m moved from Growth & Regeneration Addendum.
Growth and Regeneration				
Handforth Garden Village (formerly known as A34 Corridor)	15,500,000			Moved from Highways and Infrastructure Addendum, associated with NCGV.
Strategic Site Development	(6,000,000)			Moved to Highways and Infrastructure Addendum, as part of North West Crewe (Leighton West) works.
Total Capital Budget Transferred between Directorates	-	-	-	
Net Change to the Addendum	(3,851,436)	(20,586,618)	(14,152,438)	

Appendix 6 Approved Supplementary Capital Estimates up to £500,000 and Virements up to £1,000,000

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements		
Supplementary Capital Estimates that have been made up to £500,000		
Infrastructure and Highways (inc Car Parking)		
S278s		
Dunwoody Way/West St, Crewe	5,000	To bring S278 budget in line with agreement
Capricorn 17	35,000	
Manchester Rd, Tytherington	5,000	
Coppenhall East, Crewe	10,000	
Albion Works, Moston	5,000	
Moss Lane Bridge.	3,043	
Growth and Regeneration		
Disabled Facilities Grant	156,402	The Budget also provides £42 million of additional funding for the Disabled Facilities Grant in 2017-18, supporting people to stay in their own homes. £156,402 is Cheshire East's allocation.
Client Commissioning - Environmental		
Cop Meadow, Sutton Play Area	1,178	Budget increase due to full cost of project with shortfall covered by a contribution from Sutton Parish Council.
Total Supplementary Capital Estimates Requested	220,623	

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements		
Capital Budget Virements that have been made up to £1,000,000		
Children's Social Care (Incl. Directorate)		
Schools Condition Capital Grant	11,324	Virement of unspent grants from completed schemes
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	200,000	Virement of savings from Mabllins Lane Primary school scheme for use on the future basic needs programme
Education and 14-19 Skills		
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	385,707	Virement of savings from Knutsford Achievement scheme for use on the future basic needs programme
Pupil Referral Unit - New Site	900,000	Virement to cover additional cost identified following tendering exercise. Funded from a reversal of a virement at FQR to Facilities Management for the Schools and Children's Centres Condition block and the Future Years Basic Need programme
Growth and Regeneration		
Premises Capital	92,000	Virement of £92k from Roe Street Homeless Hostel for works completed by Facilities.
Rural and Cultural Economy		
Tatton EPOS	59,316	To vire the residual budget from Tatton Vision, to cover additional spend.
PROW Capital Works	5,049	The Middlewood Way Public Rights of Way project is now complete, virement to Public Rights of Way Capital Works would assist in the delivery of further improvements.
Total Capital Budget Virements Approved	1,653,396	
Total Supplementary Capital Estimates and Virements	1,874,019	

Appendix 7 Request for Supplementary Capital Estimates above £500,000 and Virements above £1,000,000

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements		
Supplementary Capital Estimates above £500,000 up to and including £1,000,000		
Total Supplementary Capital Estimates Requested	-	
Capital Budget Virements above £1,000,000 up to and including £5,000,000		
Total Capital Budget Virements Requested	-	
Total Supplementary Capital Estimates and Virements	-	

Appendix 8 Request for Supplementary Capital Estimates above £1,000,000 and Virements above £5,000,000

Capital Scheme	Amount Requested	Reason and Funding Source
	£	
Cabinet are asked to request Council to approve the Capital Virements and SCEs		
Supplementary Capital Estimates over £1,000,000		
Total Supplementary Capital Estimates Requested	-	
Capital Budget Virements over £5,000,000		
Total Capital Budget Virements Requested	-	
Total Supplementary Capital Estimates and Virements	-	

Appendix 9 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				
Suitability/Minor Works/Accessibility Block Provision	1,463,552	1,454,552	(9,000)	Reduction in contribution from schools
Infrastructure and Highways (inc Car Parking)				
S278s				
Former Boars Leigh Bosley	10,000	6,291	(3,709)	Budget adjusted to the level of expenditure incurred which can be recouped from the developer
Pinsley Green Road, Wrenbury	3,500	3,055	(445)	
Middlewich Road, Sandbach	30,000	20,000	(10,000)	
Alderley Road, Wilmslow	3,000	2,608	(392)	
Queens Park Drive, Crewe	4,000	3,000	(1,000)	
Lynton Lane, Alderley Edge	4,000	3,516	(484)	
S278 Winlowe Crt, Macclesfield	4,000	1,379	(2,621)	
S278 Newton Hall Farm	4,000	3,864	(136)	
S278 Dev. off Knuts. Rd	4,500	3,792	(708)	
S278 Portland, Dr. - Gladedale	15,000	14,036	(964)	
Alderley Edge Bypass Scheme Implementation	63,111,100	61,111,100	(2,000,000)	Budget reduced to the anticipated level of costs still to be incurred against this scheme.
Total Capital Budget Reductions	64,656,652	62,627,193	(2,029,459)	

Appendix 10 Treasury Management

Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally credit rated banks and building societies have been set at a maximum value of £6m for unsecured investments and £12m for secured investments. Any limits apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at a maximum value of £12m per fund with a limit of 50% of total investments per fund. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m. Due to their smaller size, unrated Building Societies have a limit of £1m each.
2. The limits in the Treasury Management strategy also apply to investments in foreign banks with a limit of £12m per country. There were no foreign investments held at 31st August 2017.
3. The focus of treasury activity over the last year has shifted from investing to borrowing as cash resources are used. Any investments now remaining are either strategic due to their high interest earning capability, or just to provide liquidity.
4. The Council has reduced its use of Variable Net Asset Value (VNAV) Money Market Funds in favour of other long term investments and to reduce temporary borrowing as the rates of return are not as advantageous as they had been.
5. Shorter term temporary borrowing is currently much cheaper than long term borrowing. All borrowings have been sourced from other Local Authorities. New borrowings have been taken on a month to month basis where the cost (including fees) was around 0.20%. More recently, following the increase in base rate, rates have increased to around 0.42%. The Council has been at the forefront of a new inter-LA borrowing platform which has enabled some commission free borrowing after which commission will be lower than traditional brokers.
6. The borrowing requirement is expected to increase markedly up to the end of March 2018 so borrowing in December has focused on maturities in April 2018 and April 2019. This will enable borrowing for 2018/19 to be renewed in April when traditionally rates will be cheaper due to the supply of Government grant money and the resumption of local tax collections. Some borrowing will be fixed through to 2019/20 to provide some certainty and hedge against any unforeseen rate increases in 2018/19. The cost is around 0.90% which compares favourably with other forms of borrowing such as PWLB where the cost is around 1.20% for a one year loan.
7. **Chart 1** shows an analysis of the investments by counterparty type. A full analysis of the types of investment and current interest rates achieved is given in **Table 1** with the maturity profile in **Chart 2** which also shows the value of investments potentially subject to bail-in in the event of counterparty failure and those which are exempt from bail in requirements. A full list of current temporary borrowings is shown in **Table 2**.

Chart 1 – Current Investments by Counterparty Type

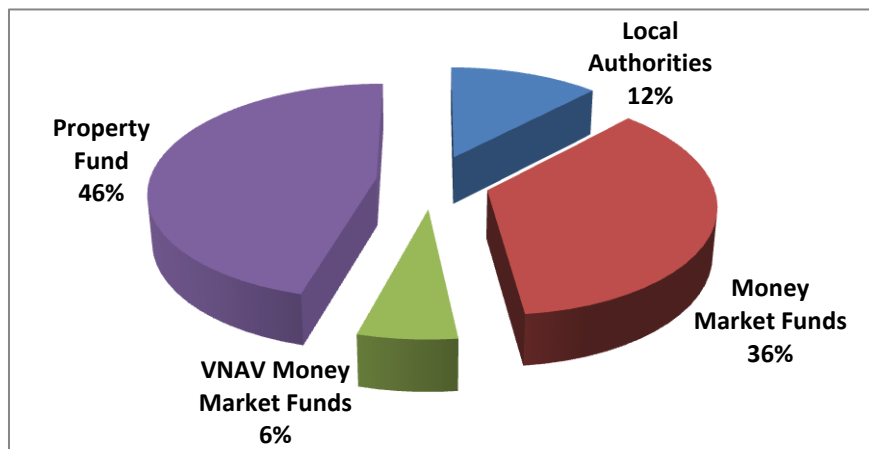


Chart 2 – Maturity Profile of Investments

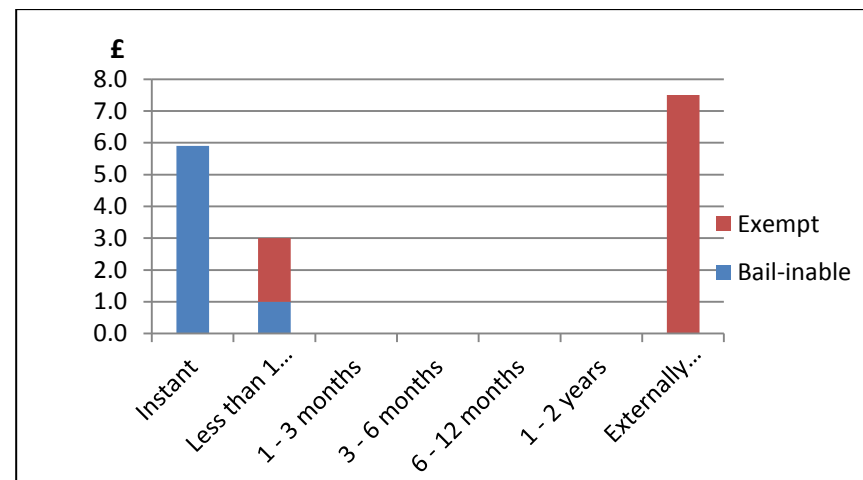


Table 1 – Types of Investments and Current Interest Rates

Instant Access Accounts	Average Rate %	£m
Instant Access Accounts	-	-
Money Market Funds	0.33	5.9

Notice Accounts	Notice Period	Average Rate %	£m
Money Market Funds (VNAV)	2 days	0.58	1.0

Fixed Term Deposits (Unsecured)	Start	Maturity	Rate %	£m
Lancashire County Council	02/12/2015	04/12/2017	1.00	2.0

Externally Managed Funds	£m
Property Fund	7.5

Summary of Current Investments	£m
TOTAL	16.4

Table 2 – Current Temporary Borrowing

Lender	Start	Maturity	Rate %	£m
Basildon District Council	25/04/17	25/10/17	0.40	4.0
Royal Borough of Kensington & Chelsea	28/04/17	27/04/18	0.50	5.0
West Yorkshire Police	28/04/17	29/01/18	0.42	3.0
London Borough of Hammersmith & Fulham	28/04/17	27/04/18	0.50	5.0
London Borough of Havering	02/05/17	01/05/18	0.52	5.0
Somerset County Council	02/05/17	01/12/17	0.42	5.0
North West Leicestershire DC	19/10/17	21/05/18	0.42	5.0
Cheshire West & Chester	20/11/17	23/01/18	0.42	5.0
Eden District Council	30/11/17	03/01/18	0.41	1.0
Welwyn Hatfield DC	30/11/17	03/01/18	0.42	2.0
Gosport Borough Council	30/11/17	03/01/18	0.42	1.0
Edinburgh City Council	30/11/17	03/01/18	0.42	1.0
TOTAL				42.0

Appendix 11 Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Children & Families	Remand Funding (General Purpose)	7	Children and Young People (CYP), under 18s who are detained on remanded in youth detention accommodation (a YOI) will be given Looked After Children (LAC) status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice (YJ).
Adult Social Care	Local Reform and Community Voices (General Purpose)	3	Originally budgeted at £198,321 (2016/17). Final allocations for 2017/18 have come in at £201,223. Local authorities have a duty under the Local Government and Public Involvement in Health Act 2007 (as amended by the Health and Social Care Act 2012) to ensure that an effective local Healthwatch is operating in their area, delivering the activities set out in the legislation. The Local Reform and Community Voices grant provides one element of the non-ring fenced funding provided for local Healthwatch, with the larger proportion having been rolled into the local government settlement in 2011/12.
Adult Social Care	Social Care in Prisons (General Purpose)	4	Originally budgeted at £72,528 (2016/17). Final allocations for 2017/18 have come in at £76,741. The Care Act establishes that the local authority in which a prison, approved premises or bail accommodation is based will be responsible for assessing and meeting the care and support needs of the offenders residing there. The provision of care and support for those in custodial settings is based on the principle of equivalence to provision in the community. The Act clarifies the application of Part 1 for people in custodial settings, including aspects which do not apply.
Adult Social Care	War Pension Scheme Disregard (General Purpose)	64	The Department of Health consulted in November 2016 about the allocation of £14m new funding to disregard (for the purposes of social care charging) all payments made under the War Pension Scheme with the exception of Constant Attendance Allowance. The consultation response was published in February 2017 and the table of final allocations is reproduced in Annex B. The War Pensions Scheme Disregard grant will be paid as a Department of Health section 31 grant.

Service	Type of Grant	£000	Details
Place	Homelessness Reduction Act - new burdens (General Purpose)	49	<p>The Minister for Local Government is providing local authorities with new burdens funding following the introduction of the Homelessness Reduction Act. The Homelessness Reduction Act places new statutory duties on Local Authorities.</p> <p>The Homelessness Reduction Act has significantly reformed England's homelessness legislation to ensure that more people get the help they need to prevent them becoming homeless in the first place. It forms part of the Government's end to end approach to tackling homelessness, helping both those at risk of homelessness and those experiencing a crisis. The new burdens funding for the Act sits alongside other funding for homelessness, including the Homelessness Prevention funding and the Flexible Homelessness Support Grant.</p> <p>The funding has been made available for local authorities to meet the new duties contained within the Act.</p>
Total		127	

Appendix 12 Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates) for which the performance related data is contained within Section 2 of this report.
2. Annually, the Council raises invoices with a total value of approximately £70m. 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.
3. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
4. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor). In 2016/17 the team collected £3.8m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of quarter three was £7.4m. This is a decrease of £1.1m since September 2017 mainly due to

the settlement of invoice raised by Adults Social Care, Education and ICT.

6. The total amount of service debt over six months old is £3.2m; provision of £3.3m has been made to cover doubtful debt in the event that it needs to be written off.

DEBT SUMMARY

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
People			
Adults, Public Health and Communities	5,248	2,301	2,472
Children's Social Care (Incl. Directorate)	156	19	25
Education and 14-19 Skills	61	3	-
Prevention and Support	9	1	1
Schools	121	65	22
Place			
Planning and Sustainable Development	97	24	24
Infrastructure and Highways (inc Car Parking)	473	263	281
Growth and Regeneration	745	226	216
Rural and Cultural Economy	53	6	6
Corporate			
Customer Operations	5	3	3
Legal & Democratic Services	-	-	-
Human Resources	9	8	8
Finance and Performance	7	3	3
Professional Services	22	3	3
ICT	131	2	2
Communications	1	-	-
Client Commissioning - Environmental	264	232	241
Client Commissioning - Leisure	-	-	-
	7,402	3,159	3,307

Appendix 13 Earmarked Reserves

Name of Reserve	Opening Balance 1 st April 2017 £000	Forecast Movement in 2017/18 £000	Forecast Closing Balance 31 st March 2018 £000	Notes
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	2,060	165	2,225	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning - Provider Investment & Fees	450	(450)	-	The reserve has been used to contribute towards the stabilisation, capability and capacity of the care market.
Public Health	536	(496)	40	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	583	(345)	238	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Fixed Penalty Notice Enforcement (Kingdom)	59	91	150	Surplus Fixed Penalty Notice receipts to be ring-fenced to provide a community fund to address environmental issues .
Transitional Funding - community cohesion	141	(71)	70	Community Cohesion Strategy and Action Plan
Children's Services				
Domestic Abuse Partnership	165	(26)	139	To sustain preventative services to vulnerable people as a result of partnership funding.
Early Intervention and Prevention Investment	984	(561)	423	To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17.
Parenting Journey	60	(30)	30	The Parenting Journey is in conjunction with Wirral Community Trust Health Visiting Service to integrate Health Visiting, Early Years and Early Help assessments.
Transitional Funding-Developing the 'Cheshire East Way'	130	(105)	25	Delivering better outcomes for children and young people.
Transitional Funding-Increase in Establishment	386	(365)	21	Child Protection Social Workers
Transitional Funding-Independent Travel Training	150	(75)	75	Independent Travel Training

Name of Reserve	Opening Balance 1 st April 2017	Forecast Movement in 2017/18	Forecast Closing Balance 31 st March 2018	Notes
	£000	£000	£000	
Place				
Investment (Sustainability)	2,044	(1,658)	386	To support investment that can increase longer term financial independence and stability of the Council.
Planning and Sustainable Development				
Trading Standards and Regulations	75	(75)	-	Ongoing Trading Standards prosecution case on product safety
Air Quality	80	(40)	40	Provide funding for a temporary Air Quality Officer post for two years.
Strategic Planning	36	(36)	-	To meet potential costs within the Planning Service and Investment Service Structure.
Transitional Funding- air quality	79	(40)	39	Air Quality Management
Infrastructure and Highways				
Parking - Pay and Display Machines	100	(100)	-	Purchase of Pay and Display Machines.
Highways Procurement	276	(144)	132	To finance the development of the next Highway Service Contract.
Winter Weather	230	-	230	To provide for future adverse winter weather expenditure.
Growth and Regeneration				
Royal Arcade Crewe	500	(200)	300	To provide for future costs relating to the Royal Arcade including repairs and maintenance.
Legal Proceedings on land and property matters	150	(150)	-	To enable legal proceedings on land and property matters.
Skills & Growth	446	(244)	202	To achieve skills and employment priorities and outcomes.
Transitional Funding-Low Carbon Heat Growth Programme	51	-	51	Low Carbon Heat Growth Programme
Homelessness & Housing Options	200	(200)	-	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Rural & Cultural Economy				
Tatton Park	80	(67)	13	Ring-fenced surplus on Tatton Park trading account.

Name of Reserve	Opening Balance 1 st April 2017	Forecast Movement in 2017/18	Forecast Closing Balance 31 st March 2018	Notes
	£000	£000	£000	
Corporate				
Legal Services				
Insurance (Cheshire East & Cheshire County Funds)	4,039	114	4,153	To settle insurance claims and manage excess costs.
Transitional Funding-Child Protection Social Workers and Childcare Legal Support	225	(225)	-	Childcare Legal Support
Democratic Services				
Elections	123	43	166	To provide funds for Election costs every 4 years.
Finance and Performance				
Collection Fund Management	11,337	(3,570)	7,767	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	10,750	-	10,750	To provide for financing of capital schemes, other projects and initiatives.
Enabling Transformation	2,142	(1,820)	322	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding-External Funding Officer	181	(120)	61	External Funding Officer
Cross Service				
Trading Reserve	1,299	(200)	1,099	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	3,017	(1,906)	1,111	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	3,364	(3,000)	364	Unspent specific use grant carried forward into 2017/18.
Revenue Grants - Other	2,384	(529)	1,855	Unspent specific use grant carried forward into 2017/18.
TOTAL	48,912	(16,435)	32,477	

Notes:

1. Figures exclude Schools balances.

Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Jan Willis, Interim Executive Director of Corporate Services
Subject/Title:	Medium Term Financial Strategy 2018/21
Portfolio Holder:	Cllr Paul Bates, Finance and Communication

1. Report Summary

- 1.1 This report presents the Medium Term Financial Strategy for Cheshire East Council for the years 2018/19 to 2020/21.
- 1.2 Cheshire East Council arranges the delivery in the region of 500 local services every day and the Council's achievements in making Cheshire East such a great place to live are reflected in a range of local indicators, some headlines include:
 - 94% of Cheshire East schools were 'good' or 'outstanding' based on their most recent inspection as of March 2017,
 - Only 2.2 per cent of young people are not in education or training (NEET) and 'not known' in Cheshire East, compared to a national average of 6%. Cheshire East has achieved the third-lowest level of NEETs in the UK.
 - 8 Green Flag Awards have been awarded for our parks and open spaces
- 1.3 The provisional announcements from government on 19th December 2017 confirmed that local government funding will continue to reduce through to 2019/20 with no confirmation yet for future funding levels. Central Government's approach continues to rely on local tax raising powers to fund services and this has been supported by continuing to allow flexibility in the council tax charge to support Adult Social Care of up to 6% over the period 2017/18 to 2019/20. There has been further flexibility for 2018/19 with the announcement that the base level of council tax can increase up to 3% (from 2%) before a referendum is required. The reduction in central government grant that was reported in the Council's [Pre-Budget Consultation](#) (November 2017) has also been confirmed. This level was guaranteed by the completion of a [4-Year Efficiency Plan](#) (submitted to Government in October 2016)
- 1.4 Cheshire East is the third largest council in the Northwest of England, providing services for a population of over 370,000 local people. Following extensive consultation the proposed revenue budget is balanced for 2018/19 with net revenue spending of £267.9m and total capital investment aspirations of £326.1m is identified over the next three financial years. The individual status of schemes within this ambitious programme is summarised within Appendix C, Annex 10.

- 1.5 In proposing a balanced budget for 2018/19 the Council has recognised the requirement to respond to both cost and demand pressures in Adult Social Care and Childrens Social Care Services. Revenue Support grant reductions of £8m in 2018/19, were based on an assumption, by the Government, that the Council's ability to raise Council Tax levels could go some way to replace this reduction in grant. The clear local, regional and national pressure within the overall Health and Social Care system led to the introduction of additional flexibility to increase Council Tax levels within the Local Government Settlement in December 2016.
- 1.6 In response to these issues and assumptions from Central Government the Council is proposing to increase the Adult Social Care (ASC) Precept by 3% in 2018/19 after levying a rate of 3% in 2017/18. This is designed to not only protect Adult Social Care investment, but can also fund a net increase in spending in this area. The ASC precept is in addition to a general Council Tax increase of 2.99%. This means an overall Council Tax increase of 5.99% in 2018/19 is proposed which equates to a £1.28 increase per week for an average Band D property.
- 1.7 The Medium Term Financial Strategy 2018/19 to 2020/21 is currently forecasting on the assumption that the Council Tax could also increase by a further 1.99% in 2019/20 and then 1.99% in 2020/21. These planning forecasts may be subject to change when Council is asked to set the annual budget in February each year.
- 1.8 This report is based on the Provisional Settlement, which therefore still requires parliamentary approval, and includes the following headlines:
- Overall net revenue spending on services is being increased by £4.1m to deliver a balanced position in 2018/19.
 - Value for money will continue to be supported through prudent management of Council investments.
 - Central Government grants will reduce by £12.9m.
 - Funding for essential local services will require a proposed Council tax increase of 5.99% from £1,324.92 to £1,404.28 for a Band D property.
 - £197m is estimated to be spent over the next three years on improving our highways network.
- 1.9 This report sets out how the Council will approach the financial challenges over the medium term and forecasts a balanced budget for 2018/19.

Budget 2018/21

- 1.10 Following months of development and consultation, the budget change proposals contained in this report are robust and provide a balanced budget for consideration.
- 1.11 Like most local authorities the Council had significant budget deficits to tackle over the medium term, caused by major grant reductions in local government funding. This is Central Government's clear strategy to try to deal with the

scale of the national deficit. Our local response to these pressures continues to focus on innovation and creativity with a clear emphasis on improving efficiency, productivity and establishing more effective local service delivery arrangements.

- 1.12 Our ability to create the best conditions for private sector investment, economic growth and prosperity will be critical to the continued success of the Borough as the Council's reliance on locally generated income increases.
- 1.13 This report summarises the resolutions that Cabinet are requested to recommend to Council at **Appendix A**.
- 1.14 This report provides the Medium Term Financial Strategy (MTFS) Report (containing the Budget) for the period 2018/19 to 2020/21 at **Appendix C**.
- 1.15 The document is the result of the Business Planning Process led by the Council from June 2017 to February 2018, which included regular review from the Council's Scrutiny Committees, concluding with a final review by the Corporate Overview and Scrutiny Committee on 1st February 2018. The MTFS Report is being submitted to Cabinet on 6th February 2018 for recommendation to Council for approval.
- 1.16 The business planning process involved engagement with local people and organisations and details of how this process was managed is included within **Appendix C, Annex 2** and a summary of the results is provided in **Appendix B**.

2. Recommendations

- 2.1. That Cabinet recommend to Council the items at **Appendix A**.
- 2.2. That Cabinet notes:
 - a) The summary results of the Budget Consultation, attached at **Appendix B** and the Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2**).
 - b) The comments of the Council's Interim Executive Director of Corporate Services (Section 151 Officer), contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Interim Executive Director of Corporate Services**).
 - c) The risk assessment detailed in the MTFS Report (**Appendix C, Annex 5**).
 - d) The development of a Capital Strategy as set out in the attached (**Appendix C, Annex 10**). This is linked to the Treasury Management and Investment Strategies and these will continue to be developed in

accordance with the revised guidance for local authority investments during 2018/19. The strategy contains the programme of capital investment for 2018/19 to 2020/21. The programme may vary to take advantage of external funding opportunities, maximise private sector investment, prudential borrowing considerations, operational capacity and to ensure optimal delivery of the overall programme

- e) The Council's Finance Procedure Rules will always apply should any changes in spending requirements be identified (**Appendix C, Annex 10**).
- f) That Corporate Overview and Scrutiny Committee supports the proposal to earmark £2m to create a specific "New Homes Bonus Community Fund" to be used over the next two financial years. To also note that the Corporate Overview and Scrutiny Committee are willing to assist Cabinet by working on the details of a specific scheme to allocate funds.

3. Other Options Considered

- 3.1. The Business Planning Process enables the Council to develop options, consider the best approach, produce Business Cases and share these options via the [Pre-Budget Consultation](#) 2018/21.
- 3.2. The engagement process and feedback on the [Pre-Budget Consultation](#) plus funding announcements and on-going refinement, informs the set of proposals in this report. For the second time the Council included options that were considered during the preparation of the consultation material, but were not currently being proposed for inclusion in the medium term forecasts. This increased level of transparency allowed stakeholders to comment on a wider set of considerations.

4. Reasons for Recommendation

- 4.1. The Council's Budget (as contained in the MTFS Report) requires Council approval. A copy of the MTFS Report is attached at **Appendix C**.
- 4.2. In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet is requested to recommend this report to Council to approve the MTFS Report for 2018/21.
- 4.3. The Council's Interim Executive Director of Corporate Services (Section 151 Officer) reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, she is satisfied with the robustness of the estimates making up the Council Tax Requirement of £206,434,889. This is based on a total 5.99% Band D

increase, which includes a 3% precept specifically for Adult Social Care (based on the Provisional Finance Settlement and subject to change from the Final Settlement) and she is satisfied with the adequacy of the financial reserves for the Council.

- 4.4. Further to the above statement it can be reported that the Medium Term Financial Strategy Report 2018/19 to 2020/21 (**Appendix C**) is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience and viability of the Council in the medium term.

5. Background / Chronology

- 5.1. The Budget Setting Process 2018/21 was developed and endorsed by the Cabinet and Corporate Leadership Team in June 2017.
- 5.2. This has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels.
- 5.3. There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council's financial position being taken to Cabinet in June, September, November, December 2017 and February 2018. Overview and Scrutiny Committees were briefed in July and November 2017, and January 2018 with final consideration of the package of proposals presented to the Corporate Overview and Scrutiny Committee on 1st February 2018. All Members were invited to two finance briefings on 28th November 2017 and 12th December 2017.
- 5.4. This exercise has been undertaken against a background of significant reductions in funding levels from Central Government, implementing the new Corporate Plan and the Authority continuing to deliver against its commitment to become a commissioning council through its 'Best Fit' model of service delivery.
- 5.5. The MTFS Report provides financial background as well as setting out further details of the on-going approach to funding the Outcomes set out in the Corporate Plan. It highlights the spending plans and income targets for the financial year starting 1st April 2018, as well as forecast estimates for the 2019/20 and 2020/21 financial years.
- 5.6. The MTFS Report is based on the Provisional Local Government Finance Settlement for 2018/19. This was released on 19th December 2017. The final settlement is expected in early February 2018 with a debate by Members of Parliament in the House of Commons expected in mid February (after the publication date of this report to Cabinet) to agree the position. The Settlement included some changes to national policies which the Council has responded to.

- 5.7. Adding to or amending the change programmes has been an important focus of the budget setting process, ensuring that the Council focuses its energy and resources on those areas of change which will help build sustainable communities and a Council that remains fit for the future.
- 5.8. Progress in terms of delivery of the proposals has been monitored and reported at regular intervals during 2017/18 and this will continue during 2018/19.
- 5.9. The MTFS Report 2018/21 is attached at **Appendix C**.
- 5.10. The MTFS Report continues to include estimated grant allocations in relation to several Specific Grants (**Annex 8**). These will be refined as appropriate in due course.
- 5.11. Any resulting impact of these issues in terms of changes to funding will be managed through General Reserves. Therefore, a balanced budget position will be maintained. Should there be any changes these will be notified to Members at the earliest opportunity.
- 5.12. Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 22nd February 2018.

6. Wards Affected and Local Ward Members

- 6.1. Not applicable.

7. Implications of Recommendation

7.1. Policy Implications

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

7.2. Legal Implications

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

7.3. Financial Implications

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

7.4. Equality Implications

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

7.5. Rural Community Implications

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

7.6. Human Resources Implications

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

7.7. Public Health Implications

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

7.8. Other Implications (Please Specify)

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

8. Risk Management

- 8.1. The steps outlined in this report mitigate the four main legal and financial risks to the Council's financial management arrangements:

- The Council must set a balanced Budget.
 - Setting the Council Tax for 2018/19 must follow a compliant process.
 - The Council should provide high quality evidence to support submissions for external assessment.
 - That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.
- 8.2. A risk assessment of the significant proposals being put forward has been carried out by each service and is included as part of the planning process.
- 8.3. It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk is embedded within the organisation to ensure the Council can seize opportunities, introduce new, innovative models of service delivery, focus on improving outcomes for residents and review its range of services whilst identifying and controlling any resulting risks. The approach to risk management will continue to be assessed as the Council's plans and financial strategy are implemented.

9. Access to Information / Bibliography

Please see the following financial reports:

[2016/17 Outturn Report](#)

[2017/18 First Quarter Review of Performance](#)

[2017/18 Mid-Year Review of Performance](#)

[2018/21 Pre-Budget Consultation](#) released 7th November 2017

[Corporate Overview and Scrutiny Committee 15th November 2017](#)

[Council 14th December 2017: Domestic and Non Domestic Rate Taxbase Reports](#)

[2017/18 Third Quarter Review of Performance](#)

10. Contact Information

Contact details for this report are as follows:-

Name:	Jan Willis
Designation:	Interim Executive Director of Corporate Services
Tel. No.:	01270 686979
Email:	jan.willis@cheshireeast.gov.uk

Appendix A

Recommendations to Council from Cabinet - February 2018

That Council approve:

- 1 The Revenue estimates for the 2018/19 budget and the medium term Capital Programme estimates 2018/21, as detailed in the Medium Term Financial Strategy Report (MTFS) 2018/21 (**Appendix C**).
- 2 Band D Council Tax of £1,404.28 representing an increase of 5.99%. This is below the referendum limit and arises from the provisional finance settlement allowing a 3% additional charge to fund Adult Social Care pressures (**Appendix C, Section 2**).
- 3 The 2018/19 non ring-fenced Specific Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 8**).
- 4 The 2018/19 Capital Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 9**).
- 5 The relevant Portfolio Holder to agree the use of additional Specific Grants received in conjunction with the Finance Portfolio Holder as further updates to the 2018/19 funding position are received.
- 6 The recommended Prudential Indicators for Capital Financing (**Appendix C, Annex 10**).
- 7 The Children and Families Portfolio Holder to agree any necessary amendment to the 2018/19 Dedicated Schools Grant (DSG) of £144m and the associated policy proposals, in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2017/18 (**Appendix C, Annex 8**).
- 8 The recommended Reserves Strategy (**Appendix C, Annex 12**).
- 9 That £2m be allocated to a specific “New Homes Bonus Community Fund” to be used over the next two financial years.

That Council recognises that Cabinet has noted:

- 10 The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2**).
- 11 The results of the Budget Consultation (**Appendix B**).

- 12 The comments of the Council's Interim Executive Director of Corporate Services (Section 151 Officer), contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Interim Executive Director of Corporate Services**).
- 13 The risk assessment detailed in the MTFS Report (**Appendix C, Annex 5**).
- 14 The Capital Strategy as set out in the attached (**Appendix C, Annex 10**). This is linked to the Treasury Management and Investment Strategies and these will continue to be developed in accordance with the revised guidance for local authority investments during 2018/19. The strategy contains the programme of capital investment for 2018/19 to 2020/21. The programme may vary to take advantage of external funding opportunities, maximise private sector investment, prudential borrowing considerations, operational capacity and to ensure optimal delivery of the overall programme
- 15 The Council's Finance Procedure Rules will always apply should any changes in spending requirements be identified (**Appendix C, Annex 10**).

Cheshire East Council

Budget Consultation

Appendix B - Summary of Results

Production date: 26/01/2018

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Introduction

Background and methodology

Between November 2017 and January 2018 Cheshire East residents and other stakeholders were invited to provide their comments and views on the Councils pre-budget report. The following provides a summary of the responses received.

Respondents could submit their views via an online survey, postal survey or via a dedicated e-mail address. Respondents were asked to read through the pre-budget report document before answering the survey questions/ submitting their views.

Efforts to engage with residents with regard to the Budget Consultation realised an increased level of engagement compared to previous year's Budget Consultation activity. The engagement has been wide ranging and has resulted in responses which have allowed the Council to understand the opportunities and challenges associated with the budget setting process.

Details of engagement activity can be found at page 48 – efforts to understand opportunities for improved communication shall be analysed and introduced into subsequent budget setting activity.

The consultation activity resulted in around 600 general or specific responses to proposals listed in the Budget Consultation being raised from a number of sources. The online survey was viewed 1,462 times - whilst we cannot detect if this was by separate individuals it still indicates that engagement was high. A total of 436 valid responses were received for the online/postal survey. 118 further responses were received via the dedicated e-mail address, 14 letters were received & 3 petitions relating to certain proposals were also received. There were also various discussions that occurred via social media pages like Twitter & Facebook (Appendix One). Some of the responses were from elected representatives or from organised groups, although in all cases demographic information on the respondents was requested.

Question One: Should any of the potential changes to budgets supporting each of the Outcomes be altered, and if so in what way?

The following tables summarise the comments received into each relatable outcome – please note that comments are NOT written verbatim.

Table 1.1. Summarised comments in relation to Outcome 1. Our local communities are strong and supportive		
Proposal 2. Increase Community Grants	Response from CEC	Changes to Pre-Budget Report based on feedback
Stop community funding and let them get lottery money	Supporting community funding in the right way is key to the prevention and early help offer across adults and children's. We welcome the opportunity for organisations to bid for money such as the lottery and often support them in this. A thriving community sector is essential to the Councils ambition.	No changes

Table 1.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy		
Mixed proposal comment - Proposal 3, 8 & 9	Response from CEC	Changes to Pre-Budget Report based on feedback
Confused by proposals within outcome 2 - proposal 9 - Council wishes to create new investment portfolio through more investment in commercial property - proposal 3 indicates current commercial asset portfolio needs additional funding as it does not achieve its income target - proposal 8. Surely, if the Council chooses to invest in more commercial buildings then these two other proposals will require additional funding beyond that which has been indicated within the pre-budget report?	Proposal 3 relates to reduced income levels in the existing assets owned by the council where a rent is charged which includes garages, industrial units and offices. The growth is required to address the shortfall in income. Proposal 9 relates to the council investing in better performing assets to secure an increase in revenue for the council to assist in supporting essential services. All acquisitions would be subject to detailed business cases.	No changes

Table 1.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy		
Proposal 16. HS2 Strategy (Revenue Investment)	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>3 x comments received</p> <p>Do not support/ waste of money/won't benefit the North/ cutting this element will save £1.5 million over 3 years.</p>	<p>The arrival of HS2 to Crewe has the potential to deliver significant economic growth which would not otherwise be achieved. The right Crewe Hub station, one which is capable of handling up to 7 HS2 trains stopping per hour with direct services to London, Manchester and Birmingham would unlock significant growth opportunities for Crewe and also across the wider Constellation Partnership area.</p> <p>The current proposals in the phase 2a hybrid bill do not propose a Crewe Hub station and will only see 2 HS2 trains to and from London stopping at Crewe per hour. However, The Council is working with Government to develop a Crewe hub station campus proposal that delivers the Council's ambitions.</p> <p>Following the Full Council decision to petition against the phase 2a hybrid bill we are working with Parliamentary Agents to prepare a response following the second reading. The HS2 budget for this financial year relates to the work required to petition the Hs2 bill and to undertake technical work on the Crewe hub station.</p>	No changes
Town centre revitalisation	Response from CEC	Changes to Pre-Budget Report based on feedback
Make Crewe a town that residents can be proud of and one that people want to visit and spend money in	Cheshire East Council developed a Crewe Town Centre Regeneration Delivery Framework for Growth in 2015 and now has a comprehensive and holistic town centre regeneration programme underway centred around four regeneration zones.	No changes

Table 1.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy

	<p>These four zones will be integrated together by an emerging Town Centre Public Realm Strategy that seeks to create a high quality setting to attract visitors, occupiers and investors, and extend dwell time. The regeneration programme recognises the changing role of town centres which will have a greater focus on a mix of uses, leisure and culture. The Council also understands its position as a driver for transformation and catalyst for further commercial investment. Crewe is growing, is set for stronger growth and it is crucial that the town centre benefits and that it's ideally placed to benefit from the Crewe HS2 Hub Station & improvements in wider infrastructure.</p> <p>Macclesfield Town Centre - The Council, working with other stakeholders is developing a holistic strategy and programme of initiatives targeted at improving the vitality and viability of Macclesfield Town Centre. Ongoing initiatives include:</p> <ul style="list-style-type: none"> • Public realm enhancements in the Primary Shopping Area; • Shop Front Grants aimed at encouraging the upgrading of existing premises; • The sale of Churchill Way Car Park to enable the development of a cinema complex by private developers to boost the currently limited evening economy; • The making of Local Development Orders to encourage residential development to boost the population within walking distance of the town centre; • Exploring options for the reuse of underutilised heritage assets. <p>The Council fully appreciates the need to retain sufficient convenient parking to serve the town centre balanced against a desire to improve the town centre offer. Objective evidence on car parking capacity has, and will be taken into account when decisions affecting car parks are made. The last commissioned Health Check of Macclesfield Town Centre found that 'Council managed car parking charges are slightly cheaper than found at other town centres which serve a similar shopping role'.</p>	
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Table 1.3. Summarised comments in relation to Outcome 4 - Cheshire East is a green and sustainable place		
Proposal 31 & 33. Highways Contract/ Procurement	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>5 x comments received</p> <p>Do not reduce highway funding/ in need of greater attention/road maintenance should be increased/ roads are an important asset/ consider bringing back in-house.</p>	<p>It is recognised that the consultation responses do not support reductions in the Highway Service with majority of comments requesting greater service levels. The Council has therefore reviewed the savings proposals.</p> <p>The Council is also in the process of procuring the next Highway Services Contract, as part of this procurement exercise differing delivery methods are being explored to provide improved value for money.</p>	<p>Highways Contract Savings (Proposal 31) are going to be reduced from an initial saving of £500k to only £150k</p> <p>£5m of expenditure in the Highways Investment Programme will be moved from the Capital Addendum and funded as part of the main programme</p>

Table 1.4. Summarised comments in relation to Outcome 5 – People live well and for longer		
Proposal 47. Commissioning all services currently provided by our in-house provider, Care4CE (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Our plans are to evaluate all of the services within Care4ce to establish the best fit moving forward- this may include maintaining some services, sharing some services, integrating some services or services becoming separate from the Council.	No changes
The complete disbanding of Care4C would leave vulnerable people in the adult social care network at great risk. A baseline service must continue to operate/ Care4CE is currently being reviewed by an external consultancy - outcome of this cannot be pre-judged.		
Proposal 54: Review Early Help Commissioned Services (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
Early help prevention saved / support early years/ more support carers	A full service redesign and refocusing of the services provided will place greater emphasis on early years services and family support services. Support to carers will be included in this offer. Alongside proposals to refocus the council early help, early years and youth support services provided by the council, we also require providers to deliver targeted earlier help that reduces demand. The council, with its partners, is investing in services for example, like emotionally healthy schools, so our children and young people receive earlier support for the emotional health and well-being.	No changes
Proposal 56: Youth Service Restructure (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report
5 x comments received	The Youth Support Service will continue to work with young people who are at risk of NEET and those who are NEET, but due to the changing requirements to track and support young people, the service will be focussing on those who are 16/17 yr olds, rather than those who are 18 +years. The budget reductions will require the service to reshape and to focus on those who are at most need and those who are covered by the Raising of Participation guidance.	No changes
Youth support service helps young people that may not have had any careers advice or guidance at school – concerned that NEET figures for young people may rise if this support is reshaped. Reduction in budget should not go ahead.		

Table 1.4. Summarised comments in relation to Outcome 5 – People live well and for longer		
Proposal 60. Review all funding and shift to "asset-based" model (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>2 x comments received</p> <p>Support that all options to review Early Intervention & Prevention (EIP) contracts should be explored to ensure value for money & delivering the right services to the right people. However the method should be altered - cancellation of existing contracts is at very short notice without clear & transparent process. Affects the organisation I work for directly (the Bridgend Centre in Bollington) as it is proposed that our EIP contract be allowed to expire with effect from 31st March 2018 which will result in a significant funding gap for our organisation.</p>	There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed.	No changes
Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>8 x comments received</p> <p>Alternative proposition is unclear/ bad idea – should not be closed down/ future service needs to have experienced staff/ keep together groups who have formed friendships/ should be within reasonable distance (keep local) so visits can continue/ provide mental & physical wellbeing activities and support.</p>	The offer of respite, will be looked at as part of a wider review of respite for all residents across the Borough as presented to Cabinet in December 2018. CEC is looking to develop a wide range of alternative models of respite that gives people more choice and control. For those receiving day opportunities they will receive a full reassessment and more personalised service. All service users and their families will be consulted with.	No changes
Comment in relation to SEN support	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>2 x comments received</p> <p>Don't cut SEN/ disability support/ use budget to meet the needs of the children instead of on legal expenses.</p>	There are no planned budget reductions for children with SEND. However there will be an ongoing review to ensure the most efficient use of available resources.	No Proposals in budget consultation

Table 1.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation		
Proposal 78. Inflationary Increase for Members	Response from CEC	Changes to Pre-Budget Report based on feedback
Do not think that an inflation equalling increase in allowances is fair or justifiable at this time.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Proposal 79. (83 & 84) Community Library Provision	Response from CEC	Changes to Pre-Budget Report based on feedback
51 x general comments received in relation to proposed closure of libraries	The Council acknowledges that the consultation has received a large number of objections to the proposal to close these libraries, particularly from residents of Disley. The Council invited proposals from local community organisations to deliver these libraries as community managed libraries as an alternative to closure. A community group has submitted a proposal to increase the level of financial support it already provides for the library in Prestbury. No proposals were received for Alderley Edge or Disley libraries, although a group in Alderley Edge has expressed a longer term aspiration in taking over the running of the library.	The Council has decided to keep all of the libraries open. In Alderley Edge and Disley the libraries will achieve some budget savings from revised opening hours and staffing. In Prestbury a small budget saving will be achieved from the increased financial support from the community. Usage at these libraries will continue to be monitored and the proposal to close these libraries will be reconsidered if usage declines significantly. The revised proposal will achieve a saving of £0.046m. The shortfall in saving of £0.104m will be balanced by increased council tax.
Libraries offer vital services and an invaluable sense of community to the most vulnerable in our society/ are well loved and used/ should not be transferred to ESAR.		
33 x comments received in relation to proposed closure of Alderley Edge library		
Do not agree with closing Alderley Edge library/ it is an essential & valuable service that has an important role in the community/ its closure would impact the young and old.		
228 x comments received in relation to proposed closure of Disley library		
Do not agree with the closure of Disley library/ it is a vital resource and a very important part of the community for all age groups (young and old)/ alternative provisions are too far away/ there has been an increase in housing – growing population.		
7 x comments received in relation to proposed closure of Prestbury library		
Prestbury Library should not close – valuable amenity & heart of the community– is little cost to Cheshire East.		
7 x comments received in relation to proposed closure of Holmes Chapel library (not being out forward for 18/19)		
Do not close Holmes Chapel library it is an essential service / should not be transferred to ESAR/ do not close even if transferring to ESAR.		

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Table 1.4. Summarised comments in relation to Outcome 5 – People live well and for longer		
Proposal 81. Macclesfield Leisure Centre Improvement Programme	Response from CEC	Changes to Pre-Budget Report based on feedback
12 x comments received Spend less on Macc. leisure centre and use money to fund libraries that are proposed to close.	Macclesfield Leisure Centre is the largest leisure facility in Cheshire East and requires investment to update and modernise the facility to ensure that it continues to provide an attractive leisure offer for residents of Macclesfield and the surrounding area. The investment is expected to increase the income the Council generates from the facility. Sometimes it may seem as though the council is proposing to spend large amounts of money on buildings or infrastructure projects, whilst proposing cuts to important public services such as libraries. Projects are funded from capital resources that we can only use to invest in long term projects which will generate income or savings in the future. We are not allowed to use capital resources to fund day-to-day services such as libraries and so the Council does not spend money on projects instead of services. The income or savings we generate from our capital investments will be used to help run public services in the future.	No changes
Proposals 88 & 89. Changes to 'Everybody Options' Scheme Investment (ESAR) (Revenue Savings) / Car Park Refunds (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received Could have a longer term financial cost to the Council/ put more strain on the NHS and social care groups due to reduced attendances & physical activity. Look at alternatives to a complete removal - phased removal, or continue scheme for the options members who are less well off, look into weekly/monthly bulk discount parking tickets.	<p>The reduction of the discount provided by the Everybody Options scheme from 40% to 30% still represents a significant subsidy by the Council to ensure our leisure facilities are affordable to all. At 30% the discount will be higher than the average for the leisure sector. Users that are currently eligible for free access will continue to benefit from free access.</p> <p>It is noted that the removal of the car park refund could have an impact on participation in leisure activities in the affected locations.</p>	No changes

Table 1.4. Summarised comments in relation to Outcome 5 – People live well and for longer		
Comment in relation to staff	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Reduce staff/ pension benefits/ number of overly inflated salaries/ has the budget made allowances for additional cost of suspended staff?		
Comment in relation to social care tax	Response from CEC	Changes to Pre-Budget Report based on feedback
Council Tax to pay 3% for adult social care - get your house in order and then look at raising council tax - are staff getting a pay rise to cover this increase in their outgoings?	Social care is under pressure across the Country – CEC has an ageing population larger than most areas and an increase in younger people with very complex needs. There is a transformation programme in place for Adult social care but it must be recognised that safeguarding quality requires investment.	No changes

Table 1.6. Summarised comments – Outcomes mixed or unknown		
Mixed comments relating to various outcomes/ proposals	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>97. Community Budgets funded from NHB - do not need to spend money on supporting house development - should be against building as pollution and traffic levels are too high and cannot support the existing services.</p> <p>68. Growth in Demand for Adult Social Care - The increase in this is too much - if the county continue to allow people to move into the area by allowing excessive house building we will see even more strain.</p> <p>39. Housing Growth, Waste Contract Inflation and Tonnage Growth - We should be reducing the number of houses built in the area to help reduce this pressure.</p>	<p>Response is noted and will be brought to the attention of the relevant Portfolio Holders. See above re Adult Social Care.</p>	No changes
<p>Outcome 1 - no longer feel safe - crime gone up as well as fly tipping & anti-social behaviour.</p> <p>Outcome 2 - nothing here benefits me.</p> <p>Outcome 4 – feel that Cheshire East doesn't care about the environment</p> <p>Outcome 5 - difficulty accessing services when they are needed, funding for this section needs to be far more and help given too far more people.</p> <p>Outcome 6 – assess staff at higher management levels / struggle to pay council tax.</p>	<p>Outcome 1 – Both fly tipping and ASB have been two key campaigns for the Council. Going forward these remain key priorities.</p> <p>Outcome 5 – The Council agrees and that is why £10.9 million investment is going into adult social care in 2018/19.</p>	No changes

Table 1.6. Summarised comments – Outcomes mixed or unknown		
<p>1, 18: Maintain bus subsidies at their current level</p> <p>44, 46. Should not be planning further increases in parking charges - only leads to more on-street parking & the decline of town centres.</p>	<p>Parking comments provide a mixed view, however on balance most people accept that charging is required. The comments are focussed on providing greater levels of fairness across the borough together with measures to support our town centres.</p> <p>The proposed high level Parking Strategy, which is planned to undergo public consultation this Summer, will seek to address these current disparities and to develop proposals that would support of our town centres.</p>	No changes
<p>Proposals under Sections 19 & 26 under Outcome 3 (Education) and proposal under Section 54 of Outcome 5 (Health) should be altered. The proposal to "end investment in early help and prevention services" in proposal 26 surely presents a great challenge to the council's statutory responsibilities.</p>	<p>Please refer to previous responses above</p>	No changes
<p>13. Funding for Silk Heritage should not be reduced - our heritage, museums & tourist attractions are important.</p> <p>20. This proposal is very vague - no indication of how advanced technology will reduce expenditure - more information is needed.</p> <p>21. Cared for children - do not increase funding - reduce number of children being taken from parents & focus on the extreme cases.</p> <p>22. Reduce money spent on adoption by leaving more children with their natural parents.</p>	<p>21 & 22. The Council has a statutory duty to safeguard children who have been harmed by their parents or carers and to support families to enable children to remain living with the parents and carers. The overwhelming majority of children in care have met the legal threshold and are therefore placed in care by an order of court. Whilst the number of children in care has increased we continue to have lowest ratio to population in the north west. There has been an increase in children leaving care by being made subject of special guardianship arrangements. The council is implementing a national model of social work called Signs of Safety which focuses on the strengthens of families and whilst it aims to make children safer it seeks to keep children safe within the family.</p>	No changes

Table 1.6. Summarised comments – Outcomes mixed or unknown		
<p>Outcome 2 - Strong and Resilient Economy. Encourage use of the Town centre (Macclesfield) - do not understand, with the development of a cinema/leisure complex, where people are expected to park? Reduce car parking charges, or have 1 – 2 hours free parking.</p> <p>Outcome 4 - Green and Sustainable Place. Greater use of bus travel should be encouraged; this would have the additional benefit of reducing road congestion. Bus passes should be given to all those over 60. Greater use of bus travel, would again increase the use of the facilities in the town, with the additional benefit of getting people out of their houses, making them more fit and active.</p>	<p>The development of a cinema complex will, it is anticipated in particular boost the evening economy. At the present time the town centre is relatively quiet in the evening with a limited evening offer. Car parking capacity across the town centre car parks has been surveyed, the results showing significant capacity even at peak times. It is therefore anticipated that people currently parking in Churchill Way Car Park will be able to park in alternative car parks such as Duke Street and the Grosvenor Centre, where there are generally high numbers of vacant spaces available. Impact on parking will also be considered again at the planning application stage. Currently parking is free after 6pm in most of the Council's car parks and there is no evidence to suggest that free parking actually significantly increases footfall into town centres. Car parks cost money to maintain and the charges (where applicable) go towards such necessary fees as gritting, business rates, lighting, cleanliness and lines and signs.</p>	No changes
<p>52 - Restructure Prevention and Support - Support this proposal only if there is not a reduction in the offer especially to early years and youth support services.</p> <p>54 - Review Early Help - Should be no reduction in youth support services as these are vital to outcomes 1, 3 and 5. Services contained in 52 & 54 help develop a strong focus on support for children, young people and their families most vulnerable to the poorest outcomes. Need to ensure children & young people have the skills to meet the needs of local employers.</p>	<p>54. Please see previous responses regarding early help & on NEETs. The Director for Education and Skills is working with CE schools and colleges in relation to how best to meet the skills required by employers.</p>	No changes
<p>Outcome 6. Item 79 - closure of small & medium size libraries is damaging to the whole community.</p> <p>Item 78 - Members should have a below inflation increase in allowances.</p>	<p>Please see response above concerning community library provision. All libraries will remain open.</p> <p>Response is noted and will be brought to the attention of the relevant Portfolio Holder</p>	No changes

Table 1.6. Summarised comments – Outcomes mixed or unknown		
<p>Went to customer services and document was not on public display – hidden under desk preventing easy access. Feedback papers are a waste of time - having tried to make sense of it I have some questions: Highways contract review - gully blockage will cause flooding, already seen gritters out less & only on major roads. Leave front line staff on low wages alone. How can you support families' and those in need yet reduce children's services. Respite care needs to be more personal, if one can get it as qualifying appears to be getting harder. Do we not pay enough in tax to cover cost of new & replacement bins? What is a channel shift? Libraries are assets that we need for peoples well-being & education. Raise fees will affect those in greatest need. It mentions the living wage to be monitored, rather hypocritical of a council that has wasted millions of pounds of our money, and pays senior staff thousands of pounds a week. It mentions mutually agreed resignation scheme, and golden handshakes, this should be looked at and reduced. What does budget be accountable and appropriate mean and who decides, and on what criteria? Where does the Council tax money go? There are proposals to cut services, yet the expenses of Councillors are not in line for cutting. Outcomes 1-6 are rather a contradiction. Cheshire East council says it will act with integrity, be open and honest and accountable to me there has not been any evidence of this and wonder if it will ever happen.</p>	<p>Response is noted and will be brought to the attention of the relevant Portfolio Holders</p>	<p>No changes</p>
Comment in relation to the document	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>Budget document difficult to understand – should be in plain English.</p>	<p>Response is noted and will be brought to the attention of the relevant Portfolio Holder and be considered for next years budget consultation process.</p>	<p>No changes</p>

Table 1.6. Summarised comments – Outcomes mixed or unknown

Miscellaneous/ general comments	Response from CEC	Changes to Pre-Budget Report based on feedback
9 x comments received	Responses are noted and will be brought to the attention of the relevant Portfolio Holders	No changes
Seem appropriate/ think is through properly/ maximise debt recovery/ need stronger partnership theme/ consider those with sensory impairment/ consider prevention budgets/ use of central contracts, agency as last resort/ concessionary bus pass for over 60s.		

Question Two: What, if any, other proposals should be considered to achieve the Outcomes of the Council whilst maintaining an overall balanced budget?

The following tables summarise the comments received into each relatable outcome – please note that not all comments are written verbatim.

Table 2.1. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy		
Proposal 2. Increase Community Grants	Response from CEC	Changes to Pre-Budget Report based on feedback
Fully support this proposal	Thank you for your comment	No changes

Table 2.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy		
Comment in relation to New Homes Bonus (NHB)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received Better use of section 106 funding/CIL/ NHB - disappointed how the NHB bonus has been lost in existing taxation and not delivered improvements to offset developments. Developers should be made to deliver practical road solutions. Sandbach is being plagued by cycle ways that our not fit for purpose - ignored by cyclists because they do not provide easy connections / Only fair that any NHB payments should be divided between affected wards – reflect number of new homes built as this money was intended to enhance community infrastructure.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Proposal 16. HS2 Strategy (Revenue Investment)	Response from CEC	Changes to Pre-Budget Report based on feedback
Take money away from this	See previous response above	No changes

Table 2.3: Summarised comments in relation to Outcome 4- Cheshire East is a green and sustainable place		
Proposal 46. Flat rate Car Parking fee increases	Response from CEC	Changes to Pre-Budget Report based on feedback
All car parking across the local authority should be chargeable - very unusual that in Crewe where footfall needs to be encouraged car parks are not free to use, whereas in Sandbach and other areas of the borough car parks are free.	<p>Parking comments provide a mixed view, however on balance most people accept that charging is required. The comments are focussed on providing greater levels of fairness across the borough together with measures to support our town centres.</p> <p>The proposed high level Parking Strategy, which is planned to undergo public consultation this Summer, will seek to address these current disparities and to develop proposals that support our town centres.</p>	No changes
Comment in relation to Housing Developments	Response from CEC	
Stop further new housing developments - strain on resources.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Comment in relation to household waste bins	Response from CEC	
2 x comments received	Thank you for your suggestion which is noted	No changes
Reduce the frequency of the green bin collection in the winter/ reductions in recycling & waste collection budgets as per national trend		
Overview comment	Response from CEC	
Outcome 4 point 58 - why are house builders not paying more to help fund local services, e.g. new bins - improve air quality in newly congested towns caused specifically by over build?	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
<p>37) Refuse disposal at the tipping sites should be charged per visit for commercial waste and larger vehicles cans etc rather than permit certificates, This means of administration has resulted in fly tipping in the countryside which is costly and labour intensive to clear</p> <p>29) Rents on commercial properties in the main towns of Cheshire East should be reviewed to bring 'life' back into them. Surely a thriving town with reduced rents is better than dead towns and little revenue?</p>	Response is noted and will be brought to the attention of the relevant Portfolio Holders	No changes

Table 2.4. Summarised comments in relation to Outcome 5 – People live well and for longer		
Comment in relation to social care	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	The Council is constantly reviews it essential and no essential spend to ensure value for money. The proposal is the invest £3 million in children and Families and £10.9 Million in Adults in 2018/19	No changes
Reduce spending on flowers/ 'prettying' up areas - more money spent on social care & children (x1) / cut spending on health & social services (x1).		
Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Please see previous response in relation to proposal 67 above. With regards to possible solutions all these suggestions and more will be considered with NHS partners as part of the transformation programme.	No changes
Day & respite care should be maintained within local area and not outsourced/ operating out of a less expensive asset or a non-council owned asset would still achieve savings to the overall budget without losing the valued service and much needed specialist staff. Possible solutions - sharing space in the Congleton War Memorial/ opening up the Mountview building for additional use as a medical centre i.e. Doctors, dentists, chiropody, counselling to recover revenue to invest in the service.		
Proposal 70. Increase Income (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
This policy proposal isolates income generation only as something related to care charges. An income generation policy should be broader and more strategic than this. It should incorporate an outward looking culture re a number of relevant external funding opportunities.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes

Table 2.4. Summarised comments in relation to Outcome 5 – People live well and for longer		
Comment in relation to SEN support	Response from CEC	Changes to Pre-Budget Report based on feedback
Do not cut SEN/ disability support.	There are no planned budget reductions for children with SEND. However there will be an ongoing review to ensure the most efficient use of available resources.	No Proposals in budget consultation
Comment in relation to needs of the D/deaf community	Response from CEC	Changes to Pre-Budget Report based on feedback
"Outcome 5 talks about people living well and for longer - needs of the D/deaf community need to be fully addressed in the on-going commissioning of services, given the high proportion of the population affected & the positive impact to outcomes that good specialist services provide. I would urge commissioners to engage with people experiencing D/deafness and supporting organisations and service providers to ensure evolving needs continue to be met. D/deafness is a cross-cutting theme, relevant to all protected characteristics designated by the Council - action in this area has major benefits to the well-being of the population as a whole.	CEC agrees that support to and co-production with the D/Deaf community is critical. Continually assessing how we meet the needs for this community in particular around the duties under the Care Act remain part of our commissioning plans.	No change

Table 2.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation		
Proposal 79. (83 & 84) Community Library Provision	Response from CEC	Changes to Pre-Budget Report based on feedback
68 x general comments received in relation to proposed closure of libraries	Please see response above concerning community library provision. All libraries will remain open.	Please see response above concerning community library provision
Keep the library open/ would support small increase in charges for borrowing items and or an increase in Council Tax to keep libraries open/ review staff or and opening hours		

Table 2.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation		
39 x comments received in relation to proposed closure of Disley library		
Keep Disley library open/ reduce spend on Macc. leisure centre and put towards library/ review staff or and opening hours /assess all libraries to spread the cost.		
4 x comments received in relation to proposed closure of Prestbury library		
Do not close Prestbury library – help of Anne Whittaker Trust should ensure library is kept open.		
2 x comment received in relation to proposed closure of Alderley Edge library		
Library is a social, community health and education service. Reduce Councillor pay.		
2 x comment received in relation to proposed closure of Holmes Chapel library (not being out forward for 18/19)		
Village is growing - more people will require access to a library – charge extra for services within the building.		
Proposal 81. Macclesfield Leisure Centre Improvement Programme	Response from CEC	Changes to Pre-Budget Report based on feedback
21 x comments in received	Please see previous response concerning proposal 7.	No changes
Unsure why Macc. leisure centre needs so much funding – scale back and use money to fund libraries.		
Comment in relation to staff	Response from CEC	Changes to Pre-Budget Report based on feedback
16 x comments received	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Cut Councillor's expenses and/or number of councillors (x6) / reduce higher management costs (x3) / further savings in staff costs & administration/ voluntary redundancy (x2).		

Table 2.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation		
Comment in relation to local taxation	Response from CEC	Changes to Pre-Budget Report based on feedback
8 x comments received	Response is noted and will be brought to the attention of the relevant Portfolio Holder	Council Tax to increase a further 1% for 2018/19
Increase council tax/ revenue in all areas.		

Table 2.6: Summarised comments – Outcome mixed/unknown		
Comment in relation to Council Processes	Response from CEC	Changes to Pre-Budget Report based
19 x comments received		
Various comments received e.g. support local businesses/ review contracts/ bring services back in-house/ proper governance/ think of communities/ remove “ceremonial” costs/ consider internal business budgets.	Responses are noted and will be brought to the attention of the relevant Portfolio Holders	No changes
Mixed comments	Response from CEC	Changes to Pre-Budget Report based
14 x comments received		
Various comments received e.g. Reduce street lighting/ review secondary schools in Macclesfield/ ensure mental health & support services are available/ don’t discriminate the EHCP budget against tax for those who home educate funding should be available for resources to assist/ influence the hospital car parking charges, too high and refunds for those attending appointments.	Responses are noted and will be brought to the attention of the relevant Portfolio Holders	No changes

Question Three: ...Do you have any other suggestions about ways in which the Council could deliver its services and achieve the required savings?

The following tables summarise the comments received – please note that not all comments are written verbatim.

Table 3.1. Summarised comments in relation to question three		
Comment in relation to local taxation	Response from CEC	Changes to Pre-Budget Report based on feedback
46 x comments received supporting increase in tax	Council Tax increase (Proposal 101). This was originally set at 4.99% (inc 3% for ASC) but is now changing to 5.99% (inc 3% for ASC). This reflects a lot of comments about increasing CT to support front line services, so this option will allow the above proposals to happen. The balance of the CT increase will be retained within the Financing Reserve to support costs of the Capital Programme	Council Tax to increase a further 1% for 2018/19.
Support increase in council tax to ensure services are maintained (e.g. library service, social care services/ front line services) / tax increase on higher band properties.		
4 x comments received not supporting increase in tax		
Don't put council tax up/ too many people live below the breadline however aren't eligible for support/ exceeds rate of inflation.		
5 x general comments received in relation to tax		
Should never have 'froze' council tax for so long / unfair to increase tax but lose services.		
Proposal 79. (83 & 84) Community Library Provision	Response from CEC	Changes to Pre-Budget Report based on feedback
59 x general comments received in relation to proposed closure of	Please see previous response concerning community library provision. All libraries will remain open.	Please see previous response concerning community library provision. Also note Council Tax to increase a further 1% for 2018/19.
Closure would impact the community, the elderly – increasing loneliness & impact young children/ would support an increase in Council Tax to keep libraries open		

Table 3.1. Summarised comments in relation to question three		
27 x comments received in relation to proposed closure of Disley		
Closure would impact the elderly & young children. Look at alternatives e.g. reduce spend on Macc. leisure centre and put towards library/ assess opening hours/ happy to pay more council tax and or other fees.		
2 x comment received in relation to proposed closure of Alderley		
Alderley Edge precept could easily accommodate the continued funding		
1 x comment received in relation to proposed closure of Prestbury		
Do not close Prestbury – valuable asset to the community.		
Comment in relation to staff	Response from CEC	Changes to Pre-Budget Report based on feedback
17 x comments received	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Cut pensions (x2) / review mileage allowances (x1) / more staff efficiencies (x3) / review payments to suspended staff (x7) / review senior payments (x4)		
Comment in relation to social services/ social care	Response from CEC	Changes to Pre-Budget Report based on feedback
13 x comments received	As well as the investment Adult social care service the service is also making savings in relation to efficiencies and streamlining across the MTFS.	No changes
Could be savings made within social care – review processes and administration / needs to be correctly funded & managed/ encourage families to look after their elderly relatives. Happy to pay more tax to fund social care services.		

Table 3.1. Summarised comments in relation to question three		
Comment in relation to Council processes	Response from CEC	Changes to Pre-Budget Report based on feedback
24 x comments received	Responses are noted and will be brought to the attention of the relevant Portfolio Holders	No changes
Various comments received e.g. cut red tape (x2), don't waste money/ value for money (x8), work more efficiently (x7), find better ways to fund services (x1), stop punishing smaller communities on the outskirts (x1)/ lobby government for more central funding (x5)		
Comment in relation to Parish/ Town Councils	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Abolish Parish Councils as they are an extra cost / how much subsidy is given to town councils – is it too high?		
Proposal 81. Macclesfield Leisure Centre Improvement Programme	Response from CEC	Changes to Pre-Budget Report based on feedback
10 x comments received	Pease see previous response concerning proposal 81.	No changes
Spend less on upgrading the leisure centre, seems extravagant – use money to fund libraries.		

Table 3.1. Summarised comments in relation to question three		
Miscellaneous Suggestions	Response from CEC	Changes to Pre-Budget Report based on feedback
35 x comments received Various suggestions received e.g. stop making alteration to roads & pavements that do not need it (x5) / reduction in street lighting to save electricity (x2)/ more green areas could be left uncut/ more families left accountable for elderly relatives (x2)/ reduce fortnightly recycling collections & provide bigger bins/ review working practices (x8)/ volunteers (x3)/ Review high school provision in Macclesfield/ lobby government for more funding (x3)/ community grants paid via the lottery/ more investment in prevention and intervention/ monitor car parking/ don't cut SEN support.	Responses are noted and will be brought to the attention of the relevant Portfolio Holders	No changes
General Comment	Response from CEC	Changes to Pre-Budget Report based on feedback
3 x comments received Seems reasonable/ not my area of expertise/ impact on funding for third sector	Responses are noted and will be brought to the attention of the relevant Portfolio Holders	No changes

Question Four: Do any of the proposals adversely affect you directly, if so please explain in what way?

The following tables summarise the comments received – please note that not all comments are written verbatim.

Table 4.1. Summarised comments in relation to question four		
Proposal 26. End of Early Intervention short-term funding allocation (non Public Health element) (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
Reductions in early intervention and prevention services will impact our services and ability to carry out our charitable objectives.	Response is noted and will be brought to the attention of the relevant Portfolio Holder. Please see answer above.	No changes
Proposal 31 & 33. Highways Contract/ Procurement	Response from CEC	Changes to Pre-Budget Report based on feedback
State of the roads & verges – need to be maintained more often. Issues with cars parking on pavements. More help for older people. Bigger houses should pay more Council Tax.	Please see previous response in relation to proposal 31 & 33.	No changes
Proposal 56. Youth Support Restructure (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Please see previous response concerning proposal 56.	No change
Provision of services to young people's education provide them with the skills needed to become a valuable resourceful member of the community/ We would be severely affected if there was a reduction in youth support provision - impacted many young peoples' lives at Bromley Farm Youth Club, Congleton.		

Table 4.1. Summarised comments in relation to question four		
Proposal 60. Review all funding and shift to "asset-based" model (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
This proposal affects the organisation I work for (the Bridgend Centre) directly as it is proposed that our EIP contract be allowed to expire with effect from 31st March 2018 in turn this will also affect some of the most vulnerable population groups and members of community.	There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed.	No change
Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Please see previous response concerning proposal 67. All eligible service users and cares will continue to receive care and support.	No change
Will affect disabled father and mother who is fathers full time carer – Mountview has been a lifeline for them / doesn't affect yet but getting		
Proposal 79. (83 & 84) Community Library Provision	Response from CEC	Changes to Pre-Budget Report based on feedback
85 x general comments received in relation to proposed closure of	Please see previous response concerning community library provision. All libraries will remain open.	Please see previous response concerning community library provision.
Library closure will affect me/ my family – important part of the		
136 x comments received in relation to proposed closure of Disley		
Closure of Disley library will affect me/ my family – no alternate nearby/ essential to the community		
31 x comments received in relation to proposed closure of Alderley Edge library		
Closure of Alderley Edge library will affect me/ my family – vital & valuable resource – do not want to have to drive to an alternative.		

Table 4.1. Summarised comments in relation to question four		
9 x comments received in relation to proposed closure of Prestbury library		
Closure of Prestbury library will affect me/ my family .		
3 x comments received in relation to proposed closure of Holmes Chapel library (not being out forward for 18/19)		
Closure of Holmes Chapel Library will affect me/ my family - would have to drive to alternate as bus to next nearest library (Sandbach) is being		
Comments in relation to Social Care/ SEN	Response from CEC	Changes to Pre-Budget Report based on feedback
4 x comments received	Please see previous response concerning Social Care/ SEN	No change
Lack of funding for adequate social care/ no local provision for short term respite/ disabled, SEN, most vulnerable always lose out – don't cut support.		
Proposals 88 & 89. Changes to 'Everybody Options' Scheme Investment (ESAR) (Revenue Savings) / Car Park Refunds (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
Swim at Nantwich pool – car park refund compensates towards journey costs	Please see previous response concerning proposal 88 & 89.	No changes
Comment in relation to local taxation	Response from CEC	Changes to Pre-Budget Report based on feedback
5 x comments received	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Paying more council tax would affect me (x 4) / happy to pay increase if money is spent wisely (x1).		

Table 4.1. Summarised comments in relation to question four		
Comment in relation to staff	Response from CEC	Changes to Pre-Budget Report based on feedback
No wage increase but having to pay out more – lots of ‘acting’ directors in Cheshire East how can we be confident budget has been looked at correctly?	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Miscellaneous/ mixed Comments	Response from CEC	Changes to Pre-Budget Report based on feedback
4 x comments received	Responses are noted and will be brought to the attention of the relevant Portfolio Holders	No changes
Reduced bus service & closure of Alderley Edge library effect me/ state of the roads has cost me/ not me personally but effect a groups within the community that concerned with (care & support for early years)/ losing green belt.		

Shaping Our Services E-mail responses

The following table summarise the comments received into the Shaping Our Services dedicated e-mail account – please note that comments are NOT written verbatim.

Table 5.1. Shaping Our Services E-mail responses		
Proposal 11. Changes to subsidised Bus Service (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Allow women aged 60 to receive a bus pass & reduced rate rail cards to help keep active & involved in the community (WASPI campaign)/ Utilities work has skewed bus service (bottom of park Street) can a schedule be posted with forecasted time of completion.		
Proposal 13. Reduce funding to Macclesfield Silk Heritage Trust (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
Cllr Janet Jackson - object to these cuts in funding to the Macclesfield Silk Heritage Trust. The Town Centre 5 Year Strategy Document to support regeneration of Macclesfield states that ongoing activity includes developing plans to enhance Macclesfield's Museums. This statement is in contradiction to the budget. These cuts could be the final straw for the Museum Trust which is doing all it can to become self-sustainable. CE should reverse the proposed cuts to the Silk Heritage Trust grant.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Proposal 78. Inflationary Increase for Members	Response from CEC	Changes to Pre-Budget Report based on feedback
Over the past few months noticed Mayors in chauffeur driven Bentley cars, are these necessary in the current climate?	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes

Table 5.1. Shaping Our Services E-mail responses		
Proposal 79. (83 & 84) Community Library Provision	Response from CEC	Changes to Pre-Budget Report based on feedback
37 x comments received in relation to proposed closure of Disley library Against closure of Disley library – central part of the community, valuable to the elderly and helps with social isolation and also valuable to the young and their education. Alternate too far away. Suggestions received inc. assessing opening hours & staffing at all libraries thus spreading the cost reductions required.	Please see previous response concerning community library provision. All libraries will remain open.	Please see previous response concerning community library provision
54 x comments received in relation to proposed closure of Alderley Edge library Central to the community, valuable service to all ages – please do not close. Group of volunteers willing to help one paid member of staff on rotational basis to help keep library open.		
2 x comments received in relation to proposed closure of Prestbury Library Object to closure, valuable service for the elderly / Ann Whittaker Trust submitted a proposal to help keep Prestbury library open – they propose to maintain current level of financial support and assist further by foregoing the annual rental charges & offering phased incremental payments.		
4 x general comments received in relation to proposed closure of libraries		

Table 5.1. Shaping Our Services E-mail responses		
Object to closure of libraries.		
Proposal 81. Macclesfield Leisure Centre Improvement Programme	Response from CEC	Changes to Pre-Budget Report based on feedback
4 x comments received The Macclesfield Athletics Development Fund fully supports the proposal n- in particular welcome the proposed improvement of facilities for athletics/ support the plans/ great, that we're all investing in improved sports changing facilities - in favour of the additional Sauna & the changing rooms are in need of improvement.	Please see previous response concerning proposal 81.	No changes
Proposals 89. Car Park Refunds (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
2 x comments received	Please see previous response concerning proposal	No changes

Table 5.1. Shaping Our Services E-mail responses

Concerned about charges at Snow Hill in Nantwich. Would discourage service users - large number of pensioners would not be able to afford to attend if the motion was carried - the population is living longer therefore the authority should support ways which deflect from the financially overburdened Social Care budget/ car park is free after 3pm so would only effect members who use this facility in the morning may mean more people go in evening when it is already oversubscribed.	89.	
Comment related to EIP contracts	Response from CEC	Changes to Pre-Budget Report based on feedback
Disappointed that the Cheshire Centre for Independent Living (CCIL) have received a notice of intention stating, at this time, that CEC do not intend to re-commission the Good Company. Feel that stopping the funding for the Good Company is not consistent with the Council's own proposals to achieve their outcomes. A meeting was held on 4th January 2018 for the South Cheshire members of Good Company - apparent that everyone was saddened about the intention not to fund the group in the near future. As parents of a Good Company service user, we urge CEC to re-think their proposal to cut the funding for Good Company.	There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed.	No change
Comment in relating to local taxation	Response from CEC	Changes to Pre-Budget Report based on feedback

Table 5.1. Shaping Our Services E-mail responses

<p>The latest council tax rises are unaffordable to a large number of local residents - especially the elderly pensioners & those that are just about managing. Our Council tax bill is our single largest outgoing each year and equates to a massive percentage of our pension. Given the number of increased households and businesses in East Cheshire I fail to see how this increased council tax amount can be justified. What areas have you looked at and where have savings been made? The 'adult social care budget' is something that should be funded by Westminster. Council tax is not a fair tax. A greater percentage of the population is becoming older and the costs of adult social care will increase significantly. This needs to be addressed now for the future, as the voting baby boom generation reach their golden years.</p>	<p>See above about Adult Social Care.</p> <p>A Green Paper on the future of Adult Social Care is expected later this year.</p>	<p>No changes</p>
Comment in relating to the document	Response from CEC	Changes to Pre-Budget Report based on
<p>I have read the document - not easily understood, unclear; long winded and not with direct report and action. Plain English clear specific outcome and action is needed.</p>	<p>Response is noted and will be brought to the attention of the relevant Portfolio Holder</p>	<p>No changes</p>
Mixed comments/ proposal unknown	Response from CEC	Changes to Pre-Budget Report based on
<p>6 x comments received</p> <p>Various comments received e.g. Use funds to maintain and improve welfare services/ review 'arms length' company processes/ ensure TSS have sufficient funding to support shop mobility charities/ Nantwich town infrastructure needs improvement/ continue funding to Good Company.</p>	<p>Responses are noted and will be brought to the attention of the relevant Portfolio Holders</p>	<p>No changes</p>
Response from Mottram St Andrew Parish Council	Response from CEC	Changes to Pre-Budget Report based on feedback

Table 5.1. Shaping Our Services E-mail responses

Concerned that no detail has been provided of proposals for solving the projected budget deficits in years 2019/20 and 2020/21. Concerned at the proposed cuts to the highway maintenance budget and the lack of funding in ensuring all parts of CE are able to obtain a decent broadband & mobile phone signal. Feel that consideration should be given to reducing the number of highly paid staff at CE inc. & assessing the suspended staff situation. What service cuts are being made to accommodate extra staff costs - what actions are being taken to overcome this situation & over what timescale?		No changes
Response from Cllr Teresa Clark as vice chair of Barthomley Parish Council	Response from CEC	Changes to Pre-Budget Report based on feedback
Barthomley parish is rural and small compared with many other areas in the county – however due to the proximity to J16 of the M6 experience heavy volumes of traffic leading to eroded & damaged verges, hedges and lane surfaces. Outcome 4 states a commitment 'to make Cheshire East a green and sustainable place', and recognises the 'maintenance of highways is important ' yet tables of information show that you will reduce budgets for these areas up until 2020. Please consider providing substantial kerbing of verges, clearing of gullies and tidying of hedges in all areas where lanes are narrow - would help prevent our elderly inhabitants from becoming increasingly isolated – keeping our communities strong and supported.	Please see previous response in relation to proposal 31 & 33 - Highways.	No changes
Response from Goostrey Parish Council	Response from CEC	Changes to Pre-Budget Report based on feedback
Disappointed that CEC cancelled both consultation events. Don't support the proposed increased cost for a food waste collection and suggest the money is used instead to support bus services. We would like to know how CEC is budgeting for the increased costs for the officer suspensions and ask that these are now brought to a rapid end.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes

Letter responses

The following table summarise the comments received via letters into the Council – please note that comments are NOT written verbatim.

Table 6.1. Letter responses		
Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings)	Response from CEC	Changes to Pre-Budget Report based on feedback
Response received from a local resident & dementia champion. Concerned that the facility will be taken away or be reliant on local volunteer organisations - there is potentially an increasing need for a variety of provision inc. good quality care. Suggests the facility turn into a dementia hub for information and day care under one roof.	See previous response for proposal 67. above. All eligible service users and cares will continue to receive care and support.	No changes
Proposal 79. (83 & 84) Community Library Provision	Response from CEC	Changes to Pre-Budget Report based on feedback
Response from David Rutley Macclesfield MP	Please see response above concerning community library provision. All libraries will remain open.	Please see response above concerning community library provision.
Speaking on behalf of a number of residents who have raised concerns about the proposal to close Disley Library. Community hub, alternative too far away. Fully in support of the maintenance of the library service.		
Response from a local resident		
Local library is Disley - request for details of alternatives that have been considered.		
Response from Disley Primary School		
Have strong links to Disley Library – have class visits to the library and visits from library staff to the school to promote the reading challenge. Helps with academic & social development.		
Response from Disley School House Surgery Patient Participation Group		

Table 6.1. Letter responses		
Oppose Disley Library closure. Brings the community together – adding to the social value and wellbeing of the residents. Clubs/ events are well attended. Alternative CE library too far away. Hesitant with a volunteer led approach.		
Response from Disley Parish Council		
Oppose Disley Library closure. Closure works against Outcome 5. A small budget should be retained and recognised as investment prevention against reactive care services. Would support increase in volunteer involvement but not complete running. Essential service for the young and elderly. Closure would increase social isolation. The location at the boundary of Cheshire East compounds the situation given the bus network. Alternatives are not accessible and would potentially worsen air quality due to increase in traffic. New housing developments increases need. Parish offices have recently relocated form a ‘Disley community hub.’ The Library provides many events and is central to the community. Closure would put the community centre at risk.		
Response from Prestbury Parish Council		
Library is well used and hosts many community events. Helps to combat social isolation – closure would be felt by the most vulnerable. Anne Whitacker Trust has played active part in supporting the library – cost to CEC is minimal compared to the value it has to the community.	Response from CEC	Changes to Pre-Budget Report based on feedback
Mixed comment response from Macclesfield Town Council		
Review funding statement for Silk Heritage Museums as there is no demonstration of a managed transition – feel that cuts would put museum into critical risk of financial collapse. Concerned with cuts to community library services – please revise to find alternative saving option.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes

Table 6.1. Letter responses

Mixed comment response from Alsager Town Council	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>Supportive of: the increase in community grants/ the food waste recycling initiative/ reduction in agency and consultancy costs/increase in care placements budget.</p> <p>Object/ oppose to any reduction in: environmental enforcement/ cuts to the bus service/ cuts which will effect vulnerable people/ cuts to 8-11 year old school transport/ cuts in children's services/ cuts to provision of services at Lincoln House and Mountview/ end of early intervention short term funding allowance/ parking strategy savings (suggests changes will be made before review has taken place).</p> <p>Concerns with: cuts in highway service/ potential cost saving received by charging for replacement household bins be wiped out by residents refusing to purchase & potentially stop recycling altogether/ operational/ pathway design – seems has been pre-determined before approval/ closure of libraries/ who will be effected by cuts to the local welfare safety net – most vulnerable?/ whoever takes over commissioning services must be reliable with high standards of car – should be no reduction/ disappointed that only now is the New Homes Bonus being shared with communities – those who have taken bulk of new homes should have preferential treatment – should be back dated or put into place quickly/ still awaiting meeting for transfer of Alsager offices.</p>	<p>Please see previous responses concerning proposal 67, 31, 33, 79.</p> <p>Other comments have been noted and will be brought to the attention of the relevant Portfolio Holders</p>	<p>No changes</p>
Mixed comment response from Councillor David Marren	Response from CEC	Changes to Pre-Budget Report based on feedback
<p>Should have listed 500+ services against their relative budget so consultees could comment on whether this should be continued or expanded. Some of the proposals difficult to understand & unclear. Concerned that the consultation is just an exercise to achieve 'our duty'. In house services should be justified in term of staff costings and efficiency. Review staff & costs of</p>	<p>Response is noted and will be brought to the attention of the relevant Portfolio Holders</p>	<p>No changes</p>

Table 6.1. Letter responses		
<p>staff Inc. interims, consultants & councillors.</p> <p>Supportive of proposals: 5, 84, 79 & 83 - providing town council managed.</p> <p>Object to proposals: 3,4,7,8,15,16,27,28,31,39,40,42,43,44,47,51,72,78,81, 89, 91, 93,95, 96</p> <p>Proposals that are vague/ unclear or needing more detail: 1, 9,12,18 - 20,24,26,32,33,48,60 – 67, 75, 80, 90.</p> <p>Suggest that: markets are handed over to their respective town councils/ proposal 73 – target should be doubled or put to tender/ 74 – target saving of 1m should be demanded/ proposal 77 – target reduction doubled – all interims & consultants banned/ proposal 92 – redundancy multiplier to high.</p>		
Response from Prestbury Parish Council (continued letter from Library comments)	Response from CEC	Changes to Pre-Budget Report based on feedback
Items 8, 31, 34 and 76. Consultation light on detail but supportive of efficiencies that can achieve these proposals as long as implemented without a reduction in the level and frequency of service.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Response from Information & Advice Cheshire East (IACE)	Response from CEC	Changes to Pre-Budget Report based on feedback
In relation to outcome 5. Proposal 60 – support of volunteers is good but not free - have to pay for training, expenses & provide supervision – it all adds up. Without continued funding VCFS will be in a less likely position to support volunteering to deliver previously commissioned services as the proposal intends. In relation to proposal 65 - How can 'Live Well', a website that only provides details of services available, mainly by VCFS organisations and many currently funded by Cheshire East Council, hope to replace services should contracts cease? Many people will seek face to face or telephone help direct from CEC or health services with associated implications for their resources.	See responses above. Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes

Table 6.1. Letter responses		
Response from UNISON	Response from CEC	Changes to Pre-Budget Report based on feedback
Concerned with estimated savings on matters affecting staff reductions, terms and conditions changes, reductions in key local service provision, and potential outsourcing of services. Concerned report does not provide enough detail for trade unions or staff to comment fully.	Response is noted and will be brought to the attention of the relevant Portfolio Holder	No changes
Response concerning the Bridgend centre	Response from CEC	Changes to Pre-Budget Report based on feedback
Concerned that CE is considering allowing the Bridgend Centre's contract for Early Intervention & Prevention services to expire as believe it had been a valuable lifeline for Cheshire East vulnerable people. A website can never replace one- to – one support please look more critically at the impact this will have. Backed up by MP David Rutley who supports an extension of the contract until alternative funding arrangements can be reached by the Centre.	There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed.	No Change

Petitions

The following table summarise the petitions started as a result of the budget consultation.

Subject	Details	Method	Number of Signatures
Save Disley Library From Closure	We the undersigned petition the council to cancel the plan to permanently close Disley Library Justification: The library is an important resource for our community and we will feel its loss if it closes. It is important to many different groups of people in the village: - children who are just learning to read and to love books. Not all parents can afford to buy enough books to keep up with voracious young readers. - older people who may need help using online resources or find it difficult to travel to the next nearest library. - anyone who doesn't have a computer and whose only access to the internet is in the library. - everyone who loves books and reading. If Disley library closes, residents would have to travel the 6 miles to Poynton to access Cheshire East Library services. It is not easy or quick to get to Poynton from Disley - it means a minimum 15 minute drive or taking two different buses.	Online	152
Save Disley Library From Closure	Same main contact as above - however apart from originator signatures differ	Paper	151
CEC intention to withdraw commissioning on Groups for vulnerable adults	We the undersigned petition the council to Reconsider the intention of Cheshire east council to withdraw the commissioning for groups involving adults with health and learning difficulties after 31/3/2018 run by Cheshire centre go independent living in Crewe, Handforth and Macclesfield. Titled "Good Company. " Involving 102+ adults over 19 years of age. Justification: Good company was set up as an early intervention and prevention group in adult services, to promote self-worth and wellbeing in vulnerable adults with numerous disabilities. Meeting to socialise, craft, arts, organised trips, meals, cinema etc. Legislation promotes access for all adults with learning difficulties in order to prevent more expensive services to be called into action. To cancel these groups is causing trauma and denying their respect and dignity in forming friendship groups and the right as an adult to socialise independently within a safe environment whilst gaining confidence and life's experiences.	On-line	On-going until 19/02/2018

Key Engagement Events

The key events associated with the Budget Consultation are outlined in the below table along with the topics of discussion and any feedback received.

Event	Date	Comments
Corporate Leadership Team / Cabinet Away Day (1)	6 th June 2017	First consideration of budget changes being proposed.
Cabinet	13 th June 2017	Revenue 2016/17 Outturn.
Cabinet	12 th September 2017	Receive First Quarter Review of Performance.
Corporate Leadership Team / Cabinet Away Day (2)	19 th September 2017	Further update on the process and revisiting of the proposals being considered for consultation.
Corporate Leadership Team / Cabinet Away Day (3)	9 th October 2017	Further update on the process and revisiting of the proposals being considered for consultation.
Corporate Leadership Team / Cabinet Away Day (4)	1 st November 2017	Further update on the process and revisiting of the proposals being considered for consultation.
Cheshire East Council website	7 th November 2017	Pre-Budget Consultation placed on Council's website and Centranet to launch consultation exercise.
Team Voice	15 th November 2017	Issued to all staff and Members to headline release of Pre-Budget Consultation.
Corporate Overview and Scrutiny Committee	15th November 2017	Received Pre-Budget Consultation and Mid-Year Review of Performance Report.
Cabinet	7 th November 2017	Received the Mid-Year Review of Performance Report.
Trades Unions	7 th November 2017	Considered Pre-Budget Consultation.
All Member Briefing (1)	28 th November 2017	Considered Pre-Budget Consultation.
Cabinet	5 th December 2017	Consider the Domestic and Non-Domestic Tax Base for recommendation to

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Event	Date	Comments
		Council.
Schools Forum	7 th December 2017	Considered Pre-Budget Consultation .
Council	14 th December 2017	Agree the Domestic and Non-Domestic Tax Bases .
Provisional Funding announcements	19 th December 2017	From Central Government
All Member Briefing (2)	11 th December 2017	Considered Pre-Budget Consultation .
Third Quarter Review of Performance – Challenge sessions	11 th to 21 st December 2017	Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS.
South Cheshire Chambers of Commerce Business Event	11 th January 2018	Considered Pre-Budget Consultation .
Children & Families Overview and Scrutiny Committee	15th January 2018	Considered Pre-Budget Consultation (relevant budget areas)
Environment & Regeneration Overview and Scrutiny Committee	23rd January 2018	Considered Pre-Budget Consultation (relevant budget areas)
Macclesfield Chamber of Commerce Business Event	24 th January 2018	Considered Pre-Budget Consultation .
Corporate Overview and Scrutiny Committee	1st February 2018	Receive MTFS Report / Review Final Budget Proposals
Cabinet	6th February 2018	Received the Third Quarter Review of Performance Report. Consider MTFS Report and recommend proposals to Council
Town and Parish Council Conference	22 nd February 2018	Engagement event with local parish and town councils
Council	22nd February 2018	Debate and approval of 2018/19 budget

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Appendices

Appendix One – Social Media Statistics

#CECbudget17 – Consultation Social Media Snapshot

Over the time period of the consultation, monitoring of social media was undertaken to gain insight into the conversations that were taking place. This summary is not the complete conversation, but more a snapshot of the type of engagement and discussion that took place during the consultation time frame. Those conversations that were directed '@CheshireEast' form the majority of this snapshot, although effort has been made to capture some of the outside conversations that would otherwise be missing from this narrative.

Twitter

Searches were undertaken throughout the consultation period regarding '#CECbudget17' and 'Cheshire East' with those tweets made in relation to the budget consultation captured. Overall approximately 40 tweets were made from the Cheshire East account with 30 replies to those tweets and 55 tweets from other accounts.

Tweets were classified as the following:

- Sharing and promotion of the consultation (45 tweets)
- Complaints (35 tweets)
- Fact sharing and general comments (36 tweets)
- Off topic responses (2 tweets)

The breakdown of the content of the tweets was as follows:

- Library provision (28 tweets)
- Review/ Assess suspended staff (13 tweets)
- Council tax increases (13 tweets)
- Potential cost savings (9 tweets)
- Adult care services (7 tweets)
- Consultation process (5 tweets)
- Leisure centre provision (3 tweets)

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Facebook

Approximately 30 posts were made by Cheshire East on the subject of the budget on Facebook. A total of 86 comments across these posts were captured for analysis.

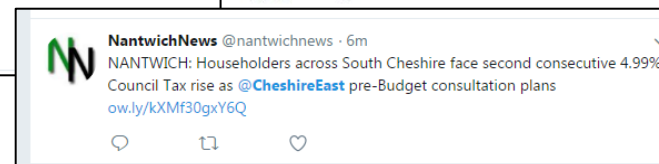
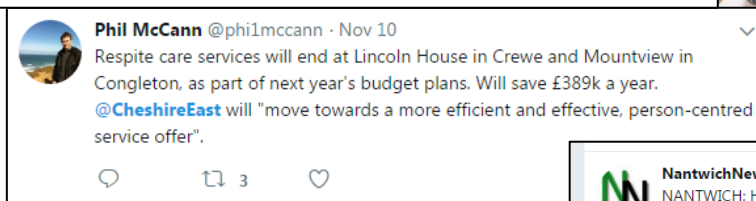
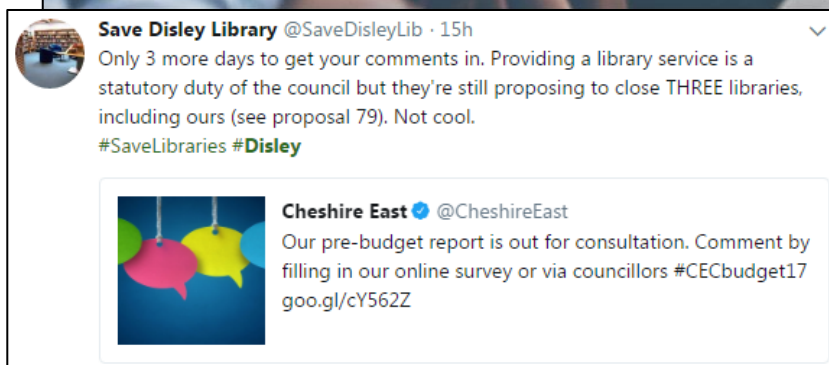
Responses were classified as the following:

- Complaints (52 comments)
- General comments and fact sharing (16 comments)
- Off topic responses (15 comments)
- Sharing and promotion of the consultation (3 comments)

The breakdown of the content of the posts was as follows:

- Infrastructure - including road maintenance (23 comments)
- Review/ Assess staff and suspended staff (18 comments)
- Potential cost savings (12 comments)
- Council tax increases (6 comments)
- Consultation process (4 comments)
- Social and health care (3 comments)
- Town centres (1 comment)

From these two platforms we can see that respondents had different priorities with library provision being the top issue on Twitter, and infrastructure being the top issue on Facebook. On both platforms review/assessment of staffing and suspended staff were commonly referred to. Posts on twitter were more likely to be about sharing and promotion of the consultation compared to Facebook, which were more likely to complaints.



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***Cheshire East Council
Medium Term Financial Strategy
2018/21
Executive Summary
February 2018***

This document is available to download on the [Cheshire East Council](#) website. It will form part of the 6th February 2018 Cabinet Agenda and the recommended version will be distributed to all Members as part of the 22nd February 2018 Council Agenda.

You can continue to provide feedback on the proposals in this report by speaking to your local Councillor
– visit [Find Your Local Councillor](#) on the Cheshire East Council website for contact details.

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

shapingourservices@cheshireeast.gov.uk

Executive Summary – Delivering Our Corporate Plan

A Great Place to Live

“Cheshire East is a great place to live, work and visit - and this is as important to the Council as it is to our local residents. In addition, we have one of the strongest economies in the country which is made up of a vibrant mix of businesses across a wide range of sectors.”

Source: Cheshire East Corporate Plan 2017-20

The Council's Corporate Plan 2017 to 2020 highlights how the Council is striving to create sustainable growth in the local economy that will support the health and economic wellbeing of residents. Developing the skills of our local population helps to secure meaningful long-term employment as well as supporting our local businesses to grow. In Cheshire East, Gross Value Added (GVA) per head, which measures the volume of economic output per head of population, has exceeded the UK average each year for at least the last two decades*

Strong economic performance, backed with high growth in housing, has helped attract government funding for infrastructure, and continues to push the local authority in to a position where the cost of local authority services could be funded by local people and businesses. Reforms to business rates, which are currently being considered by government, could in fact make this position a reality in the medium term.

*Sources: [1] Regional Gross Value Added (Income Approach) 1997-2016 data, ONS, Dec 2017. [2] Time series dataset released as part of the 'Quarterly National Accountants: Quarter 3 (July to Sept) 2017'

ONS statistical release, Dec 2017.

Cheshire East is the third largest council in the Northwest of England, responsible for over 500 services and with a population of over 370,000. Our annual turnover exceeds £700m and our resources are well-managed through our budgetary framework. The Council engages with the communities of this beautiful part of the Northwest of England in delivering much needed services to people who need them.

Achieving Objectives

The Council is achieving outcomes for local people that secures well-being and good health. Education achievement rates for pupils in Cheshire East remain as one of the highest levels in the country, and social care for children and adults are receiving higher levels of investment in the medium term. Life expectancy for Cheshire East residents is higher than both regional and national averages.

A Vision for Cheshire East

Cheshire East Council operates in a dynamic environment and new opportunities and challenges are a constant. The Council plans well to meet these demands and has established corporate outcomes that have real longevity and remain relevant even as the world changes around us. Equally, the Council has a set of core values, our FIRST values, which we use to shape our approach to decision making and service delivery. These remain just as important and relevant as ever.

Our vision continues to evolve as these new opportunities and challenges are met and ambition for the borough grows. The council will share a new vision in a refresh of its Corporate Plan in 2018. So, while the core priorities in the corporate plan remain the same, our vision develops over time.

Financial Pressure

The costs associated with maintaining quality in our services and environment is very challenging. 60% of the Council's net budget is spent on providing support for People based services, such as social care, and yet the public sector finances are under severe financial pressure, particularly in health services. In addition to this pressure as the area grows there is growing need to empty more bins and maintain an expanding highways network.

The Council was able to freeze Council Tax levels for five consecutive years from 2011/12 to 2015/16 inclusive, with some government support, saving local taxpayers a total of nearly £50m in that period. But, by 2019/20, there will be no general government grant support to the revenue budget of Cheshire East Council. Growth in demand for services must therefore be funded locally, and this creates a requirement to increase Council Tax levels in line with government expectations.

Financial stability

To manage the ambitions of the area with the accessible resources the Council has created a medium term financial strategy that balances the 2018/19 budget, but must continue to develop in order to balance the medium term financial challenges.

In **2018/19** the headlines of the financial strategy are:

- Targeting cost effective service provision for residents whilst responding to the change in the Government's strategy for local authority funding. Council Tax will increase by 5.99% to offset the severity of government grant reductions and provide additional investment in Social Care for Adults (see below) and Children.
- 3% (£5.7m) of the overall Council Tax increase will be solely utilised to fund increasing care costs within Adult Social Care.

- Dealing with a reduction in grants from Central Government of £12.8m.
- Managing inflation pressures relating to pay, contracts and demand for services of £19.5m.
- Increasing expenditure in our front line services (Outcomes 1 – 5) and decreasing expenditure through efficiency in our back office functions (Outcome 6)
- Boosting local economic prosperity through continued investment on capital projects, such as roads maintenance, infrastructure, education and regeneration.

**Table 1: Running costs (Revenue) are being managed.
Investment in assets (Capital) is increasing**

Table 1	2017/18*	2018/19 Budget	Change
Revenue Budget	£263.8m	£267.9m	£4.1m
Capital Budget	£116.3m	£127.1m	£10.8m

* Approved Permanent Budget as at Quarter 3

Net Revenue Budget 2018/19

- Income is estimated to vary from 2017/18 as follows:
 - Revenue Support Grant (-£8.0m)
 - Increase in New Homes Bonus (+£0.3m)
 - Other Specific grants (-£5.2m)
 - Growth in Council Tax Base (+£3.9m)
 - Increase in Council Tax levels (+£11.5m)
 - Council Tax Collection Fund Contribution change (-£0.4m)
 - Business Rates Retained (+£2.0)
- Net expenditure is estimated to increase by £4.1m from 2017/18 as set out in **Table 2:**

Table 2	Change from 2017/18 Budget £m	2018/19 Budget £m
Outcome 1 – Communities	+0.5	24.8
Outcome 2 – Economy	+2.1	26.9
Outcome 3 – Education	+3.1	46.9
Outcome 4 – Environment	+1.0	30.5
Outcome 5 – Health	+5.5	99.2
Outcome 6 – Efficient	-2.3	30.3
Contribution from Earmarked Reserves (change from 2017/18)	-0.9	-1.0
Central Budgets	-4.9	10.3
Total	+4.1	267.9

Annex 1 to the Executive Summary provides a further breakdown of the Council's revenue budget.

Capital Budget 2018/19 to 2020/21

The three year capital programme includes investment plans of over £0.3bn. 67% of the funding for this ambitious programme will come from government grants or contributions from other external partners. In addition, 6% will come from the Council's work to maximise the value of assets sales to support development in the local area.

- The main forecasted income sources are:
 - Government Grants (£170m / 52%)
 - Other external contributions (£50m / 15%)

- Receipts from Council Assets (£18m / 6%)
- Expenditure is estimated in the following areas:
 - Highways (£197m)
 - Education (£35m)
 - Economic Growth and Visitor Economy (£29m)
 - Other schemes, such as health and wellbeing, environmental, estate management and IT (£65m)

In addition to these investment plans a number of further schemes, totalling expenditure of £0.2bn are requesting approved but these projects will only commence on completion of detailed business cases and when funding for these projects is confirmed.

Reserves

Reserves are focused on the Council's ability to invest in opportunities and to manage exposure to financial risk. Where something has been identified as a specific risk or investment opportunity, then an amount will be earmarked for that purpose.

Table 3: Good financial management reduces the overall need for high Total Revenue Reserves

Table 3	Forecast Closing Balance		
	2017/18	2018/19	Change
General Reserves	£10.3m	£10.2m	(£0.1m)
Earmarked Reserves*	£32.5m	£27.9m	(£4.6m)
Total Revenue Reserves	£42.8m	£38.1m	(£4.7m)

* Earmarked reserves are spent in accordance with planned timescales and will increase or reduce accordingly

The Council's Reserves Strategy (**Annex 12**) provides the reasons for holding General or Earmarked Reserves at current levels.

Achieving Outcomes for Residents

Outcome 1

The Council will deliver a net increase of £0.5m for services to **local communities** including:

- Review Environmental Enforcement Services and fly-tipping pilot
- Increase in Community grants

Outcome 2

Cheshire East Council will increase budgets by £2.1m and continue to help ensure it has a **strong and resilient economy** through:

- Reviewing the way the council commissions and designs the subsidised bus network
- The creation of new investment portfolio
- Investment in our HS2 Strategy

Outcome 3

Increasing budgets by £3.1m and ensuring people have the **life skills and education** they need to thrive through:

- Children's services transport policy review
- Growth in Care placements

Outcome 4

Increasing budgets by £1.0m to help ensure Cheshire East is a **green and sustainable place** through:

- Review of the Highways contract

- Household Waste recycling Centre income generation and efficiencies
- Implementing a car parking strategy for the Borough

Outcome 5

Redesigning services to ensure People **live well and for longer** and investing an extra £5.5m through:

- Investment in Adult Social Care
- Commissioning all services currently provided by our in-house provider, Care4CE
- Operational Pathway Redesign
- Review and structure services to create efficiencies

The Council also has a sixth underpinning outcome to ensure we continue to improve and be a **responsible, effective and efficient organisation**. Net cost reductions of £2.3m will be delivered by maximising productivity, enhancing returns from investments, maximising value for money on contracts, streamlining processes and rationalising assets in order to focus as much investment as possible towards front line services.

A listening Council

The budget report reflects the Council's on-going commitment to transparency, engagement and consultation. The process of budget development has been open and clear from the outset and demonstrates that we listen to residents and stakeholders.

The stakeholder engagement process included:

- An appropriate timescale that supported the development and sharing of draft Budget ideas.
- Regular elected Member involvement through scrutiny, briefings and planning and licensing processes.

- Wide ranging stakeholder engagement via open meetings, consultation and for the second year running, an online survey tool to gather stakeholder feedback.
- On-going development of effective internal challenge processes including staff and union briefings.
- Inclusion of proposals that are not currently proposed for implementation to help stakeholders understand the options that were considered as part of the overall process.
- Continued improvement and transparency in reports.
- Listening to and meeting stakeholders to discuss important issues and future considerations.

During the consultation process the Council received notification of the Government funding settlement. The Council entered in to a multi-year agreement, along with 97% of English Local Authorities that fixed certain grants up to 2019/20. The settlement included changes to way the Adult Social Care Precept could be charged, as well as reductions in New Homes Bonus that transferred funds to a new Adult Social Care Grant (for 2017/18 only).

In addition to stakeholder feedback and the government settlement the Council also reviewed the impact of its Third Quarter financial forecasts.

Based on the feedback, and revised information, changes have been made to adjust expenditure in a number of areas compared to the Pre-Budget Consultation Report.

The Council initially proposed an option to close its three smallest libraries, but invited proposals from local community organisations to deliver the libraries as community managed libraries as an alternative to closure. In light of the consultation responses, this proposal has been significantly changed and all libraries will remain open. Alderley Edge and Disley libraries will achieve some budget savings from revised opening hours and staffing. In Prestbury a

small budget saving will be achieved from increased financial support from the community. It will of course be important to continue to monitor these revised ways of working in case the proposal to close these libraries has to be reconsidered if usage declines significantly.

Changes have also been made to increase the level of funding provided for Highways. £5m of expenditure in the Highways Investment Programme will be moved from the Capital Addendum and funded as part of the main programme. In addition the contract savings from Highways are being reduced from a target of £0.5m to a lower target of only £0.15m.

These changes have become affordable following the financial settlement where the Secretary of State increased the Council Tax referendum threshold by 1%. Although previous Council Tax freezes have been welcomed the consultation feedback in 2017/18 supported Council Tax increases over further service changes. Council Tax is therefore increasing by 5.99% overall.

Where specific proposals have been amended these changes are included within **Section 1** of the MTFS. **Annex 2** of the MTFS also describes the engagement activities carried out by the Council.

Changing the way we work

Cheshire East has established itself as a commissioning council. This means we provide the service options that best fit the needs of our residents, regardless of historical approaches to service delivery. Since 2009 over £70m of savings have been achieved through adopting more efficient and effective ways of working. The number of staff employed directly by the Council has also been reduced with staff and unions working together to manage transfers

to innovative Alternative Service Delivery Vehicles. Wherever possible, retention of front line staff has been given priority.

The current structure of service providers allows the Council to commission (or 'buy') the right services for the right people at the right price.

A sample of the main providers of services to Cheshire East is shown below:

Privately owned contractors:

- Ringway Jacobs (Highways)
- Oracle (Core financial systems)
- BT (Superfast Broadband projects)

Delivery vehicles wholly owned by the Council:

- Cheshire East Residents First (CERF)
- Ansa Environmental Services Ltd (Waste Services, Street Cleansing, Grounds and Fleet)
- Orbitas (Bereavement services and minor maintenance service)
- Tatton Park Enterprises
- Transport Service Solutions Ltd
- Civicance (Building Control and Planning/Land Charges Support)
- Skills and Growth Company
- Engine of the North Ltd

Charitable organisations:

- Everybody Sport and Recreation Trust (Leisure Services)
- 69 Academies

Collaborative Arrangements:

- Regional Adoption Agency
- Cross Cheshire Youth Offending Team

In-House Council Services:

- Cheshire East libraries
- Planning
- Children's Social Care
- Safeguarding
- Early Help and Prevention
- Schools Support Services (82 Local Authority maintained schools)

The Council is undertaking a review of the arrangements for service providers, particularly in relation to the Council's wholly owned companies. It is this right time to do this as each company has now had time to set-up, operate and reflect on market conditions as well as review the opportunities available from being a separate legal entity to the Council. Results of the review will be addressed throughout the 2018/19 Financial Year and reported to members and other stakeholders as appropriate.

In 2015/16 the Council aligned its corporate business case format to public sector best practice in the form of the HM Treasury Five Case Model. This approach has continued and has helped to strengthen its processes for monitoring the delivery of these proposals.

The Medium Term Financial Strategy (Full Report)

As the Finance Portfolio Holder, I have developed the medium term strategy, with the professional support of Jan Willis (Interim Executive Director of Corporate Services) and her team.

This comprehensive report provides further information on the issues facing the Council in the medium term and shows how these are being addressed to present a balanced financial position for the 2018/19 financial year. The report also includes medium term estimates showing financial challenges from 2018 through to 2021.

Additional detailed analysis of appropriate trends and demonstration of the effective deployment of resources is contained within the Council's [Value for Money](#) publication. This illustrates the strong financial position of the Council and provides clear evidence of delivering more with less.

The effective management of the budget within the annual estimates for the last three years has provided a solid financial platform to enable the Council to maintain a positive outlook for the future. The medium term forecasts shows the extent of the financial challenge ahead but I am confident and determined to deliver for local residents and to do everything I can to maintain Cheshire East as one of the best places to live in the Northwest.

Cllr Paul Bates

Portfolio Holder for Finance & Communication,
Cheshire East Council
February 2018



Annex 1

Estimated Budget and funding for Cheshire East Council 2017/18 to 2020/21 (excluding ring-fenced grants).

Summary position for 2018/19 to 2020/21	Budget Book 2017/18 (revised at TQR)	Estimated Net Budget 2018/19	Estimated Net Budget 2019/20	Estimated Net Budget 2020/21
	£m	£m	£m	£m
Outcome 1 - Our Local Communities are strong and supportive	24.3	24.8	25.3	25.8
Outcome 2 - Cheshire East has a strong and resilient economy	24.8	26.9	27.2	27.6
Outcome 3 - People have the life skills and education they need in order to thrive	43.8	46.9	48.3	49.8
Outcome 4 - Cheshire East is a green and sustainable place	29.5	30.5	29.2	29.6
Outcome 5 - People live well and for longer	93.7	99.2	104.8	111.0
Outcome 6 - Efficiency	32.6	30.3	29.9	30.9
Total Outcomes	248.7	258.6	264.7	274.7
<i>CENTRAL BUDGETS:</i>				
Capital Financing	14.0	10.0	12.0	12.0
Past Pensions Adjustment	1.2	0.3	0.2	1.2
Income from Capital Receipts	0.0	-2.0	-1.0	-1.0
Contingency	0.0	1.0	1.0	1.0
New Homes Bonus Community Fund	0.0	1.0	1.0	0.0
Use of / Contribution to Earmarked Reserve	-0.1	-1.0	0.0	0.0
TOTAL: CENTRAL BUDGETS	263.8	267.9	277.9	277.9
<i>FUNDED BY:</i>				
Council Tax	-191.1	-206.4	-212.7	-219.2
Business Rate Retention Scheme	-41.0	-43.0	-41.8	-42.3
Revenue Support Grant	-13.4	-5.4	0.0	0.0
Specific Grants	-16.9	-12.1	-12.4	-11.2
Sourced from Collection Fund	-1.4	-1.0	-1.0	0.0
TOTAL: FUNDED BY	-263.8	-267.9	-267.9	-272.7
Funding Deficit	0.0	0.0	10.0	5.2

Cheshire East Council Medium Term Financial Strategy 2018/21

February 2018

Foreword from the Finance and Communication Portfolio Holder

A great place to live

Cheshire East is a great place to live, work and visit. Our residents enjoy good living standards and when they need help from the Council we are consistently recognised, through surveys and national awards, as providing good services.

Dealing with financial Challenges

Central Government support is reducing, so understanding the level of services needing to be funded by local people and businesses is more important than ever. Cheshire East has been dealing with this issue for a long time due to the large numbers of households and businesses in the area. But, although the area is experiencing high growth, the increase in demand for services is also increasing. Funding expensive care packages requires an important balance between the finances of individuals, the NHS and Cheshire East Council's resources – and the current balance isn't sustainable.

In Cheshire East the number of residents receiving care and support from Adult Social Care is increasing by 4% year-on-year, and costs can range from very low needs up to individual packages costing over £4,000 per week, where a person has complex needs and nursing care is essential. In addition, over the last 12 months, the number of children and young people in care has increased by 17%. There have been similar levels of increase experienced both regionally and nationally.

The level of growth in the area also brings growth in other key Council Services, such as waste and highways. 1,800 new properties means a lot more bins to empty and more waste to manage and more cars on the road means more maintenance of potholes and additional highways and junctions to relieve congestion and improve safety.

Local Services, engaging local people

The Council is one year closer to 2020 when it is expected to have no reliance at all on general funding from Central Government. To put this into context £40m of funding was received in 2015/16.

The Executive of the Council has been working throughout the summer to produce a set of proposals that can support residents and balance the finances of the Council for the period 1st April 2018 through to 31st March 2021.

The Council's Pre-Budget Consultation document, released in November 2017, received more responses than ever and a number of proposals have been changed in response to the feedback we have received. The largest increase in spending is still in Adult Social Care, but proposals relating to Highways and Libraries where reductions were proposed, have been amended to reduce the impact.

The proposals also include an increase in Council Tax by up to 5.99% for the 2018/19 financial year. This reflects current inflation levels running at c.3% and an additional 3% specifically to fund increasing costs in Adult Social Care. This approach will add £1.28 per week to the average household Council Tax bill each year.

Community funding from New Homes Bonus

I have been encouraged once again by the level of engagement from local people, and I am very aware that local areas sometimes have different priorities. When setting out the Pre-Budget position a proposal was included to set aside £2m and allow local communities to determine how this money will be spent. This

reflected guidance from the Ministry of Housing, Communities and Local Government about locally allocating funding received from the New Homes Bonus and had been made affordable through changes to the Council's approach to capital financing in 2017/18. Whilst the design of this scheme is still subject to approval, the funding has remained a part of the budget and I look forward to seeing how this money can be used to achieve local outcomes.

Achieving our plans

The proposals in this document continue to work towards the Council's Corporate Plan which focuses on:

Communities ~ helping residents to help themselves and each other. Supporting volunteering, and minimising anti-social behaviour.

Economy ~ encouraging and supporting businesses to create high employment and creating opportunities for all.

Education ~ intervening early to provide a great start in life.

Environment ~ supporting energy saving initiatives and making sure our green spaces make Cheshire East a great place to live.

Health ~ safeguarding the vulnerable, with care that people need.

I believe this report provides a strong set of options that will be able to create a sustainable position in the medium term. Clearly there is more to do and I will be engaging with key people and organisations throughout 2018/19 to ensure we can create a position that matches local needs with local resources.

Paul Bates

Cllr Paul Bates, Finance and Communication Portfolio Holder

Comment from the Interim Executive Director of Corporate Services

Managing potentially large overspends whilst facing significant growth in costs has made the 2017/18 financial year very tough in financial terms. Levels of risk have been constantly reviewed and needed to be mitigated in setting the 2018/19 budget.

Reducing risk hasn't been made easy by the uncertainty surrounding key income sources such as business rates and government grants. Forecasts contained within this Medium Term Financial Strategy rely on input from government around future planned changes to business rates as well as our local estimates on growth in the domestic and non-domestic tax bases compared to growth in demand for our key services around care, waste and infrastructure.

Cheshire East Council is a large local authority, and the Council's plans for services to local people are targeted at the achievement of the Council's six outcomes contained within the Corporate Plan 2017-20. There is a fine balance between making efficiencies in services and still enabling services to meet residents' needs.

In balancing the financial risks to the medium term finances it has been important to reflect on the level of services required to achieve outcomes compared to the growing demand for services. To this end this budget highlights a shift of resources between service areas, and with Central Budgets:

- The People Directorate is where staff work with health and community based partners to support and keep safe our most vulnerable residents, and spending in this area, is set to increase by £9.0m based on the proposals in this budget.

- There is an overall increase of £0.9m within Place & Corporate Services which cover the following areas:
 - o The Place Directorate delivers and commissions a range of services including highways, waste management, leisure services, planning, environmental health and countryside management. It also delivers major infrastructure and regeneration projects across the Borough
 - o The Corporate Directorate provides services that help the Council function, such as Finance, ICT and HR.

In my role as S.151 Officer I constantly review ways to balance the medium term expenditure with the latest income forecasts, as well as targeting the most efficient ways to fund the long term costs of spending on large assets. Changes to central budgets linked to managing long term debt and current pension liabilities are detailed in this report to present a balanced overall position for 2018/19 based on robust business cases and supported by adequate reserves.

Jan Willis

Jan Willis MBA IPFA

Interim Executive Director of Corporate Services

(Section 151 Officer)

Table 1 – Three Year Summary Position

Estimated Budget and funding for Cheshire East Council 2017/18 to 2020/21 (excluding ring-fenced grants)

Summary position for 2018/19 to 2020/21	Budget Book 2017/18 (revised at TQR)	Estimated Net Budget 2018/19	Estimated Net Budget 2019/20	Estimated Net Budget 2020/21
	£m	£m	£m	£m
Outcome 1 - Our Local Communities are strong and supportive	24.3	24.8	25.3	25.8
Outcome 2 - Cheshire East has a strong and resilient economy	24.8	26.9	27.2	27.6
Outcome 3 - People have the life skills and education they need in order to thrive	43.8	46.9	48.3	49.8
Outcome 4 - Cheshire East is a green and sustainable place	29.5	30.5	29.2	29.6
Outcome 5 - People live well and for longer	93.7	99.2	104.8	111.0
Outcome 6 - Efficiency	32.6	30.3	29.9	30.9
Total Outcomes	248.7	258.6	264.7	274.7
<i>CENTRAL BUDGETS:</i>				
Capital Financing	14.0	10.0	12.0	12.0
Past Pensions Adjustment	1.2	0.3	0.2	1.2
Income from Capital Receipts	0.0	-2.0	-1.0	-1.0
Contingency	0.0	1.0	1.0	1.0
New Homes Bonus Community Fund	0.0	1.0	1.0	0.0
Use of / Contribution to Earmarked Reserve	-0.1	-1.0	0.0	0.0
TOTAL: CENTRAL BUDGETS	263.8	267.9	277.9	277.9
<i>FUNDED BY:</i>				
Council Tax	-191.1	-206.4	-212.7	-219.2
Business Rate Retention Scheme	-41.0	-43.0	-41.8	-42.3
Revenue Support Grant	-13.4	-5.4	0.0	0.0
Specific Grants	-16.9	-12.1	-12.4	-11.2
Sourced from Collection Fund	-1.4	-1.0	-1.0	0.0
TOTAL: FUNDED BY	-263.8	-267.9	-267.9	-272.7
Funding Deficit	0.0	0.0	10.0	5.2

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Section 1 - Achieving Outcomes

Cheshire East Council is responsible for providing in the region of 500 local public services across an area of over 1,100km² for over 370,000 residents. The total amount of spending to deliver these services in the period April 2017 to March 2018 will be in the region of £720m, which is funded from a combination of local taxes, national taxes (in the form of government grants) and payments direct from service users and other organisations.

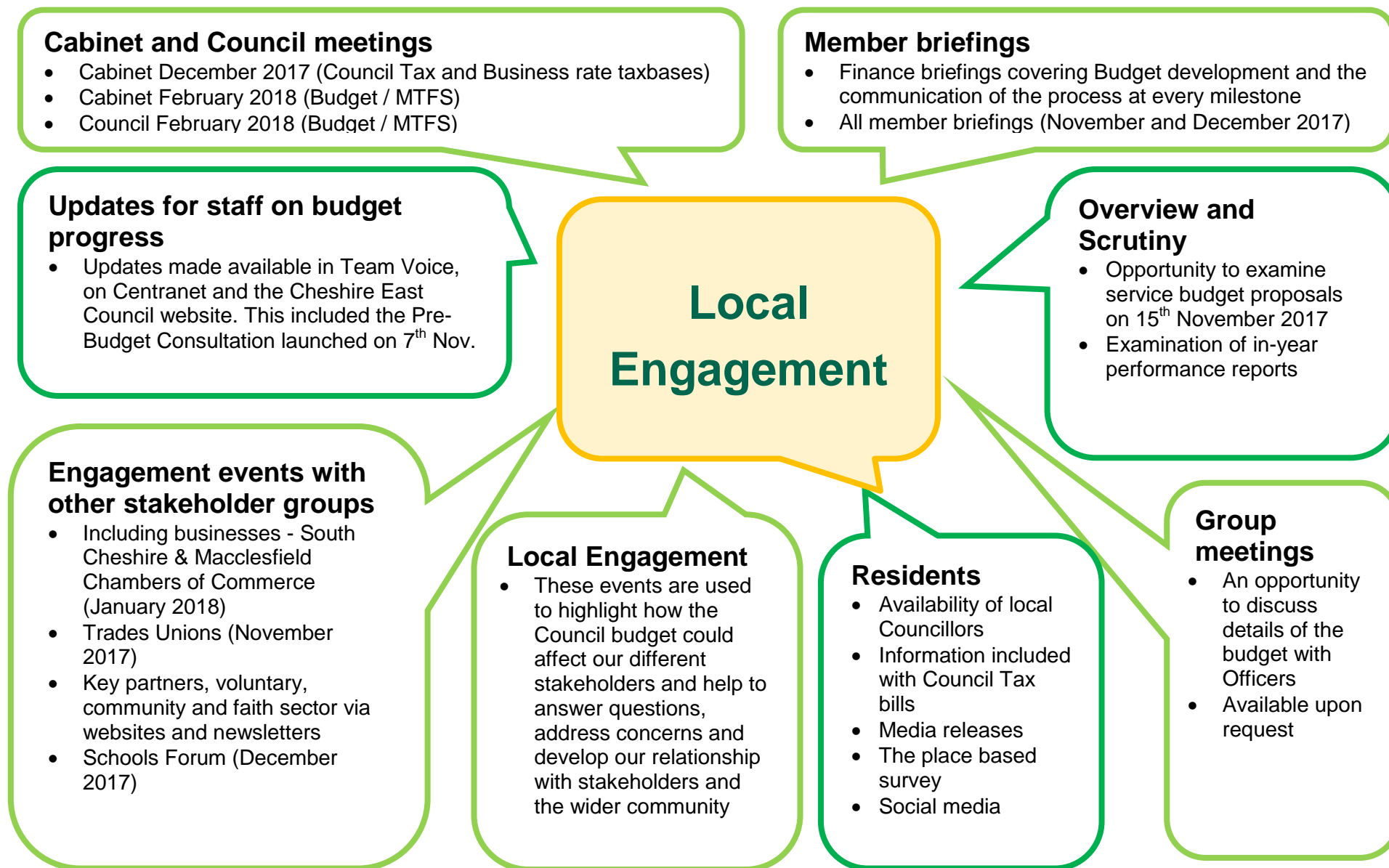
As a place we have a fantastic mix of rural and urban environments. However the most important element of Cheshire East is its people and we will strive to make sure we have a Council that serves its diverse community well and delivers value for money. We want to see Cheshire East Council build a national reputation for customer services and partnership working and to build a clear programme that continually delivers.

The Corporate Plan 2017-2020 reaffirmed the outcomes contained within the previous three year plan. Members agreed that the outcomes remain hugely relevant to the way the Council can meet the needs of local residents and businesses. However, it is inevitable that local needs and priorities in Cheshire East change over time and the Council must therefore be flexible. This section provides details on how the Council aims to achieve its outcomes through focused and clear priorities.

Each of the Council's Priority outcomes is set out on the following pages along with budget changes that will achieve a balanced position for 2018/19.

The following pages set out:

- Some of Cheshire East Council's achievements over the last year, as detailed in the Council's Outturn Report.
- The engagement activity for the current budget setting process. This identifies who was consulted with as part of this budget setting process.
- Revised budget proposals that include the Council's response to stakeholder feedback.



Understanding the financial tables in this document

Potential budget changes in this document are expressed in cash terms compared to the Council's Approved Budget for 2017/18.

Some items may affect services that cut across several outcomes but for ease of understanding proposals are only listed under the most relevant outcome within this section of the report. Each proposed change is included in a table as described below:

Theme of the Potential Change(s) (such as "Changing the way we work" or "Income Generation")	2018/19 £m*	2019/20 £m*	2020/21 £m*
X. Number and title of Proposed changes (either Revenue or Capital) A narrative to describe what the proposal is			
Impact on Services Budget =	-x.xxx	-x.xxx	-x,xxx
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p>			

The specific Service Budget that may be affected is identified here. Current budgets are detailed in the Council's Budget Book.

Capital changes are split by the year in which expenditure is incurred.

Figures represent an increase or decrease in spending compared to the 2017/18 Approved Budget.

If the potential change is permanent it is therefore repeated in each year.

If spending will vary across the three years each figure still represents the change from the existing 2017/18 Budget

Outcome 1 – Our local communities are strong and supportive

What this means:	<p>Individuals and families are self-reliant and take personal responsibility for their quality of life.</p> <p>Communities are cohesive, with a strong sense of neighbourliness. There is genuine civic pride and mutual respect.</p>	
What the Council will focus on:	1. Active, Resilient and Connected Communities where people want to live	2. Communities where you are Safe, and feel Safe
What this will look like:	People work together to help each other, take action and take pride in where they live. We enable and support all of our communities to be independent. We lead by example as a proactive and enforcing Council.	People feel safer in their own homes and in their communities. We work with partners to target a reduction in anti-social behaviour and improve public and road safety.

Evidence of Achievement

Performance of Outcome 1 will be measured through the use of performance indicators such as the examples below:

1. Working to increase overall satisfaction with the local area (which is currently at 81%).
2. Increasing the percentage of people who feel safe when they are outside in their local area at night (which is currently at 67%).
3. Operating a 24/7 CCTV service, with a financial contribution from Town & Parish Councils, to monitor the Borough and alert Police, Fire and other public body colleagues of incidents and issues as they take place. (On average the service responds to around 1,300 incidents each month.)
4. Working in partnership to continue making early interventions on incidences of Anti-Social Behaviour. Activities in Cheshire East between 2014 and 2016 resulted in high levels of successful interventions; 98.1% of young people receiving interventions never returned to the system to receive an Acceptable Behaviour Contract.
5. Increasing the annual number of Countryside Volunteer days (which stood at 1,294 days in 2016/17), and the annual number of Leisure Services volunteer hours (6,675 hours in 2016/17).
6. Continuing to award Community Grants to contribute towards community activities (in 2016/17 the Scheme granted over £170,000 of funding to 94 organisations, contributing towards over £2.8m worth of projects and community activities).
7. Increasing the number of residents who feel that the Council keeps them informed about the services and benefits it provides (currently at 50%).

Key Priorities

We have listened to what is important to our residents and communities. Throughout 2017/18 we have undertaken coproduction events with service users, communities and the voluntary sector to understand what you want to see. We recognise that working with communities will help us achieve this really important outcome about safe, strong and supportive communities. We want to be much more pro-active in agreeing what our deal is with you, so that we use our fantastic assets which are people, money and buildings in the ways to get the best outcomes we can.

Cheshire East Council along with many other local authorities across the country is facing unprecedented challenges to meet the needs of its residents alongside having to make large scale savings. Only by involving local residents and key stakeholders in how we face these challenges will we truly achieve the best outcomes for all parties. The Council is committed to developing strong and supportive communities, and this approach clearly demonstrates that commitment by putting our residents at the heart of the decision making process wherever possible.

Our community development work uses an asset based approach to develop strength based community initiatives. It builds social capital, recognising the importance of relationships, by developing local networks and connections, including targeted interventions to build social relationships amongst isolated groups. We also deliver interventions that encourage social connections between people with similar experiences to provide peer support, helping residents to confront and cope with life's challenges, so that they maintain their wellbeing in the face of adversity. We are keen to take this approach with our Adult Social Care services too.

All our communities, social networks, and individuals have assets that can help to create community capital and generate local benefits. We want to unleash the full value of our community capital, unlocking any reserves, to maximise our shared potential, bringing about greater social, economic and personal benefits for everyone in Cheshire East. Our journey looks to increase our support to communities by providing information, infrastructure, networks and skills to help local groups and social enterprise grow and overcome any hurdles they identify. This will enable our communities to become more enterprising, reducing dependency and enabling people in more deprived areas to address the inequalities which impact on their lives. We know that a one-size fits all approach will not work, instead we will develop evidence based, community-led interventions, which develop participatory engagement and co-production across our communities.

We want to focus on individuals, supported by families and friends within their local communities. All resources and assets in places must be used to support the wider determinants of health and improve health and wellbeing outcomes. There needs to be a shift towards more prevention and early intervention which will require services to organise and professionals to behave in very different ways.

Challenges

- There is significant demand on services, high costs to the system and local demographic pressures which, coupled with the impact of preventable premature morbidity and mortality and reduced funding, will continue to put pressure on the Cheshire East health and care system.
- Addressing some stark differences across Cheshire East. For life expectancy there is a noticeable difference of around 13 years between the lowest rates in Crewe Central and the highest in Gawsworth for females. For males, there is an 11 year gap between the lowest rate, again in Crewe Central, and the highest in Wilmslow East.
- In 2015 there were 18 small areas in the most deprived 20% nationally; this is an increase from 16 areas in 2010. Of these 18 areas, six areas were in the most deprived 10% of areas nationally. Five of these were also in the most deprived 10% in 2010, and all are areas of Crewe. The sixth and new area includes part of St Johns, again in Crewe.

Opportunities

- A new vision for place-based health and wellbeing is emerging and people must be empowered to take greater control over their own lives, to influence personalised services and to take greater responsibility for their health outcomes.
- Strengthening our approach to Community Engagement and Communications to help shape our commissioning intentions, our services and to create sustainable communities.
- Reshaping our approach to Adult Social Care and Communities work to empower local residents and Connect People, helping people in communities to become more connected to others, to reduce inequalities and improve life chances.
- Strengthen local networks and partnerships, developing Connected Neighbourhoods which work collaboratively and provide mechanisms for collaboration to improve health and wellbeing.
- Connecting local people to local decision making.

Proposals to vary the Budget under Outcome 1 (Communities) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Review Environmental Enforcement Service based on outcomes (Summer 17) of Fly-tipping pilot and procurement of patrol company pilot (Revenue Savings) (1) Two pilot projects are underway to improve environmental enforcement. These will be reviewed by the end of Summer 2017, with a plan to redesign the delivery of the service and deliver savings from April 2018 onwards.			
<i>Impact on Community Safety Delivery Team Service Budget =</i>	-0.118	-0.118	-0.118
*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Increase Community Grants (Revenue Investment) (2) <p>The Community Grants scheme is highly valued by community and voluntary groups and demand for support increases annually, and is now four times oversubscribed. For every £1 invested in this scheme it is worth £9 to the community, contributing towards over £1.6m worth of activities and projects in the Borough in 2015/16. The proposal is to increase the Community Grant budget, to deliver even greater impact from investment.</p> <p style="text-align: right;"><i>Impact on Partnerships & Communities Service Budget =</i></p>	+0.040	+0.040	+0.040
New Homes Bonus Community Fund (Revenue Investment) (97) <p>Funding has been made available in line with Central Government's New Homes Bonus guidance for community projects, to be allocated in accordance with local priorities, building on the Council's participatory budgeting approach. The Council's Cross-Party Corporate Overview and Scrutiny Committee will assist in developing the details of the protocol to underpin this scheme.</p> <p style="text-align: right;"><i>Impact on Central Budget (Not included in OC1 total on Table 1) =</i></p>	+1.000	+1.000	0.000
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Outcome 2 - Cheshire East has a strong and resilient economy

What this means:	We will invest in the building blocks that will allow business to grow, give our residents the right skills to secure employment and attract inward investment in to the Borough. By working together with business and our residents we will enhance the quality of place and create prosperity for all.			
What the Council will focus on:	1. Culture, Heritage and Tourism	2. Jobs and Skills	3. Business Growth and Inward Investment	4. Infrastructure
What this will look like:	Across the Borough our towns and villages will offer a rich mix of retail, leisure, cultural and heritage facilities that will serve our residents and attract more visitors and tourists to Cheshire East.	The workforce in Cheshire East will be well educated and skilled. Unemployment will be kept low, new and high quality jobs will be created and people will be ready for work as soon as they leave education or training.	Businesses will grow and thrive in Cheshire East. Sites and support will be available to attract new businesses to the Borough and to allow existing businesses to grow.	Cheshire East will be well connected. Travel will be safe and efficient.

Evidence of Achievement

Performance of Outcome 2 will be measured through the use of performance indicators such as the examples below:

1. Continuing to grow Cheshire East's economic output (Gross Added Value). Latest (2016) estimates suggest that the Borough's GVA stands at £11.59bn; a growth averaging 2.9% per annum since 2012.
2. Increasing Cheshire East's visitor economy, now worth £895m to the local economy. According to latest (2016) figures, 17.66 million visitor days are spent in the Borough per year, an increase of over 34% since Cheshire East Council was formed in 2009.
3. Increasing the average level of customer satisfaction (50% in 2016/17) with our Highways service via targeted performance improvements across a range of measures including reduced insurance claims against highways (590 in 2016/17) and resolving 98.5% of Category 1 Defects within timescales.
4. Maintaining low numbers of young people who are NEET (not in education, employment or training), which stood at 2.4% at the end of 2016/17.

Key Priorities

Cheshire East has one of the strongest economies in the country which is made up of a vibrant mix of businesses across a wide range of sectors. The challenge is how we maintain our position to create sustainable growth that will support the wellbeing of our residents and the economy to grow.

With this in mind the Council is prioritising investment from both its capital and revenue budget to support growth through major infrastructure projects such as HS2 and support for regeneration.

Furthermore the Council has completed a review of the subsidised bus network with the action of prioritising the Council's budget to support access to essential services e.g. health, education and employment. The proposals would ensure the Council maintains 97% of the subsidised network.

Therefore these proposals seek to prioritise spending on economic development and regeneration and seeking efficiency through the major contracts we commission.

Proposals to vary the Budget under Outcome 2 (Economy) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Addressing Budget Shortfall in the Asset Management Service (Revenue Investment) (3) There is a shortfall in income being achieved from the asset portfolio and as such income targets for the service will need to be permanently adjusted. This will partially be addressed by driving efficiencies however a growth bid is still necessary. <i>Impact on Assets Service Budget =</i>	+0.327	+0.249	+0.184
Visitor Economy (Revenue Investment) (4) Addressing operational issues of Cheshire East's Visitor Information Centres (VICs). Cheshire East Council (CEC) has signed a Service Level Agreement (SLA) with Macclesfield Town Council (TC) to provide financial contributions and discussions are ongoing with Congleton TC around financial contributions whilst maintaining provision of a sustainable visitor information service. This will allow tourism assets to be actively promoted. There are also a number of long standing underlying budget pressures totalling £35,000 associated with the management & operation of the VICs relating to an ongoing inherited shortfall. This supports Council outcomes 1, 2, 3, & 5. <i>Impact on Visitor Economy Service Budget =</i>	+0.032	0.000	-0.012
*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Removal of Fairerpower payment (Revenue Saving) (5) <p>As the Fairerpower scheme nears its self-sustaining position the contract is being novated over to Skills and Growth Company (SAGC) so they can implement their growth strategy of approaching other Authorities to buy in to the scheme. The annual payment that CEC made to SAGC to manage the contract can now cease.</p> <p style="text-align: right;"><i>Impact on Skills & Growth Service Budget =</i></p>	<p style="text-align: center;">-0.140</p>	<p style="text-align: center;">-0.140</p>	<p style="text-align: center;">-0.140</p>
Contract Savings and Place Directorate restructuring (Revenue Savings) (32) <p>The Place Directorate manages contracts of an estimated annual value of £90m and will aim to achieve reductions in contract expenditure through targeted actions such as:</p> <ul style="list-style-type: none"> - More consistent standards of contract management - Improved alignment of commissioning activity - Challenging the benefits of existing provider markets - Smarter negotiation to achieve outcomes at best value <p>The staffing structure of the Directorate must also change to reflect new ways of working that deliver place based services that achieve outcomes, in the most efficient way. This will require re-alignment of services and reviews of management responsibilities that reduce overall costs. The combination of changes to contract management and management structures can realise reductions of up to £370k per annum.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p>	<p style="text-align: center;">-0.370</p>	<p style="text-align: center;">-0.370</p>	<p style="text-align: center;">-0.370</p>
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Cheshire East Reflects (Revenue Investment & Savings) (6) Continued delivery of Cheshire East Reflects four year programme of commemorative activities to mark centenary of World War 1. In particular, continuation of education programme and delivery of major, public events in 2018. The programme of events end in 2018 so no further funding will be required in 2019/20. Supports Council's Outcomes 1, 2, 3, and 5 <i>Impact on Cultural Economy Service Budget =</i>	+0.020	-0.030	-0.030
Shortfall in salary budgets and establishment costs (Revenue Investment) (7) A base budget review of the department has highlighted historic shortfalls in salary budgets, this regularises the situation but will be addressed as part of a wider review of the management structure. <i>Impact on Directorate Service Budget =</i>	+0.105	+0.105	+0.105
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Facilities Management budget shortfalls (Revenue Investment) (8) Recent additions to the Council's estate to improve facilities for residents have resulted in pressures on budgets. For example, the creation of improved leisure and environmental facilities, the retention of empty buildings and the revaluation of properties for business rates has resulted in higher business rates being payable, are contributing to the budget pressure. <i>Impact on Facilities Management Service Budget =</i>	+0.836	+0.926	+1.016
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Create a new Investment Portfolio (Revenue Savings) (9) <p>The objective of this proposal is to deliver a long term and sustainable income to the Council through investment in commercial property. The general approach will be to consider the level of investment, risk and potential rate of return prior to considering acquiring the specific investment.</p> <p style="text-align: right;"><i>Impact on Assets Service Budget =</i></p>	0.000	-0.250	-0.500
Increase Public Rights of Way Fees & Charges (Revenue Savings) (10) <p>Changes in fees and charges associated with the legal processes in dealing with making alterations to public rights of way. These changes are driven by increased demands for alterations to public rights of way associated with development throughout Cheshire East which requires a far greater input of officer time to adequately manage. The fees and charges need to accurately reflect this in order to ensure the Council is recovering its full costs and there are no additional financial burdens on the council tax payer. Supports Council's Outcomes 1, 2, 3, and 5.</p> <p style="text-align: right;"><i>Impact on Public Rights of Way Service Budget =</i></p>	0.000	-0.015	-0.015
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Changes to subsidised Bus Service (Revenue Savings) (11) <p>The Council gives revenue support to local bus services to enable services to be provided which would not otherwise be provided by commercial operators.</p> <p>The proposed review will also rationalise the existing network by combining routes, changing the hours of operation and in some cases by stopping the provision of services altogether.</p> <p>This has been subject to a thorough and detailed consultation exercise. In particular the impact on rural communities and protected groups has been reviewed before a final decision was made.</p> <p style="text-align: right;"><i>Impact on Public Transport Commissioning Service Budget =</i></p>	<p style="text-align: right;">-1.176</p>	<p style="text-align: right;">-1.176</p>	<p style="text-align: right;">-1.176</p>
Tatton Vision Phase 1 (Revenue Savings) (12) <p>A five year capital programme, Tatton Vision Phase 1 is investment in facilities, services and experience for visitors and residents to the park. It aims to improve indoor event spaces, catering and retail sites, encouraging increasing visitor numbers, greater spend and longer dwell time. This improves the overall financial return, reducing the cost of Tatton to the Council. Supports all the Council's Outcomes.</p> <p style="text-align: right;"><i>Impact on Tatton Park Service Budget =</i></p>	<p style="text-align: right;">-0.045</p>	<p style="text-align: right;">-0.045</p>	<p style="text-align: right;">-0.045</p>
<p style="text-align: center;">*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p>			

Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Reduce funding to Macclesfield Silk Heritage Trust (Revenue Savings) (13) Managed transition of support funding to Macclesfield Silk Heritage Trust resulting from the revised business plan. Supports Council's Outcomes 1, 2, 3, and 5. <i>Impact on Cultural Economy Service Budget =</i>	-0.010	-0.010	-0.010
Marketing Cheshire (Revenue Savings) (14) Cheshire and Warrington Tourism Board operating as Marketing Cheshire provide a company vehicle for Cheshire East Council to deliver agreed sub-regional and local activities in relation to the growth agenda and delivery of its visitor economy strategy. By reducing the payments in 2018/19 and 2019/20, this will have negligible impact on current visitor economy projects and funding schemes already in place and currently being implemented in Cheshire East. It allows Marketing Cheshire time to source additional external revenue outside of the public purse, sustaining its contribution to delivery of the Visitor Economy Strategy. Supports Council's Outcomes 2 and 6. <i>Impact on Visitor Economy Service Budget =</i>	-0.020	-0.020	-0.020
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Regeneration <i>Investment in the infrastructure and towns in Cheshire East.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
HS2 Strategy (Revenue Investment) (16) <p>The arrival of HS2 to Crewe in 2027 provides a once in a generation opportunity for Crewe, Cheshire East and the wider Constellation Partnership to deliver economic and transformational changes to Crewe and the Constellation area. However, these benefits can only be realised with investment in the right hub station at Crewe. This proposal will cover the programme of work needed to influence decisions for the Crewe hub and development and implementation work needed to capture the local benefits of HS2 to Cheshire East.</p> <p style="text-align: right;"><i>Impact on Strategic Infrastructure Service Budget =</i></p>	<p style="text-align: right;">+0.500</p>	<p style="text-align: right;">+0.500</p>	<p style="text-align: right;">+0.500</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

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

What this means:	Children and young people get a good start in life, and are prepared for the world of work. Everyone is equipped to live independent, self-sufficient lives, and to realise their particular talents and abilities.		
What the Council will focus on:	1. Securing the Best Start in Life	2. Highest Achievement for All Learners	3. Inclusion
What this will look like:	Pupils will be school ready and have a firm foundation for a good education at the end of Early Years Foundation stage.	Academic achievement and employability will be outstanding in Cheshire East.	Vulnerable children and young people are supported to achieve their potential and increase aspirations.

Evidence of Achievement

Performance of Outcome 3 will be measured through the use of performance indicators such as the examples below:

1. Maintaining a high percentage of Cheshire East schools rated 'good' or 'outstanding' based on their most recent inspection. As at March 2017, 94% of Cheshire East schools were rated as 'good' or 'outstanding', higher than for the North West region (90%) and England (89%).
2. Pupils will be supported to achieve their academic potential. Provisional Summer 2017 results of the new reformed GCSEs show 83% of Cheshire East pupils gaining the standard pass or better in English, compared to 65% nationally. In Maths, 74% of Cheshire East pupils gained the standard pass or better, compared to 69% nationally.
3. Cheshire East's A-Level students will be supported to maintain excellent pass rates. The provisional pass rate of 99% in summer 2017 was above the national average of 98%.
4. Maintaining a high percentage of learners achieving high overall achievement rates. National Achievement Rates Tables (NARTs) published by the Skills Funding Agency, highlighting key indicators of performance in education and training at 19 years and over, show learners supported and monitored through the Cheshire East Lifelong Learning Team achieved the highest overall achievement rate (94%) across the Cheshire and Warrington areas, exceeding the regional average of 78% and the national average of 84%.
5. Improve the percentage of individuals achieving a good level of development from 72% (in 2016/17) and maintain performance above the national average of 71%.
6. Better educational outcomes for children and young people from disadvantaged groups, including those with special educational needs (SEN) and those cared for by the local authority.
7. Improved sufficiency of school places within Cheshire East, including for those with SEN.
8. Successful collaboration with schools leads to sustainable sector led approach to education and skills.

Key Priorities

Ensuring that our children and young people get a good start in life, have the education and skills to meet the needs of local businesses and are prepared for the world of work and adulthood is a key priority for the Council. This means having high quality places to learn, with well trained staff, who can support all children and young people, in particular our most vulnerable learners. We will continue to work with early years, schools, colleges and other settings to improve educational performance.

The 'Parenting Journey', our universal offer of parenting support from pre-birth to starting school, has been established to ensure that all young people get a good start in life. It integrates and joins up our support for families in the early years across education, health and care. In 2018-19 we will evaluate the impact of the Parenting Journey and review our way of working so that we can ensure our services have maximum impact, particularly for our most vulnerable children and their families.

Having sufficient, good quality, school places in the right areas of Cheshire East to meet need is essential for learning; delivering on our schools capital programme continues to be a priority for 2018-19. Cheshire East Council was one of 19 local authorities whose expression of interest to develop a free school was recently approved by the Department for Education (DfE). We intend to provide 40 additional places for local children with social, emotional and mental health in Crewe from 2018. A plan has also been developed to add 270 additional SEND places over the next three years.

We continue to work on improving educational outcomes for disadvantaged pupils, including children in the care of the local authority. We will use the new vulnerable schools policy framework

and categorisation process in challenging all schools in monitoring pupil outcomes. This also includes those children and young people with special educational needs and disabilities (SEND). The 0-25 SEND partnership has made good progress over the past year in championing the needs of this vulnerable group of young people to improve the performance and practice in this area. The priorities for the next year include embedding the SEND toolkit, aligning multi-agency referral and assessment pathways and increasing participation with children and young people.

During 2017/18, we integrated the Lifelong Learning Team into children's services to ensure a greater strategic community and employer approach. The next step is to consider whether a locality approach would be beneficial to move this agenda forward.

Challenges

- Implement the capital strategy to deliver the school places required as a consequence of housing developments and demographic growth in Cheshire East.
- Improve outcomes for disadvantaged pupils; continue to ensure high standards in all schools and effective support for those children not in school, ensuring that every child fulfils their educational potential.
- Ensure that activity, governance and accountability of the 0-25 Special Educational Needs and Disabilities (SEND) partnership is effective in delivering improved outcomes for SEND children and young people, including meeting the 20 week timescale for completion of education, health and care plans (EHCPs).
- Develop a stronger focus on support for the children and young people most vulnerable to the poorest outcomes.
- Ensure children and young people have the skills to meet the needs of local employers.

Opportunities

- Further develop the 'Parenting Journey' so it has maximum impact on giving young children the best start in life.
- Continue to collaborate with schools on joint focus areas, including developing a sustainable sector led approach to education and skills.
- Work with parents, carers and children and young people to co-produce services, particularly in relation to children with SEND.
- Maintain current positive dialogue with schools regarding future pupil place planning.

Proposals to vary the Budget under Outcome 3 (Education) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Transport - parental subsidy for Available Walking Routes phase 2 (Revenue Investment) (17) Subsidies to parent / carer to support implementation of proposed phase 2 available walking routes. <i>Impact on Education and Skills Service Budget =</i>	+0.070	0.000	0.000
Children & Families Transport Policy review (Revenue Savings) (18) Review of transport policies and delivery arrangements to achieve efficiencies. Work with the current school transport provider, Transport Service Solutions, to explore all options to provide a more cost effective solution. <i>Impact on Education and Skills Service Budget =</i>	-0.410	-0.570	-0.570
*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

Looking after children and young people <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Reduction in Children's commissioned services (Revenue Saving) (19) <p>The cyclical review of the wide variety of commissioned services that support the Council to deliver effective children's services will look to identify efficiencies as contracts come to an end and will also ensure a continuing fit with the internal capacity within Children's Services.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p>	<p style="text-align: center;">-0.050</p>	<p style="text-align: center;">-0.050</p>	<p style="text-align: center;">-0.050</p>
Review of service provision for children with disabilities (Revenue Saving) (20) <p>In 2016/17 a review was completed to identify improvements to the provision and co-ordination of the short break local offer for children with a disability and their families. Consequently, in consultation with parents and carers, a number of positive changes were made to the service in 2017/18 which put in place a whole system that is transparent, equitable and provides value for money, using advanced technology, to sustain a good offer to children, young people and their families. These changes result in efficiency savings which were achieved in 2017/18 and are set out in this report.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p>	<p style="text-align: center;">-0.200</p>	<p style="text-align: center;">-0.200</p>	<p style="text-align: center;">-0.200</p>
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Looking after children and young people <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Care Placements (Revenue Investment) (21) <p>There has been a 17% increase in the numbers of cared for children in Cheshire East over the last year, which is a situation being experienced elsewhere, both regionally and nationally. Although we are still below national and local comparators, admissions to care have continued to exceed the number of discharges and the complexity of needs of individuals are increasing due to improved assessments and effective prevention arrangements. This increase in numbers and complexity has resulted in the need for additional placement purchases, including high cost placements, and additional staffing to support children, young people and care leavers.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p>	+3.000	+4.000	+5.000
Revise Interagency Income Budget (Revenue Investment) (22) <p>Interagency income has been significantly reduced due to the collaboration with Adoption Counts across the sub region. Therefore, growth is required to offset this loss of income.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p>	+0.500	+0.500	+0.500
<p style="text-align: center;">*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p>			

Looking after children and young people <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Housing related accommodation and support facilities (Revenue Investment) (23) Permanent funding will ensure the important accommodation and support for cared for children and care leavers at Watermill House can continue. <i>Impact on Children's Social Care Service Budget =</i>	+0.040	+0.040	+0.040
Children and Families Staffing Gap (Revenue Investment) (24) The completion of the needs led staffing budget review across children and families has highlighted some additional costs due to increased pay levels. There is a planned increased cost of ICT licenses and maintenance across children and families. <i>Impact on People Directorate Service Budget =</i>	+0.260	+0.260	+0.260
Childcare Sufficiency Programme (Capital Investment) (25) To increase the capacity of early years places to enable all children to access their free entitlement. <i>New Capital Investment 2018/19 =</i>	+0.234	0.000	0.000
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
End of Early Intervention short-term funding allocation (non Public Health element) (Revenue Savings) (26) End of investment in early help and prevention services that were used to reduce the demand for higher cost services in the longer term. <i>Impact on Children and Families Directorate Budget =</i>	-1.000	-1.000	-1.000
Children and Families Transport (Revenue Investment) (27) Establish key posts with responsibility for school transport and ensure efficiency of future and on going arrangements. <i>Impact on Children and Families Directorate Budget =</i>	+0.134	+0.075	+0.075
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Provide Schools Meal Subsidy (Revenue Investment) (28) Expectation of income targets from school meals to be removed due to increased food prices and competition from other providers. <i>Impact on Education and Skills Service Budget =</i>	+0.200	+0.410	+0.410
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Outcome 4 – Cheshire East is a green and sustainable place

What this means:	Cheshire East's rural and urban character is protected and enhanced through sensitive development, environmental management, transport and waste disposal policies.			
What the Council will focus on:	1. Sustainable Development	2. Waste Management	3. Environment	4. Affordable Energy Growing Energy Businesses Independent Energy
What this will look like:	We will deliver the right homes in the right places by unlocking brownfield sites and controlling new development through the planning process to ensure that it will fit within its local setting, help create a better place for residents to live and work in, and protect the areas urban and rural character.	Cheshire East Council and its residents will produce less waste and keep the Borough clean.	Outdoor spaces will be pleasant and appreciated. Harmful emissions will be minimised.	Providing affordable energy for our residents (e.g. Fairerpower). Developing a local energy economy.

Evidence of Achievement

Performance of Outcome 4 will be measured through the use of performance indicators such as the examples below:

1. Maintaining Green Flag awards for our parks and open spaces; eight were awarded in 2017 and Tatton Park in Knutsford and Queens Park in Crewe also received 'Green Heritage' status.
2. Targeting a further 15% reduction in total tonnage of CO2 Emissions from authority buildings by 2020.
3. Maintaining Cheshire East Council's recycling rate, currently in the top 10% of all local authorities, and increasing the tonnage of materials re-used by 2% per year (over 1,400 tonnes in 2016/17).
4. Increasing the number of customers signing up to Fairerpower (currently at over 7,500 customers).
5. Processing 85% of major planning applications and 90% of all other types of planning applications within timescales in one of the highest volume authorities in the country.

Key Priorities

Cheshire East's rural and urban character is protected and enhanced through sensitive development, environmental management, transport and waste disposal policies.

Protecting and enhancing the 'Quality of Place' in the Borough is essential in respect of both rural and urban areas. We must provide an effective framework for well designed development projects. The adoption of the Local Plan is the basis for this and we will work on providing an effective planning framework and continue to invest in the planning service but will ensure that we set appropriate fee levels to enable the Council to continue its investment.

We understand that the maintenance of highways is an important element to 'quality of place' and we have looked at how we deliver an effective and efficient service for example the introduction of LED street lights will deliver savings and the way we procure our highway services will also deliver savings and efficiencies. We are committed to our residents and one area that we know affects everyone in our Borough is parking – we are therefore developing a Parking Strategy linked to the Local Transport Plan to inform the future parking provision and charging mechanisms across the Borough.

Proposals to vary the Budget under Outcome 4 (Environment) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Markets Income (Revenue Foregone) (29) Temporary suspension of the Crewe indoor market target for 2018/19 to reflect planned imminent changes, as part of the Crewe Town Centre Regeneration Programme, agreed by Cabinet in September 2017. Income targets for Crewe outdoor market and Macclesfield markets are adjusted to 2017/18 estimated outturns. <i>Impact on Client Commissioning - Environmental Service Budget =</i>	+0.250	+0.091	+0.091
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Street Lighting Improvements (Revenue Savings) (30) Following approval to fund a three year programme (2016/17, 2017/18 and 2018/19) of LED street light conversions, this project will allow for a reduction in the reactive revenue maintenance budget due to reduced maintenance requirements and extended life guarantees on the lanterns. <i>Impact on Highways Service Budget =</i>	-0.050	-0.100	-0.100
Highways Contract (Revenue Savings) (31) The Council operates its Highways operations through an integrated contract. This enables our contractor to determine the most efficient way to deliver a range of activities to manage and maintain our road network within an overall budget set by the Council. The Council is in the process of procuring a new contract from October 2018 and so this provides a point in time to review the amount of revenue funding to be put through this contract to carry out winter gritting, gully emptying, verge maintenance, weed spraying, tree maintenance, frontline staff, community teams and fees and charges. <i>Impact on Highways Service Budget =</i>	-0.150	-0.150	-0.150
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Highways Procurement (Revenue Savings) (33) This is a target saving that is dependent on the outcome of a successful procurement of the next highways services contract. <i>Impact on Highways Service Budget =</i>	-0.100	-0.200	-0.200
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Planning Reserve (Revenue Investment) (35) This will support the additional work necessary to ensure that we have an effective planning framework in the Borough including – Community Infrastructure Levy, Allocations Development Plan Document, Minerals and Waste Plan. Each one will require an evidence base to be developed, public engagement and a series of hearings. <i>Impact on Planning Service Budget =</i>	+0.425	-0.375	-0.575
Lead Local Flood Authority Grant Funding (Revenue Funding) (36) The Council as the Lead Local Flood Authority contributes an annual sum to the Regional Flood and Coastal Committee. This money is then available as a source of funding in addition to allowing access to wider Flood Defence Grant in Aid funds. <i>Impact on Highways Service Budget =</i>	+0.001	+0.002	+0.002
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Managing waste <i>Reviewing our current Waste offer to ensure value for money is achieved.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Household Waste Recycling Centre income generation & efficiencies (Revenue Savings) (37) Continuing improvements and efficiencies to the Household Waste Recycling Centre service, including investment to improve our sites and allow the acceptance of trade waste, the closure of Arclid Household Waste Recycling Centre, the introduction of a charge for rubble waste and the reduction in opening hours. Proposals were publically consulted on in 2016/17. <i>Impact on Client Commissioning - Environmental Service Budget =</i>	-0.576	-0.576	-0.576
Ansa income generation & efficiencies (Revenue Savings) (38) Income generation through Ansa commercial approach to service delivery, benefit to the commissioner from Ansa's subsidiary joint venture (with two neighbouring authorities) and further efficiency savings including route optimisation, negotiation of contracts from third party suppliers. <i>Impact on Client Commissioning - Environmental Service Budget =</i>	-0.090	-1.230	-1.665
Housing Growth , Waste Contract Inflation and Tonnage Growth (Revenue Investment) (39) Housing growth to date and projected will see a corresponding increase in collection costs and recycling and waste per household. In addition annual contract inflation and a rise in the quantity of waste per household is increasing waste handling and disposal costs. <i>Impact on Client Commissioning - Environmental Service Budget =</i>	+0.588	+0.938	+1.288
*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

Managing waste	2018/19	2019/20	2020/21
<i>Reviewing our current Waste offer to ensure value for money is achieved.</i>	£m*	£m*	£m*
Food Waste Recycling (Composting Plant) (Revenue Investment) (40) <p>This project enables the development of a composting plant to allow food waste recycling in 2019. Household food waste recycling is a key aim of the Council's Municipal Waste Strategy. The Council is seeking to expand its recycling service by enabling household food waste to be recycled within the garden waste bin. To achieve this, a new green waste processing solution is required through the construction of a composting plant. This is a major opportunity for the Council to deal more sustainably with household food waste currently going for disposal. While the plant will operate within the existing contract budget there is a collection cost increase associated with the ending of the annual garden bin winter waste shut down.</p> <p><i>Impact on Client Commissioning - Environmental Service Budget =</i></p>	0.000	+0.440	+0.150
Supply of Household Recycling & Waste Bins - Cost Avoidance (Revenue Savings) (41) <p>The demand for new and replacement bins has been greater than the budgeted capital provision for the last three years. This proposal will introduce a bin supply charge for new and replacement bins in line with other local authority charging schemes and as such reduce costs to the Council in the supply of bins to new and existing properties.</p> <p><i>Revenue Income - Impact on Client Commissioning - Environmental Service Budget =</i></p> <p><i>Capital Contribution =</i></p>	-0.148 +0.148	-0.148 +0.148	-0.148 +0.148
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p>			

Managing waste	2018/19	2019/20	2020/21
<i>Reviewing our current Waste offer to ensure value for money is achieved.</i>	£m*	£m*	£m*
Congleton Household Waste Recycling Centre (Capital Investment) (42) Consideration of options to secure the long-term provision of a household waste recycling centre in the Congleton area, including possible site relocation. <i>New Capital Investment 2018/19 =</i>	+0.050	+2.000	+2.000
Environmental Services base budget (Revenue Investment) (43) Additions to the base budget to cover tree survey costs and base budget adjustment. <i>Impact on Client Commissioning - Environmental Service Budget =</i>	+0.152	+0.152	+0.152
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Parking Strategy (Revenue Savings) (44) <p>The target income the Council receives from parking charges is used to manage the delivery of its parking and related transport and traffic services. The development of a Parking Strategy linked to the Council's Local Transport Plan refresh will inform the level of future provision and charging. Early implementation of practical initiatives will be prioritised.</p> <p style="text-align: right;"><i>Impact on Parking Service Budget =</i></p>	<p style="text-align: center;">-0.355</p>	<p style="text-align: center;">-1.142</p>	<p style="text-align: center;">-1.142</p>
Increase planning fees – White Paper proposals (Revenue Saving) (45) <p>Application fees are due to increase by 20% however the timing of this remains uncertain with an announcement now expected at the end of November.</p> <p style="text-align: right;"><i>Impact on Planning Service Budget =</i></p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.100</p>
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Outcome 5 – People live well and for longer

What this means:	Local people have healthy lifestyles and access to good cultural, leisure and recreational facilities. Care services focus on prevention, early intervention and physical and mental wellbeing.			
What the Council will focus on:	1. Empowering people to live independent, healthier and more fulfilled lives	2. Information, Advice and Guidance, Prevention and Early Intervention	3. Accessible high quality services, Information & Advice	4. Public Protection, Health Protection and Safeguarding
What this will look like:	<p>Our residents are supported to live independently with a high quality of life.</p> <p>Our residents take responsibility for their own health and well-being. They have a positive experience in all interactions with the health and care system.</p>	<p>The Council commissions and delivers proactive services which help to support physical and mental wellbeing.</p> <p>Facilitating the identification, at an early stage, of individuals who can benefit from preventative services and interventions which help improve physical and mental health and wellbeing.</p>	<p>Residents and customers find it easy to access local services and get the information they need.</p> <p>Our residents have choice when accessing our high quality services. Our residents achieve excellent outcomes through engagement with our local services.</p>	<p>There are strong, multi-agency arrangements in place to ensure residents are safeguarded and protected.</p>

Evidence of Achievement

Performance of Outcome 5 will be measured through the use of performance indicators such as the examples below:

1. Increasing take-up of NHS Health Checks, a health-based screening for residents aged 40-74 aimed at reducing the prevalence of cardiovascular disease (such as heart disease and strokes) amongst the population through lifestyle advice and treatment.
2. Providing home adaptations to enable older and/or disabled residents to stay in their home – over 1,400 minor adaptations and over 400 major adaptations were made to homes in 2016/17.
3. Increasing attendance figures at Council-owned leisure facilities by 1% per year (There were over 3 million visits during 2016/17).
4. Maintaining the number of long-term empty homes in Cheshire East at less than 1%.
5. Sustaining performance of adults receiving self-directed support at above 90% against the latest national average of 86.9% (2016/17 year-end performance stood at 93.2%).
6. Increase the number of social care users who have as much social contact as they want from 33.4% in 2016/17 (National Average 35.5%).
7. Reduce the delayed transfers of care from hospital days attributable to adult social care from 207 per 100,000 population (2016/17) to 160 per 100,000 population.
8. A developed market place for both care homes and domiciliary care.
9. More personalised services available for longer term and short term care and support.
10. Preventative services have reduced the need for long term care.

Key Priorities

Introduction

The Council has experienced a significant increase in the number of children entering care in Cheshire East. Whilst this rise is reflected locally and nationally, it continues to put pressure on budgets within Children's Social Care, both in terms of placement and staffing costs. A number of measures have been put in place in 2017/18 and these have started to impact; children in care numbers have started to stabilise.

Increasing pressures on the budget have led to a number of service reviews and changes in commissioned services. The focus of these has been to maintain frontline capacity and target our resources more effectively on those services that make an impact. Project Crewe has been extended to Macclesfield, to provide this key service across the borough and our Participation Service has been brought in-house to be delivered from within our Youth Service. We are having to reshape the market to meet the change in demand and refocus our early help offer.

We are increasingly working on a sub-regional footprint. On 3rd July this year Cheshire East, in partnership with Manchester, Salford, Trafford and Stockport councils, became part of only the second regional adoption agency to be formed in the UK. The service, called 'Adoption Counts' has been awarded £500,000 over two years to develop a centre of excellence for adoption support. Work also continues on developing sub-regional collaborative arrangements around fostering services. We are also in the process of developing a shared fostering service for Cheshire East alongside Warrington, Halton and Cheshire West and Chester. Increasingly work is taking place pan-Cheshire around safeguarding

children and work is underway to establish future arrangements for the four Local Safeguarding Children's Boards (LSCB).

Significant work has taken place over the past year to prepare for the implementation of Signs of Safety (SoS) as a new way of working across Cheshire East. Working closely with North Yorkshire County Council as part of the DfE Partners in Practice (PiP) Programme, Cheshire East has benefitted from the advice and guidance from an authority who is successfully using the model to achieve positive results for children, young people and staff. Staff have participated from the outset to help to shape and prepare for Signs of Safety within their services, embracing change. We believe that this is already starting to change the culture across the service and partnership; recruitment and retention of social care staff has significantly improved over the past year. Embedding this model across all areas of our work with children, young people and families is a priority for 2018/19.

During 2017 feasibility work has been underway around developing a locality model of working for frontline children's services. This has looked at a range of factors to determine whether it would be more effective and improve services for children, young people and their families based on a number of geographical areas across the borough. This year we implemented the findings from a review of our 'front door' that resulted in a change of location for the service to better accommodate and integrate partners. Next steps will be to improve integrated working across the agency partnership within the 'front door'.

Improving the outcomes for our cared for children and young people continues to be a priority. Improving their experiences around education, health and care services is a priority for the coming year.

Absolutely paramount is the ability to ensure we protect both our vulnerable adults and children. Through the work of the council and its partners there is now a greater focus and awareness of issues such as domestic abuse, child sexual exploitation and adult abuse. To ensure we continue to tackle these important issues we are increasingly working across agencies and partnerships such as Cheshire Fire and Rescue, Police and Crime Commissioner for Cheshire, NHS and housing associations to ensure we take a holistic approach.

Over recent years there has been a shift in emphasis in Adult Social Care and Health from services defined and driven by professionals, to services that reflect the outcomes and aspirations of people using those services. We welcome this change. Our ambition is to be in the forefront of developing flexible, personalised services that tap into the rich diversity of our communities, and deliver services that enable people to maintain their independence, and where possible remain living in their own home.

At a time when there is an imperative to achieve better outcomes with finite resources we intend to focus our efforts on prevention and early intervention to reduce and delay the need for high cost services. Wherever possible, we will support choice by giving people the opportunity to have a direct payment and develop their own bespoke package of support. In doing so we will stimulate the development of an active and vibrant care market both in the independent sector but also across the voluntary, community and faith sectors. This is very much in keeping with the Care Act 2014 and focuses on the wellbeing of the individual.

In addition to the changes the council is facing there are significant changes taking place across the NHS nationally and locally. Sustainability and Transformation Plans are being submitted by NHS colleagues to NHS England and these reflect the Local Delivery Systems which for us in Cheshire East are “Connecting

Care” in the South and “Caring Together” in the North of the Borough. These changes will inevitably have a significant impact on social care both in children’s and adults but the full impact of these are not yet known. We remain committed to working with our NHS colleagues locally and sub regionally but the savings the NHS are looking to make and their current budget constraints suggests that this will put social care under further financial pressures.

Challenges

- Continuing to manage the increase in numbers of children and young people in care and affordability of residential and external placements.
- Managing the market to ensure that there is a range of services, care and support available to support cared for children and young people in their local area, many of whom have complex needs, including working sub-regionally to broaden the range and effectiveness of our services.
- Reshaping early help services across the borough to ensure that they are targeted to those most in need.
- Strengthening partnerships to deliver integrated, value for money services that ensure the voice of children and young people and better meet their needs.
- Ageing demography – by 2027 the number of people in the Borough aged 65+ is estimated to rise to over 127,000 and those aged 85+ estimated to have increased to 18,800 by 2027.
- Young people in transition to adulthood – there are estimated to be 90 young people aged between 14 – 18 with a complex disability who will be transitioning to adult social care during the next three years, with an average care package ranging between £25,000 to £150,000 per year.
- Dementia – prevalence in Cheshire East is higher than the England average with 4.47% of the population aged 65+ recorded as having dementia.
- One in four people will experience some form of mental health in their lifetime and this is true across all ages and all socioeconomic groups. Improving health and wellbeing, especially mental wellbeing is key to ensuring people live full and independent lives.

- We know from the 2011 census that we have 40,000 residents who are 'unpaid carers', with over 8,000 providing at least 50 hours per week. Supporting carers to have breaks but also to maintain their caring role is very much at the heart of our local carers strategy and reflects the joined up approach of the council and the NHS.

Opportunities

- Embed Signs of Safety as a way of working in Cheshire East to make our services more inclusive to support families to develop their own solutions leading to sustainable outcomes and more child-focused, putting the needs of children and young people first.
- Maximise sub-regional arrangements to improve collaborations, streamline and enhance good practice across all partnerships.
- Implement a locality working model that improves the way we work collaboratively and innovatively to make best use of the assets we have in our local area.
- The challenge to the directorate is to manage the demand and complexity whilst successfully managing the associated costs, therefore, the proposals below are focused on doing exactly that.

Proposals to vary the Budget under Outcome 5 (Health) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Commissioning all services currently provided by our in-house provider, Care4CE (Revenue Savings) (47) <p>Cheshire East Cabinet decided on the 8th December 2015 that the policy would be to move from in-house delivery to commission all care services from the broader care sector in order to facilitate the move to a more personalised system of care and support which facilitates the principle of choice and control for residents in the access and purchasing of care. This will require a review of in-house provision including potential outsourcing / recommissioning / closure / decommissioning of current provision.</p> <p>In order to ensure compliance with the Care Act 2014 this approach has been applied to services external to the council and will now be applied to services currently provided by Care4CE. This is to ensure that the support and care provided to local people can be flexible and responsive to changing needs, promoting choice and maximising independence. This includes building on the current Shared Lives offering. As more detailed plans are developed discussion, engagement, co-production and consultation will take place with all service users, carers and staff.</p> <p style="text-align: right;"><i>Impact on Social Care & Health Integration Service Budget =</i></p>			
	-1.111	-2.611	-2.611
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Operational Pathway Redesign (Revenue Savings) (48) <p>Adult Social Care is about maximising independence, connecting local people to their communities and helping people live well and for longer. This will be achieved by enabling people to live in their own homes for longer using existing community networks, new technologies and reviewing our approach to bed based care.</p> <p>To achieve this, and to be Care Act compliant, we intend to establish a first point of contact for residents offering advice and information when you contact the council with suitably trained staff able to answer questions and sign post without the need to always refer on. We will integrate our assessments with the NHS as our workforce become closer aligned working around GP's surgeries. These budgets will be joined up and will focus on reducing the risk of admission to hospital. We will focus on outcomes for people and encourage more people to take up a direct payment to fund their own tailored care and support. We will also promote prevention including extra care, telecare and support at home.</p> <p style="text-align: right;"><i>Impact on Social Care & Health Integration Service Budget =</i></p>	<p style="text-align: right;">-0.440</p>	<p style="text-align: right;">-0.440</p>	<p style="text-align: right;">-0.440</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Independent Living Fund – Attrition Factor Reductions (Revenue Savings) (49) Cheshire East Council receives annual funding from central Government to support individuals previously in receipt of funding from the Independent Living Fund which closed in June 2015. Funding available to the Council reduces annually and although the council has ring-fenced the money to Adult Social Care the demand for ongoing care and support continues. <i>Impact on Social Care & Health Integration Service Budget =</i>	-0.029	-0.056	-0.056
Operational and Commissioning Restructure (Revenue Savings) (50) To meet the demands of an increasing demographic growth, expectation and integration the adult social care offer must change to remain sustainable. Therefore, restructure of management to meet these needs is essential. <i>Impact on Adults Operations and Commissioning Service Budget =</i>	-0.900	-0.900	-0.900
Reducing Agency Spend (Revenue Investment) (51) The reversal of 2017/18 one off savings. The successful recruitment of permanent Social Workers and Social Care Assessors throughout 2016 and 2017 will lead to a reduction in agency workers in 2017 and, in turn, reduced expenditure in the staffing budget. <i>Impact on Social Care Staffing Service Budget =</i>	+0.100	+0.100	+0.100
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Restructure Prevention and Support (Revenue Savings) (52) Integrate the Prevention Service into the wider Cheshire East Family Support (CEFS) service, and redesign the new service across a continuum of support needs. <i>Impact on Prevention and Support Service Budget =</i>	-0.937	-0.937	-0.937
Review Safeguarding Children in Education Settings Team (Revenue Savings) (53) Charge schools for non-statutory activity carried out by the Safeguarding Children in Education Settings Team (SCIES). <i>Impact on Education and Skills Service Budget =</i>	-0.050	-0.050	-0.050
Review Early Help Commissioned Services (Revenue Savings) (54) This proposal is to not re-commission Early Help services (Family Support and Youth Support) when the current group of contracts come to an end on the 31 st March 2018. <i>Impact on Children's Social Care Service Budget =</i>	-0.252	-0.252	-0.252
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Review Social Care Commissioning (Revenue Savings) (55) Reduce existing contracts across Children's Social Care, reduce the use of a call-off contract and a move away from spot purchasing to a framework contract. <i>Impact on Children's Social Care Service Budget =</i>	-0.085	-0.085	-0.085
Youth Support Service Restructure (Revenue Savings) (56) As the number of NEET young people in Cheshire East has reduced this has resulted in smaller group of young people supported into EET. These young people have more complex needs which means the skills set will need to be addressed to respond to the changing demands for work with young people who are not in education, employment and training (NEET). <i>Impact on Prevention and Support Service Budget =</i>	-0.263	-0.263	-0.263
Alignment of teams to create a People's Commissioning Service (Revenue Savings) (57) Align the functions of the children and adult commissioning services to generate savings. Initial savings would be met by not recruiting to duplicated vacancies within the People Directorate. <i>Impact on People Directorate Service Budget =</i>	-0.030	-0.030	-0.030
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Realignment of Children's Social Care Management and Staffing (Revenue Savings) (58) <p>Children's Social Care (CSC) teams have been on a significant improvement journey since April 2013, following an 'inadequate' inspection judgment by Ofsted. At that time there was a need to provide a high level of management and support to drive improvements in social work practice. The service is no longer judged inadequate by Ofsted following an inspection in July 2015. CSC has more recently moved away from improvement planning to a 'business as usual' model of working. This targets the service to delivering the statutory requirement to protect and support vulnerable children, young people and families, including cared for children and care leavers. Increasingly CSC is working sub-regionally to collaborate on delivering key services, including adoption and fostering. This has led to the opportunity to reshape and realign remaining services to ensure a better and more targeted use of resources. This includes maximising and targeting which services are commissioned externally.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p>	-0.335	-0.335	-0.335
Restructure to create "front gate", across communities (Revenue Savings) (59) <p>Despite recent funding for Adult Social Care (Precept, BCF and Improved iBCF) the current system is unsustainable and a transformational response requires a wholesale shift of investment and energy into a joined up approach with Adult Social Care to ensure well-being, prevention, and early intervention; as well as an integrated approach to health and care service provision are at the centre of all our transformation plans.</p> <p style="text-align: right;"><i>Impact on Adults Operations and Communities Service Budget =</i></p>	-0.227	-0.227	-0.227
<p style="text-align: center;">*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Review all funding and shift to "asset-based" model (Revenue Savings) (60) It is intended to explore a number of options relating to the current cost of Early Intervention and Prevention (EIP) contracts and the need to shift emphasis toward an asset-based model of community support. Within this, the term 'assets' does not solely refer to financial assets; it refers to skills, strengths, buildings, talents and relationships. <i>Impact on Adults Commissioning Service Budget =</i>	-0.723	-0.723	-0.723
Reshape commissioning framework (Revenue Savings) (61) It is intended to explore a number of options relating to the commissioning of high quality, personalised care at home that is flexible, delivers the agreed outcomes and is enabling in its approach. Each option explores the potential to deliver improved value for money through more effective commissioning and enhanced engagement with providers. <i>Impact on Adults Commissioning Service Budget =</i>	-0.714	-0.714	-0.714
New assessment and review framework (Revenue Savings) (62) It is intended to explore a number of options relating to a fundamental shift in the way that care and support is commissioned for adults and older people in receipt of adult social care services. This will be underpinned by the enhancement of the assessment and review, focusing on empowerment, independence and choice, enabling people to live the best life that they can. <i>Impact on Adults Commissioning Service Budget =</i>	-0.787	-0.787	-0.787
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Implement more flexible and responsive commissioning (Revenue Savings) (63) To explore a number of options relating to the commissioning of respite to be more person-centred for those who require short-term care. This will include looking at other locations for respite in addition to the current traditional model of bed based respite. <i>Impact on Adults Commissioning Service Budget =</i>	-0.170	-0.170	-0.170
Review of Public Health contracts (Revenue Savings) (64) It is intended to cease paying performance payments which do not affect the core delivery of services. On a review of the contracts we have found a number of areas of under performance and, as a consequence, we have an opportunity to redesign the commission. <i>Impact on Adults Commissioning Service Budget =</i>	-0.762	-0.762	-0.762
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Further saving to go against reversed Cross-Cuttings (Productivity and Contracts) (Revenue Savings) (65) To consider ceasing non statutory contracts, look to promoting channel shift and the use of the Live Well website also increase the use of assistive technology. <i>Impact on Adults Commissioning Service Budget =</i>	-0.425	-0.425	-0.425
Efficiency Savings in Children's Social Care (Revenue Savings) (66) Continue to explore the possibility of improved efficiency of existing safeguarding services by collaborating with a number of other local authority areas to pool resources, share good practice and reduce duplication. <i>Impact on Children's Social Care Service Budget =</i>	-0.125	-0.125	-0.125
Cease provision of services at Lincoln House and Mountview (Revenue Savings) (67) It is intended to explore a number of options relating to the delivery of respite in years (2018/19) which align to the opportunity to enhance short-term bed-based care and the move towards a more efficient and effective, person-centred service offer. <i>Impact on Children and Families Directorate Budget =</i>	-0.389	-0.389	-0.389
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Macclesfield Leisure Centre Improvement Programme (Capital Investment) (81) Facility in need of major investment to refurbish reception, extend gym, upgrade all changing facilities, improve accessibility and café offer. <i>New Capital Investment 2018/19 =</i>	+4.000	0.000	0.000
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Growth in Demand for Adult Social Care (Revenue Investment) (68) <p>The Adults Social Care budget both here in Cheshire East, and across the country, remains under pressure as a result of a number of factors. These include young people transitioning into adulthood, care fee levels paid to external care providers, the rising demand generally and our older population requiring much more complex care. To ensure the council is well placed to meet this demand it will invest in services that will deliver high quality support to our most vulnerable residents.</p> <p style="text-align: right;"><i>Impact on Adults Commissioning Service Budget =</i></p>	+10.900	+16.900	+21.900
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Increase Income (Revenue Savings) (70) <p>The proposal is to conduct a review of individuals who have historically been assessed with a low or no financial contribution towards their care and support services, to support these individuals to access their full welfare benefit entitlement, address any changes in individual circumstances and to ensure consistent application of the Council's charging policies.</p> <p style="text-align: right;"><i>Impact on Social Care & Health Integration Service Budget =</i></p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.200</p>	<p style="text-align: center;">-0.200</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
3% reduction in Operational Management Fee (ESAR) (Revenue Savings) (87) The Operating Agreement between the Council and Everybody Sport & Recreation requires a minimum of a 3% cash reduction of the annual management fee based on the previous year's agreed figure. <i>Impact on Client Commissioning - Leisure Services Budget =</i>	-0.051	-0.100	-0.148
Changes to "Everybody Options" Scheme Investment (ESAR) (Revenue Savings) (88) The current management fee investment to Everybody Sport & Recreation allows the Trust to operate a concessionary "leisure card" scheme. The current options scheme gives 40% off the full adult peak rate for a range of leisure centre activities. The proposal is to retain the scheme but reduce this 40% to 30% across all categories. <i>Impact on Client Commissioning - Leisure Services Budget =</i>	-0.045	-0.108	-0.108
Car Park Refunds (Revenue Savings) (89) All leisure centre users currently receive free parking to attend activities. Where this requires the use of a public pay and display car park a refund of £1 is provided. The proposal is to remove the refund of car parking fee for the use of Snow Hill Nantwich and the former Library car park in Crewe. <i>Impact on Client Commissioning - Leisure Services Budget =</i>	-0.045	-0.045	-0.045
*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

Outcome 6 – A Responsible, Effective and Efficient Organisation

What this means:	The Council serves the people of Cheshire East through: Ensuring quality and best value for local people, striving to get it right first time, and acting with integrity, being open, honest and accountable and delivering on our promises				
What the Council will focus on:	1. Best Use of Assets	2. Effective Processes	3. Engaging Our Staff	4. Enhance Leadership and Governance	5. Strong Financial Management
What this will look like:	Property, Plant, Equipment and Information assets will be appropriate and add value to service delivery.	Strong Governance and appropriate internal controls will be in place.	Staff will be engaged and their welfare and development will be managed well.	External & internal assessment will show how the Council is performing.	Financial control will be effective. Budgets will be well prepared. Financial information will be accurate and appropriate.

Evidence of Achievement

Performance of Outcome 6 will be measured through the use of performance indicators such as the examples below:

1. Targeting an average speed to answer customer phone calls within 60 seconds (latest 2016/17 performance of 88 seconds).
2. Completing 90% of Freedom of Information requests within 20 days (2017/18 to provide performance baseline).
3. Decreasing the average number of working days lost to staff sickness from 11.14 days in 2016/17 to 10 days.
4. Decreasing our total spend on agency staff and the proportion of agency assignments as a % of our total workforce.
5. Receiving awards and accreditations for delivery of excellent Council services.

Strategic Overview

Outcome 6 focuses on how the Council will be a well run local authority. Appropriate data will be maintained, systems will be run efficiently, the Council will use best practice models wherever appropriate and staff will be trained to provide high quality professional services.

This outcome requires all departments to increase productivity through the better use of systems, automated processes and challenging the value for money of all initiatives. It is crucial that all services are lean and 'fit for purpose' with the right structures to meet residents' needs at the most competitive price and quality. The requirement to create leaner systems and processes, that enhance value for money, extends to all commissioning arrangements, including arrangements with the Council's Alternative Service Delivery Vehicles (ASDVs).

Services most associated with supporting the achievement of Outcome 6, such as Legal, Accountancy, HR and ICT work alongside all Council functions. They are responsible for providing professional expertise and technology that enable front-line services to operate effectively. These services have a vital role in ensuring compliance with the law and local constitutional requirements and supporting elected Members and senior officers when making decisions that are transparent and accountable.

Achievements within Outcome 6 will be measured by such things as promoting local democracy; unqualified 'true and fair' opinions from the external auditors; the acknowledgement of added value from professional staff; the level of income collection; how the costs of support compare with national comparisons; and achieving the best rate of returns on investments.

The changes contained within this section are achievable, but in some cases will also depend on changing behaviours of residents and staff and moving arrangements to more modern self-service options.

Proposals to vary the Budget under Outcome 6 Services are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Reduce costs of core processes (Oracle system review) (Revenue Savings) (71) The implementation of a new Enterprise Resource Platform (ERP) solution across Transactional Finance and Human Resources, and the associated business process transformation programme will result in streamlined processes and efficiency savings in future years. <i>Impact on Cross Service Budget =</i>	-0.250	-0.500	-0.500
Withdrawal of temporary reduction in funding for Universal Information and Advice service (Revenue Investment) (72) There was a temporary increase of £30,000 in the grant funding for this service in 2015/16 on the basis that the “loan” would be paid back over the following three years. This growth will restore the budget to its original value from 2019/20. <i>Impact on Benefits Budget =</i>	0.000	+0.010	+0.010
*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Admin Review (Revenue Savings) (73) <p>Current structures and arrangements suggest that there are many roles that provide business or administration support across the Council. The Business Support Review aims to take a fresh look at existing ways of working and build on other parallel projects such as Best4Business. This proposal considers realigning structures; reviewing roles and responsibilities and establishing the required business support model that meet the needs of business whilst delivering financial and operational efficiencies.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p>	<p style="text-align: center;">-0.500</p>	<p style="text-align: center;">-0.500</p>	<p style="text-align: center;">-0.500</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Restructuring of Services (Revenue Savings) (74) Corporate Management - In support of the wider business transformation programme the Corporate Directorate Management structure is under review, consideration is being given to the alignment of functions and spans of control. An options appraisal will be carried out to determine a new delivery model that will deliver strategic and operational savings and efficiencies. Legal & Democratic - A review of the staffing establishment across the legal and democratic services is needed to ensure that the structure is fit for purpose and sustainable to meet the needs of the organisation. As a key enabler to the wider organisation the review will consider roles and responsibilities to create an agile workforce and reduce the use of agency staff. HR - A review of administration function and service delivery across the wider team will result in more efficient use of resources, reduce agency costs and allow more shared working across the Service to deliver more streamlined support to customers. Finance & Performance - The staffing establishment for the teams within Finance & Performance will be reduced to take account of improved ways of working and a restating of the service offering. This process will eliminate dual-processes, improve self-serve options for services, and aim to join up services where possible to increase productivity.			
<i>Impact on Corporate Service Budgets (as above) =</i>	-0.550	-0.550	-0.550

*Values represent a +/- variation to the Cheshire East Council approved budget for [2017/18](#).

Values are not cumulative

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Digital Customer Services (Revenue Savings) (75) <p>The Council established the Digital Customer Services programme in 2015. Digital technology is changing all aspects of daily lives. As a customer focused council we want to provide a better experience when residents and businesses use council services online – one that meets the raised expectations set by the many other digital services and tools they use every day. This business case updates the savings that will be delivered by the programme.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p>	<p style="text-align: center;">-0.510</p>	<p style="text-align: center;">-1.710</p>	<p style="text-align: center;">-1.710</p>
Contract Savings (Revenue Savings) (76) <p>The Corporate Directorate will target reductions, in 2018/19, of £750,000 in contract expenditure through targeted action such as:</p> <ul style="list-style-type: none"> - Proactive vendor and supplier management - Target reductions in both volumes and unit prices - Challenging the benefits of existing provider markets - Smarter negotiation practices to achieve outcomes at best value <p>The Directorate manages contracts of an estimated annual value of £90m per year. At October 2017, Corporate Services have live contracts on the Council's Corporate Contract Register with an estimated annual value totalling £7.1m listed due for renewal in 2018/19.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budget =</i></p>	<p style="text-align: center;">-0.750</p>	<p style="text-align: center;">-0.750</p>	<p style="text-align: center;">-0.750</p>
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Reduce Agency and Consultancy Costs (Revenue Savings) (77) <p>As the Council's workforce is a major component in delivering our Corporate Plan, we have to ensure our resources are sufficient to deliver our outcomes through increased productivity and workforce planning. While we will make every effort to save through improving productivity, we must seek to reduce agency staff costs and consultancy spend as these can occasionally have a premium cost associated with their engagement.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budget =</i></p>	<p style="text-align: center;">-0.200</p>	<p style="text-align: center;">-0.200</p>	<p style="text-align: center;">-0.200</p>
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Changes to Community Libraries (Revenue Savings) (79) <p>The Council initially proposed to close its three smallest libraries, also inviting proposals from local community organisations to deliver the libraries as community managed libraries as an alternative to closure. In light of the consultation responses, this proposal has been reviewed. In Alderley Edge and Disley the libraries will achieve some budget savings from revised opening hours and staffing. In Prestbury a small budget saving will be achieved from increased financial support from the community. Usage at these libraries will continue to be monitored and the proposal to close these libraries will be reconsidered if usage declines significantly.</p> <p style="text-align: right;"><i>Impact on Libraries Service Budget =</i></p>	<p style="text-align: right;">-0.046</p>	<p style="text-align: right;">-0.046</p>	<p style="text-align: right;">-0.046</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
The Local Welfare Safety Net (Revenue Savings) (80) Under the Government's Welfare Reform discretionary welfare support has been devolved to local government and Department for Work and Pensions funding for local welfare provision has ended. This growth will be used to fund crisis support for residents facing financial hardship through the Emergency Assistance scheme and a range of intervention and prevention activities to help reduce future demand. <i>Impact on Benefits Budget =</i>	-0.050	-0.050	-0.050
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Childcare Team Costs (Transitional funding ends 2018/19) (Revenue Investment) (85) <p>The volume of instructions to issue care proceedings (a statutory duty where legal threshold is met), has increased year on year for Cheshire East over the last five years. This increase, 100% over the last five years, and approximately 30% in 2016/17 alone, reflects a national trend. The trajectory appears to be continuing for 2017/18. This has created an on-going pressure on staffing costs and the cost of representation in court by counsel (barrister) if appropriate.</p> <p style="text-align: right;"><i>Impact on Legal Services Budget =</i></p>	<p style="text-align: right;">+0.490</p>	<p style="text-align: right;">+0.490</p>	<p style="text-align: right;">+0.490</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
External income – Fees & Charges (Revenue Savings) (86) <p>Across a number of areas the Council receives external income for its delivery of services. A review of all fees and charges will be undertaken to ensure that our tariffs are commensurate with the commercial market place. We will benchmark performance against other local authorities and commercial providers and seek opportunity for further income.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budget =</i></p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.100</p>	<p style="text-align: center;">-0.100</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Cross Service Efficiency Targets	2017/18 Allocation	2017/18 Achieved in year	2018/19 £m*	2019/20 £m*	2020/21 £m*
Replace Former Cross-Cutting Savings with specific savings proposals (90) The 2017/18 Budget contained £9.050m of savings associated with Productivity and Contract Management as well as reductions in expenditure on mileage and post/print. To date, £5.2m of these challenging targets have been embedded within the base budgets of services within the People, Place & Corporate Directorates. Those changes have been reported in the Quarterly Reviews published during 2017/18. To improve overall clarity of the changes to budgets, that are being proposed to balance the 2018/19 position, the 'Cross-Cutting' savings should be deleted, and replaced with specific proposals that are highlighted in this report instead. The figures to the right indicate the financial impact of these changes.					
PEOPLE	+2.876	-1.157	+1.719	+1.719	+1.719
PLACE	+2.881	-1.537	+1.344	+1.344	+1.344
CORPORATE	+3.293	-2.548	+0.745	+0.745	+0.745
<i>Impact on Cross Service Budgets =</i>	+9.050	-5.242	+3.808	+3.808	+3.808
*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 Values are not cumulative					

Section 2 - Financial Stability

Introduction

1. Local residents and businesses contribute to sustainable Council services through local taxation, contributions and charges; and Central Government provides grants funding mainly from national taxation. The Council manages these resources to achieve maximum efficiency and diverts as much funding as possible to front line services.
2. The Government's Autumn Statement for 2017 confirmed no change to the funding available for Local Government and therefore the continuing need to reduce the national public sector deficit and debt to secure economic recovery. Cheshire East Council is proposing to continue supporting this approach in a number of ways:
 - Maintain appropriate reserves levels that protect against risks.
 - React to increases in demand in key areas and develop budget proposals that can reduce net expenditure to compensate where possible.
 - Focusing on economic wellbeing for local residents by investing in local development and infrastructure.

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

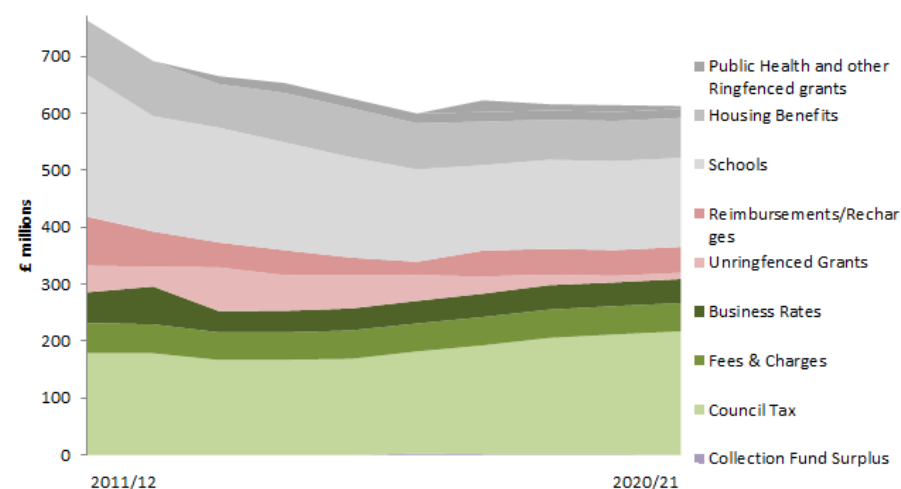
Source of Funding	Paragraphs
Balance of National vs Local Funding	4 to 11
Government Grant Funding of Local Expenditure	12 to 47
Collecting Local Taxes for Local Expenditure	48 to 79
Charges to Local Service Users	80 to 83
Income and expenditure are also influenced by decisions and estimates of the Council in relation to:	
Investment, Borrowing and the Capital Programme	84 to 112
Other Economic Factors	113 to 115
Managing the Reserves Position	116 to 117

Balance of National vs Local Funding

4. Cheshire East Council is becoming more reliant on local funding and less reliant on Central Government grant. The Provisional Local Government Settlement 2016/17 provided a shift in approach, where government used potential Council Tax income to determine levels of Local Authority spending. This is highlighted by the fact that funding for Council services from Council Tax and Business Rates will have increased to over 90% of the total net funding for 2018/19.
5. The financial stability of the Council, which determines the amount of money available for service expenditure, should be exposed to less risk from further Government funding shortfalls in the medium term. This has been strengthened by the submission to central government of our 4-Year Efficiency Plan in October 2016. This confirmed our 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 19th December 2017.
6. Financial planning for the Council must now reflect the potential for year on year increases in demand to fall on local funding sources such as council tax, business rates and fees and charges.
7. **Chart 1** illustrates how the balance between funding sources is changing over time placing emphasis on support from local funding sources.
8. The 2018/19 Budget Report is based on the Provisional Local Government Finance Settlement released on 19th December 2017. The final settlement is expected in early February 2018 with a debate in the House of Commons shortly after. Any

further information on funding will be reported to Members as soon as practical and may require management through reserves.

Chart 1: The Council is becoming more reliant on local funding sources



Source: Cheshire East Finance

9. **Table 2** sets out the revised funding forecast for Cheshire East Council for the period 2017/18 and 2018/19. This shows how Government Grants are reducing and how local funding sources are being increased to minimise the financial impact on services.

Table 2 - Funding available to services	2017/18 £m	2018/19 £m	Change £m	Change %
Council Tax	-191.1	-206.4	15.3	8.0%
Government Grants	-30.3	-17.5	-12.8	-42.2%
Business Rates Retention	-41.0	-43.0	2.0	4.9%
Collection Fund Contribution	-1.4	-1.0	-0.4	-28.6%
Funding Available to Services	-263.8	-267.9	4.1	1.6%

Sources: Cheshire East Finance

Department for Communities and Local Government

10. The Business Rates Retention funding system and control over Council Tax levels are placing greater responsibility on all councils to determine their own funding levels.
11. In Cheshire East the Council is meeting this challenge in a number of ways and focusing on longer term financial stability through the following actions:
 - **Growing the domestic tax base** - each new home brings additional Council Tax revenue, New Homes Bonus and potentially Community Infrastructure Levy together with additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully managed to achieve maximum value.
 - **Promoting Economic Growth** - business growth can result in additional income being retained for local investment, subject to certain thresholds. Therefore, the Council is investing heavily in economic growth and infrastructure projects that will unlock development land and support inward investment.

- **Increasing employment opportunities** - through economic growth and will result in fewer people relying on welfare benefits from the Council which releases funding for further investment or for direct provision of front line services.
- **Maintaining strong collection rates and challenge of tax bases** - to ensure fairness to all involved and ensure the Council maximises local income for local use.

This approach is very important and is embedded in the Council's actions.

Government Grant Funding of Local Expenditure

12. The detailed funding settlement from Government impacts on longer term financial planning. Key dates for 2018/19 include:
 - The release of the Autumn Statement on 22nd November 2017.
 - The release of the Provisional Settlement on 19th December 2017 confirming the approach to grants, Council Tax and calculation of business rates estimates.
 - Final Settlement expected in early February 2018.
 - Late announcement of Specific Grants.

These have set out changes to:

- General funding levels – confirming a 60% reduction in Revenue Support Grant.
- Funding from Business Rates – use of CPI inflation to increase the multiplier (change from RPI)

13. The Council receives grant funding from the Government under several main headings:
- Revenue Support Grant (£5.4m in 2018/19)
 - Specific Grants (unring-fenced revenue) (£12.1m in 2018/19)
 - Specific Grants (ring-fenced revenue) (£254.1m in 2018/19)
 - Capital Grants (main programme) (£57.3m in 2018/19)

More detail is provided on each of these funding elements below.

Revenue Support Grant (RSG)

14. In addition to retained business rates the Government provides RSG which is not ring-fenced for specific purposes. Historically, RSG and retained business rates were allocated based on a complicated formula that reflected local characteristics such as deprivation, age profiles and road lengths. Links to this complex approach have been dropped in favour of promoting economic growth through named grants. The provisional settlement has confirmed previous indications that RSG will be phased out, and that no payments will be received in 2019/20.
15. The substantial reduction in RSG, from £13.4m to £5.4m remains a significant challenge and means that all grants rolled into RSG, including Social Care new burdens, and previous Council Tax Freeze Grants, have also been reduced and will also be nil in 2019/20.

Unring-fenced Specific Grants

16. A number of separately identified but unring-fenced Specific Grants have been retained totalling an estimated £12.1m in 2018/19. The detailed list is shown in **Annex 8** and summarised in **Table 3**. Note that Table 3 shows the original budget for 2017/18 and Annex 8 shows the revised in-year position including grants received after the budget was set.
17. Other than RSG, the list of Specific Grants mainly relates to funding for the New Homes Bonus and Social Care Grants. Together they equate to 59% of the total unring-fenced specific grants expected in 2018/19.
18. There is to be no additional support from the continuation of the Transition Grant or Adult Social Care Grant for 2018/19.

Table 3 - Specific grants and RSG have decreased by 42.2%	2017/18	2018/19	Overall Change	Overall Change
	£m	£m	£m	%
Revenue Support Grant	-13.4	-5.4	-	-
New Homes Bonus	-8.3	-8.6	-	-
Transitional Funding	-3.0	0.0	-	-
Social Care Grants	-2.3	-0.9	-	-
Independent Living Fund	-0.9	-0.9	-	-
Education Services Grant	-0.7	0.0	-	-
Other Grants	-1.7	-1.7	-	-
Total Specific Grants	-30.3	-17.5	-12.8	-42.2%

Sources: Cheshire East Finance

Department for Communities and Local Government

19. Increasing development in Cheshire East means New Homes Bonus (NHB) is expected to exceed recent expectations and income from this grant is expected to increase by £0.3m for 2018/19. This is despite changes to the number of years the grant is paid for down from 5 years to 4 years for 2018/19. The introduction of a threshold before growth is calculated remains at 0.4%.
20. There are to be no further changes, as consulted on, for 2018/19.
21. Education Support Grant (ESG) was previously allocated as an unring-fenced grant from the Department for Education (DfE) to local authorities and to academies proportionate to the number of pupils for which they are responsible. In recent years the grant has been split between a retained duties element and a general rate element.
22. For 2017/18 the general rate was removed as part of national austerity savings and the retained rate was transferred into the ring-fenced Dedicated Schools Grant (DSG). Transitional Funding was available to reflect the intended start date of September 2017. As part of that process the Council reviewed the services funded through ESG and funded them through DSG during 2017/18.
23. For 2018/19 the ESG funding is within DSG and has been transferred into a new Central Schools Services Block. Further details are shown within the ring-fenced specific grants section.

Ring-fenced Specific Grants

Dedicated Schools Grant (DSG)

24. The Government announced the indicative allocations of DSG for 2017/18 on 19th December 2016. DSG is a ring-fenced grant provided to the Council to meet certain educational costs. Following national funding reforms several years ago DSG continues to be allocated in notional funding blocks, namely the Schools Block, Early Years Block and High Needs Block.
25. From 2018/19 a fourth block has been added called the Central Schools Services Block. This has been created through grouping together funding previously top-sliced from the schools block by all authorities to fund certain activities such as capital financing and ICT costs.
26. The Government have undertaken a series of consultation exercises to establish a national funding formula (NFF) to determine how each of the funding blocks provided to local authorities are calculated. Early Years was determined for 2017/18 while schools, high needs and central schools services blocks all formed part of the DfE announcements in September 2017 and three new NFFs apply from 2018/19.
27. The Schools Block allocation to the Council is now based on schools block NFF. This takes the October 2017 pupil data and provides a basic per pupil amount plus additional funding for deprivation, low attainment etc. The NFF also applies a minimum per pupil level of funding of £3,300 Primary, £4,600 Secondary in 2018/19 and £3,500 Primary, £4,800 Secondary in 2019/20.

28. Pupils who are in Resource Provision have transferred into the schools block (but will continue to receive additional funding from the high needs block).
29. Local authorities can continue to provide funding through local formula for 2018/19 and 2019/20.
30. The Early Years Block is mainly comprised of:
 - Funding for the universal 15-hour entitlement for all three- and four-year-olds.
 - Funding for the additional 15 hours for three- and four-year-old children of eligible working parents.
 - Funding for the Early Years pupil premium plus a few other areas.
31. The High Needs Block is a single block for local authorities' high needs pupils / students aged 0-24. The block includes place funding for pre-16 and post-16 places in appropriate establishments such as maintained mainstream schools, maintained special schools and pupil referral units. The block includes top-up funding for pupils and students occupying places in such settings.
32. For 2018/19 the high needs block is calculated through the high needs NFF. This is made up of a range of factors and weightings including:
 - A basic entitlement
 - An historic spend factor
 - A population factor
 - Measures relating to low attainment and deprivation
 - A funding floor
 - An area cost adjustment
33. The new Central Schools Services Block is based on a NFF that includes:
 - Historic commitments
 - On-going responsibilities
 - An area cost adjustment
34. **Table 4** shows the actual DSG received for 2017/18, the indicative DSG for 2018/19, and per pupil funding levels. (This excludes the adjustment for Academy recoupment).
35. For 2018/19 the Schools Forum have agreed to transfer 0.5% of the Schools Block to High Needs to recognise pressures in that area.
36. Other than that adjustment all the schools block funding is passported directly through to schools.

Table 4 - Dedicated Schools Grant are allocated in four notional blocks from 2018/19	Actual 2017/18 £m	Provisional 2018/19 £m	Change £m	Change %
Total Dedicated Schools Grant	257.5	265.5	8.1	3.13%
Comprising:				
Schools Block (notional)	205.5	207.7	2.2	1.06%
Central School Services Block	0.0	2.9	2.9	n/a
Early Years Block (notional)	18.8	21.1	2.3	12.18%
High Needs Block (notional)	33.2	33.8	0.7	1.96%
Per Pupil Funding	£ / pupil 2017/18	£ / pupil 2018/19		
Dedicated Schools Grant:				
Schools Block (notional)				
Primary	} 4,340	3,842		
Secondary		4,909		
Central Schools Block per pupil	0.00	30.55		
Early Years Block 3&4 hourly rate	4.30	4.30		
2 Year old hourly rate	5.28	5.28		
Figures quoted are before the Academy recoupment and before any High Needs Deductions.				
Primary and Secondary per pupil figs not provided in 2017/18				

Sources: Cheshire East Finance
Education and Skills Funding Agency

Dedicated Schools Grant (DSG) ~ Academy Funding

37. The DfE are clear that becoming an academy should not bring about a financial advantage or disadvantage to a school but rather, enable academies to have greater freedom over how they use their budgets.
38. The Schools Block funding receivable for the 69 academies which opened before or during 2017/18 has not been

removed from the total DSG award to be received (as reflected in **Table 4**). The funding for these academies of approximately £121.6m will be deducted from the Authority's DSG as part of the academy recoupment process (see **Annex 8**).

Sixth Form Funding

39. Total sixth form funding of £4.1m is receivable for maintained schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known). In 2017/18 a balance of £12m was allocated directly to academies by the Education and Skills Funding Agency. The allocation for 2018/19 is not yet known.

Pupil Premium Grant & Pupil Premium Plus

40. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2018/19 are expected to be the same as in 2017/18 at £1,320 for primary-aged pupils and £935 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £1,900 and children whose parents are in the armed forces continue to attract £300 per annum. It is estimated that Cheshire East Council will receive £4.3m in relation to the Pupil Premium for 2018/19.

Physical Education Grant

41. The Council expects to receive £1.1m for 2018/19. This is an estimate after any reduction for academies.

Universal Infant Free School Meals (UIFSM)

42. The Council expects to receive £2.6m for 2018/19. This is an estimate for maintained schools. The figure is normally based on a set amount per eligible pupil. The grant is paid directly to local authorities or academies. The Council will comply with the requirement to pass on the grant to maintained schools in full.

School Improvement Monitoring and Brokering Grant

43. This is a new grant from September 2017 for local authorities to continue to monitor and broker school improvement provision for low-performing maintained schools and intervene in certain cases, nationally £50m is being allocated with the first £30m allocated in September 2017. The Council expects to receive £0.2m for 2017/18 based on 89 maintained schools. This will be adjusted for any further conversions prior to being paid. It is not yet certain if this grant will continue into 2018/19.

SEND Implementation Grant

44. The Council received £0.2m for 2017/18. This was to assist the conversion of all eligible children to an Education, Health and Care Plan. The amount for 2018/19 is not yet known.

Public Health Grant

45. Central Government transferred the responsibility of commissioning and delivering public health services from Health to local authorities in April 2013.
46. Public Health responsibilities cover a wide range of services including: Sexual Health services; Children's 0-19 services; NHS Health Check programmes; Substance Misuse services and One You services.

47. Public Health grant has been ring-fenced from 2013 and will continue to be so during 2018/19 to ensure expenditure is incurred in line with the public health framework.

Funding from Public Health England (PHE) is shown below:

- 2013/14 – originally £12.7m subsequently revised to £13.8m.
- 2014/15 - £14.3m.
- 2015/16 – originally £14.3m then increased by £2.4m for 0-5 year olds new responsibility (half year funding) and reduced by £1.1m in year. Total £15.6m.
- 2016/17 – Originally £15.6m then increased by £2.4m for the remaining six months of 0-5 year old funding, reduced by £0.4m in year and reduced by £0.3m transfer of base funding to EC CCG for Community special school nursing
Total £17.3m
- 2017/18 - original funding £17.3m then reduced by £0.5m. Total £16.8m.
- A reduction of 2.6% as per forecasts for 2018/19 taking the grant funding down to £16.4m.
- Provisional allocations for 2019/20 estimate the grant to be £16m. This has been prudently reduced by a further 2.6% for 2020/21 taking the grant forecast to £15.6m.
- In 2020/21 the grant is likely to be one of the funding streams that will be rolled into the Business Rates Retention Scheme when it moves to 75% retention by local authorities.

Collecting Local Taxes for Local Expenditure

Business Rate Retention Scheme (BRRS)

48. The Council anticipates collection of approximately £139m (before accounting adjustments) in business rates in 2017/18, based on the Council's NNDR1 return to the central government on 31st January 2017. Under the BRRS arrangements 50% of this funding is paid to Government with 49% being retained specifically to support Cheshire East Council services. 1% is paid to the Fire Authority. In addition to this reduction a tariff of £23.4m must be paid to government which is used to top-up funding allocations to other local authorities.
49. Up to and including 2016/17, the Council continued to use the nationally set Business Rates baseline figures, plus levy savings as a result of being in the Greater Manchester Pool, for budget setting purposes. This was slightly below the NNDR 1 level reflecting a prudent approach to business rates growth. For 2017/18, a growth estimate of £0.5m in retained rates for the authority was also budgeted for to take account of the steady rise in business rate growth in recent years.
50. For 2018/19 this approach has been maintained. Therefore, in addition to the forecast £0.75m levy saving (as a result of being in the Pool), a further £0.8m in retained business rate growth income is being forecast (see **Table 5**). This is in addition to the baseline increase for 2018/19.

Table 5 - Business Rates Retention	2017/18 £m	2018/19 £m	Change £m	Change %
Business Rate Retention Scheme	-41.0	-43.0	2.0	4.9%

Source: Cheshire East Finance

51. Growth in business rates can increase local funding, but this does take time and recent trends in rateable values have slowly increased. The Council's continues to promote inward investment to the area. There are positive signs of investment and **Annex 6** sets out the forecasts for business rate growth over the medium term.
52. During 2017/18, the Council continued to be part of a BRRS Pool with Greater Manchester authorities and Cheshire West and Chester. This allows the authorities included within the pool to be treated as one entity for the purposes of tariff / top up and levy / safety net payments potentially reducing the amounts to be paid over to Central Government.
53. The Pool continues to be a pilot for the 100% growth retention scheme. This will allow growth above 0.5% to be retained in full if achieved. Further information on business rates growth is set out in **Annex 6**.
54. The Impact Assessment at **Annex 3** (Page 122) identifies how changes in business rates could affect local business.

Council Tax

55. Locally collected domestic taxes that are directly retained by the Council will provide approximately 80% of the Council's net funding in 2018/19. The Council therefore takes a very careful approach to managing the domestic and commercial

taxbases in a way that reflects local growth ambitions and supports sustainable services in the medium term.

56. The Council froze Council Tax levels for five consecutive years from 2011/12 to 2015/16 inclusive, with some government support, saving local taxpayers a total of nearly £50m in that period, and yet continued to provide services that met the needs of local residents. Growth in the local taxbase (for houses and businesses) supports the ambition in the Corporate Plan of creating economic independence from government grant. In 2019/20, there will be no general government grant support to the revenue budget of Cheshire East Council. The speed of this change is a major challenge and when increases in demand related to protecting vulnerable people and inflation in costs are taken into account, then this creates a requirement to increase Council Tax levels in line with government expectations.
57. The ability to raise additional Council Tax for use solely on Adult Social Care (ASC) was accepted in 2017/18. Local authorities could raise up to 3% in any year from 2017/18 to 2019/20, but subject to a maximum of 6% over the three year period. Cheshire East proposed to apply half of this increase in 2017/18, and a further 3% in 2018/19. The provisional local government finance settlement announced the referendum limit on base increases was to be increased to 3% in line with inflation. As such, it is proposed that base Council Tax is increased by 2.99% giving a total increase for 2018/19 of 5.99% (including the 3% rise for ASC) to give a Band D charge of £1,404.28 for 2018/19.
58. The proposed increase for 2019/20 is currently 1.99% and a further 1.99% for 2020/21 at this time.

The calculation of the Council Tax for 2018/19 is shown in **Table 6**.

Table 6 - The calculation of the Cheshire East Council Band D Council Tax		2018/19 £m	2018/19 £m
Total Net Revenue Budget 2018/19			267.9
Specific Grants			-12.1
Revenue Budget recommended to Council on 22nd February 2018			255.8
Less:			
Business Rates Retention Scheme	-16.8% ¹	-43.0	
Revenue Support Grant	-2.1% ¹	-5.4	-48.4
Surplus on Council Tax	-0.4% ¹		-1.0
Amount to be Raised from Council Tax	80.7% ¹		206.4
No. of Band D Equivalent Properties			147,003.80
Band D Council Tax			£1,404.28

¹. Percentage of Cheshire East net budget

Source: Cheshire East Finance

The impact on each Council Tax Band and the number of dwellings in each band is shown in **Table 7**.

Table 7 - Impact of Council Tax on each Band

Band	A	B	C	D
Council Tax £	936.19	1,092.22	1,248.25	1,404.28
No of Dwellings	30,430	35,950	33,839	25,541
Band	E	F	G	H
Council Tax £	1,716.34	2,028.41	2,340.47	2,808.56
No of Dwellings	19,795	13,574	12,142	1,816

Source: Cheshire East Finance

Council Tax Base

59. The Council Tax Base quantifies the number of properties from which the Council is able to collect Council Tax. The tax base is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a Band D). The level of Council Tax multiplied by the tax base equals the expected income from local taxation.
60. The gross tax base for 2018/19 (before making an allowance for non-collection) is calculated as 148,488.68. After taking into account current high collection rates, the non-collection rate has been maintained at 1.00% for 2018/19. This results in a final tax base of **147,003.80** Band D equivalent domestic properties.
61. The tax base for 2018/19 reflects an increase of 1.9% on the 2017/18 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of

Council Tax Support. The Council Tax Base was approved by [Council on 14th December 2017](#).

62. Cheshire East has a relatively high Council Tax Base compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16% in Cheshire East compared to the England average of 9%).

The impact of the Council Tax Support Scheme

63. From 1st April 2013 the Council Tax Benefit system was replaced by a locally designed Council Tax Support Scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants remain unaffected by this change.
64. The impact of Council Tax Support reductions is slowly decreasing in Cheshire East, reflecting a positive trend away from a dependence on support from the local authority. The local Council Tax Support Scheme was reviewed and consulted on during 2015 and a revised scheme was implemented from April 2016. The scheme is unchanged for 2018/19.

Collection Fund

65. Receipts from Council Tax payers and businesses are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, Central Government and local Town and Parish Councils).
66. A predicted surplus in the Collection Fund can be drawn down to support revenue funding for the following annual budget,

and vice versa in the case of a deficit. This can happen if actual changes in the tax base vary from the predicted changes, or if collection rates exceed forecasts.

67. The estimated balance on the Council Tax Collection Fund has been forecast to be a £1.2m surplus at 31st March 2018. £1.0m of this surplus is retained by the Council and is factored in to the 2018/19 budget.
68. The year-end balance on the Business Rates Collection Fund is estimated to be a cumulative surplus position of £0.6m, of which £0.3m will be payable to Cheshire East. This estimated surplus equates to 0.4% of the net rates forecast to be collected for 2017/18 (£139m before accounting adjustments).
69. The fluctuations in the Business Rates Collection Fund will continue to be managed through the earmarked reserve and use of the reserve reflects a risk based approach to future BRRS income streams.

Council Tax on Second Homes

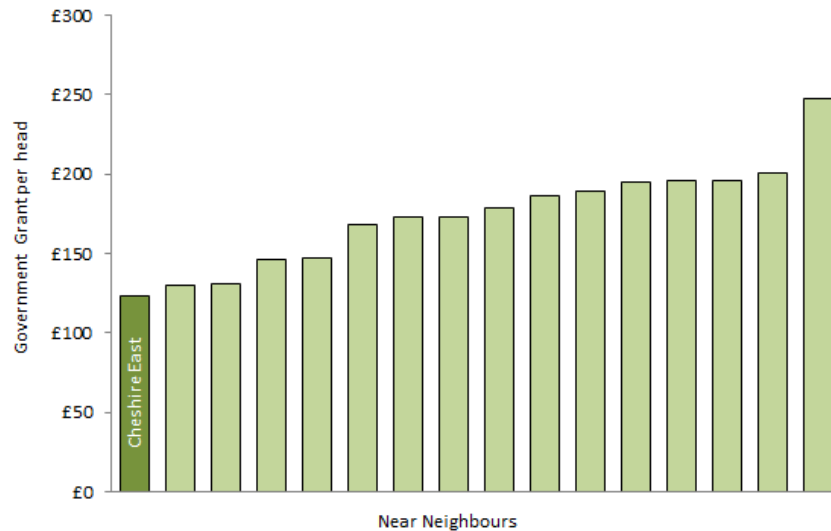
70. During 2006 the Cheshire Local Government Association (LGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:-
 - 50% to be retained by local authorities.
 - The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

71. The final figures cannot be calculated until each authority has set its 2018/19 Council Tax. Contributions under the Second Homes agreement to the CDRP from the Police and Crime Commissioner and Cheshire Fire and Rescue Authority will be made during 2018/19 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is £221,000.
72. Any further changes to Second Homes discounts are not part of the local agreement and therefore the additional income from any change is not included in the figure shown.

Funding Comparisons to similar Councils

73. Comparisons, based on available data, add context to Cheshire East's funding position. For further analysis of the Council's financial position please refer to the [Council's Value for Money](#) document.

Chart 2: Cheshire East Council receives the lowest level of Government Grant per head compared to its Near Neighbours.



Sources: Cheshire East Finance
CIPFA Council Tax Demands and Precept Statistics 2017/18
Department for Communities and Local Government

What is the Council doing about it?

74. There are several areas where the Council is attempting to ensure its voice is heard. These are:

Responding to Key Consultations

75. 2017/18 has seen several consultations on changes to local government finance. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers and the Local Government Association (Cheshire East Council is a member of both) and therefore, in some cases, relied on their collective responses to make any

relevant comments. The Council also joined the Society of Unitary Treasurers in 2015 to assist with influencing collective messages. The consultations that have taken place so far in 2017/18 are as follows:

- Rates Retention and Formula Grant
 - 100% Business Rates Retention: Further consultation on the design of the reformed system (closed May 2017)
 - 2018/19 Local Government Finance settlement: technical consultation (closed October 2017)
 - 2018/19 Provisional Local Government Finance Settlement (closed Jan 2018)
 - Fair Funding Review – Needs and redistribution (closing March 2018)
- Schools and Academies
 - Changes to the criteria for agreeing loan schemes (closed April 2017)
- Local Taxation
 - Discretionary Business Rates Relief Scheme (closed April 2017)
- Accounting and Audit
 - Consultation on Proposed Changes to the Treasury Management Code (closed September 2017)
 - Proposed changes to the prudential framework of capital finance (closed December 2017)
- General
 - Unaccompanied Asylum-seeking Children (closed September 2017)

Membership of Collective Groups

76. The Council has membership of several collective groups which provide a stronger voice at a national level. They are:
- The Local Government Association
 - The Society of County Treasurers
 - The Society of Unitary Treasurers
 - The Sparse Rural Network
 - The F40 Group
77. The Council is also making use of the CIPFA / Pixel Financial Management Service to assist with financial forecasts and strategy.

Monitoring Developments

78. The Council is monitoring news alerts and public sector journals for any developments with Business Rates and grant funding arrangements. There are various authorities involved in the pilot scheme to trial the 100% business rates retention scheme early. The results of these pilots will be closely followed.

On-going briefing with Members of Parliament

79. The Council provides an update on key issues to local MPs on a regular basis, or when special updates are required. At certain times these focus on the Budget and funding issues.

Charges to Local Service Users

80. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering

some or preferably all of the Council's costs in delivering discretionary services.

81. Approximately 8% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.
82. The Cheshire East Council pricing structure has over 1,500 different charges. With the overall objective to reduce subsidy in charged for services some price rises may exceed inflation in the medium term. In such cases users are consulted and alternative service options are discussed.
83. To assist officers and Members to recover full cost, the Council has produced a Charging and Trading Strategy to provide the relevant guidance to be applied. This document is available on request.

Investment, Borrowing and the Capital Programme

84. The capital programme is intentionally aspirational, reflecting the Council's priority to promote local economic wellbeing. To support this ambition the Council actively pursues funding from private sector organisations and government as well as attempting to maximise receipts from asset sales. Resources will be utilised accordingly to allow flexibility within the overall programme. Major highway infrastructure projects, for example, may require Council resources before capital receipts and developer contributions can be realised and therefore the funding requirement for future years will be updated as plans and funding streams are secured.

85. The Council applies an agreed Treasury Management Strategy to ensure capital financing is affordable in the medium term. During 2017/18 the S151 Officer explored options to revise the approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Liaison with the Council's treasury management advisors, Arlingclose, has taken place and the proposal to use the annuity method under the Asset Life (Option 3) to calculate the Minimum Revenue Provision has resulted in the ability to take a MRP 'holiday'. A saving of £6m has been realised in 2017/18.
86. The capital financing budget for 2018/19 is shown in **Table 8**. This includes repayment of debt and interest payable on the Council's long-term loans. Costs are partly offset by the interest earned on the Council's investments. The Capital Financing budget reflects a further reduction of £4m in 2018/19, reducing the budget to £10m. This is for the 2018/19 financial year only and the capital financing budget will return to the level of £14m in future years.

Table 8 - Capital Financing Budget	2018/19
	£m
Repayment of Outstanding Debt	10.0
Contribution re: Schools Transforming Learning Communities Schemes	-0.9
Transfer from revenue reserve	-2.6
Interest on Loans	3.8
Less: Interest Receivable on Cash Balances	-0.3
Net Capital Financing Budget	10.0

Source: Cheshire East Finance

87. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2018/19, comprise of the following elements:
- **For borrowing incurred prior to April 2008:** Cost is calculated at a 2% annuity rate over a 50 year period.
 - **For borrowing incurred after April 2008:** Cost is calculated on an annuity basis over the anticipated life of the asset. These periods vary from five years to 50 years depending on the type of expenditure funded from the borrowing.
88. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 10**.
89. The Council currently has external borrowing of £145m of which £44m is temporary borrowing with other local authorities. The amount of interest paid on the Council's portfolio of loans is mainly at fixed rates of interest (c. 3.1%). Currently long term interest rates are around 2.6%.
90. The rate of interest to be earned on the Council's cash balances that are temporarily invested is budgeted to be £0.3m.
91. The Council sets out the approach to these issues in its Treasury Management Strategy which is also being reported to Cabinet and Council in February 2018.

Capital Programme Planning

92. The 2017/20 capital programme was approved by Council on 23rd February 2017. Updates have been provided via quarterly reports to Cabinet during 2017/18.

93. The Third Quarter Review of Performance and the revised profile of spend for 2018/20 onwards forms the base for the 2018/21 programme, which is detailed in **Annex 10**.
94. Capital commitments have been reviewed to identify the profile of expenditure. There is recognition that the complexities around planning applications, public consultation and dependencies on third parties for external funding can mean that projects are delayed from one year to the next.
95. Services are required to provide business cases in accordance with the HM Treasury five case model.
96. Spending plans are monitored to ensure a robust quality assurance framework is followed for each project. The governance arrangements safeguard against projects proceeding where costs may escalate beyond budgets. Potential variances from approved budgets may become subject to supplementary approval in accordance with financial regulations.

Capital Programme Financing

97. The level of resources required to fund capital investment in the medium term is set out in **Table 9** and is based on the level of borrowing that the Council can undertake on a prudential basis, the level of Government grant, the level of capital receipts and external contributions that can be generated over the period.

Table 9 - Capital Programme Summary	2018/19	2019/20	2020/21	Total 2018/21
	£m	£m	£m	£m
Committed Schemes	95.1	108.1	63.5	266.7
New Schemes	32.0	13.7	13.7	59.4
Total Capital Programme	127.1	121.8	77.2	326.1
Financing				
Prudential Borrowing	55.3	14.3	15.7	85.3
Government Grants	57.3	93.4	19.1	169.8
Capital Receipts	4.3	4.2	10.0	18.5
External Contributions	7.5	9.9	32.4	49.8
Other Revenue Contributions	2.7	0.0	0.0	2.7
Total Sources of Funding	127.1	121.8	77.2	326.1
Source: Cheshire East Finance				

Source: Cheshire East Finance

98. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for £18.5m capital receipts for the period 2018-21 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.
99. The schemes in the Capital Programme, both existing and new proposals, have been through a challenge process to ensure they represent value for money, attract external funding or alternatively are affordable within the capital

financing budget and do not commit the Council to additional debt repayments that are not affordable in the medium term.

100. Longer term proposals are included in an addendum to the programme for planning purposes. Detailed business cases will be developed for these schemes as precise details become known. Before work can commence, on schemes listed on the addendum, the business case will be required to provide significant certainty linked to:
 - Strategic impact of the scheme
 - Expenditure profiles
 - Funding sources or associated return on investment
101. The schemes separately identified on the Addendum to the capital programme are still submitted for approval; subject to them meeting the above requirements in the future. At the stage where the business cases are sufficiently robust and are deemed to be affordable the Portfolio Holder for Finance & Communication and the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these schemes will be provided to Cabinet through the quarterly reporting process. As detailed in **Table 10**:

Table 10 - Capital Programme Summary - ADDENDUM	2018/19	2019/20	2020/21	Total 2018/21
	£m	£m	£m	£m
Directorate				
People	2.9	0.0	0.0	2.9
Place	78.0	114.3	63.4	255.7
Corporate	6.2	4.4	3.1	13.7
Total Capital Schemes	87.1	118.7	66.5	272.3

Source: Cheshire East Finance

Borrowing for Capital Expenditure

102. The Council's capital investment complies with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes.
103. The level of Prudential Borrowing required in 2018/19 and in future years is detailed in **Annex 10** Prudential Borrowing Indicators. The revenue consequences have been considered as part of the medium term strategy to ensure they can be afforded in future years.

Government Capital Grants

104. Government capital grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support

the spending programmes for which they are specifically approved.

105. The Council seeks to maximise allocations of grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs for local residents. Overall Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and major highways infrastructure. Over the medium term these resources equate to £170m, which is 52% of the total Capital Programme. **Annex 9** provides a list of Government Grants that are supporting the Cheshire East capital programme.

Capital Receipts

106. A capital receipt is an amount of money which is generated from the sale of an asset. The asset rationalisation process is managed by the Asset Management Service and continues to explore opportunities to generate capital receipts by disposing of surplus property assets after considering potential development opportunities. An asset disposal schedule is maintained to indicate the timing and estimated values of future receipts.
107. Capital receipts are pooled in the Council's capital reserve and are allocated each year in line with corporate priorities. Asset disposals also have revenue benefits by reducing the costs relating to retaining assets, such as business rates, insurance and utility costs.
108. The guidance on the Flexible Use of Capital Receipts, states that authorities may treat expenditure which is incurred in the design of projects that will generate on-going revenue savings in public services or that will transform service delivery to

reduce costs or manage demand in future years for public service partners as capital expenditure. The Council has reviewed the guidance and expects to identify potential expenditure that meets the eligibility criteria within each financial year.

External Contributions to Capital Expenditure

109. The Council receives contributions from developers towards the provision of public assets or facilities, such as Section 106 contributions to mitigate the impact of their developments.
110. Section 106 agreements are drawn up during the planning process which identifies and addresses the local needs of the community in relation to new developments. The agreement obligates the developer to provide a sum of money to enable the provision of facilities such as play areas and open spaces, increased education placements and road improvements.
111. As at 31st March 2017 the authority held Section 106 balances totalling £13.6m which is expected to increase to £17.6m as at 31st March 2018. The use of the funding is restricted by the terms of the original agreement and the timing of developer contributions is less predictable than other sources.

Other Revenue Contributions to Capital Expenditure

112. Capital expenditure may be funded directly from revenue, but not vice-versa. Overall financial pressure on the Council makes returns on capital investment a key element of the overall financial stability of the Medium Term Financial Strategy. Business cases for schemes with revenue returns will be monitored throughout the year to ensure revenue returns are realised.

Other Economic Factors

113. The Council makes an assessment of its financial position over the next three years by using a model known as the financial scenario. It is based on a series of planning assumptions which were published in the Pre-Budget Consultation 2018-21 issued in November 2017, and updated through the year via the Central Finance Group. Allowance will be made in the 2018/19 budget for other economic factors, such as pay inflation and pension costs, totalling £5.0m.
114. The Budget Report for 2018/19 continues the theme of not including any central allowance for non-pay inflationary pressures on the basis this is being mitigated by service efficiency proposals, increased charges or specifically bid for as a separate policy proposal.

Employer Pensions Contributions

115. The Workforce Planning section (**Annex 4**) provides further details on the Pensions provision.
116. The decision was made to pay past service pension deficit contributions for the next three years in one advance payment of £45m in April 2017. The discount available from early payment more than offsets the costs of temporary borrowing where required. The forecast benefit over the three year period is around £2m which will support mitigation of future service costs as appropriate. £0.9m of this saving is being taken in 2018/19.

Managing the Reserves Position

117. The Council Reserves Strategy 2018/19 states that the Council will maintain reserves to protect against risk and support investment. The strategy is updated each year and latest update is provided in the MTFS 2018-21 Report at **Annex 12**.
118. The Strategy identifies two types of reserves:
- **General Reserves**
Balances in this category are not identified for specific purposes, but will be used to cushion against the impact of emerging events or genuine emergencies.
 - **Earmarked Reserves**
Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.
- Further details, such as opening and closing balances and protection against financial risks, are contained within the strategy.

Summary of Financial Stability

119. **Table 11** summarises the position for 2017/18 to 2019/20.

Summary position for 2018/19 to 2020/21 Table 11	Estimated Net Budget 2018/19 £m	Estimated Net Budget 2019/20 £m	Estimated Net Budget 2020/21 £m
Outcome 1	24.8	25.3	25.8
Outcome 2	26.9	27.2	27.6
Outcome 3	46.9	48.3	49.8
Outcome 4	30.5	29.2	29.6
Outcome 5	99.2	104.8	111.0
Outcome 6	30.3	29.9	30.9
Total Outcomes	258.6	264.7	274.7
<i>CENTRAL BUDGETS:</i>			
Capital Financing	10.0	12.0	12.0
Past Pensions Adjustment	0.3	0.2	1.2
Income from Capital Receipts	-2.0	-1.0	-1.0
Contingency	1.0	1.0	1.0
New Homes Bonus Community Fund	1.0	1.0	0.0
Use of / Contribution to Earmarked Reserve	-1.0	0.0	0.0
TOTAL: CENTRAL BUDGETS	267.9	277.9	277.9
<i>FUNDED BY:</i>			
Council Tax	-206.4	-212.7	-219.2
Business Rate Retention Scheme	-43.0	-41.8	-42.3
Revenue Support Grant	-5.4	0.0	0.0
Specific Grants	-12.1	-12.4	-11.2
Sourced from Collection Fund	-1.0	-1.0	0.0
TOTAL: FUNDED BY	-267.9	-267.9	-272.7
Funding Deficit	0.0	10.0	5.2

120. Service expenditure for 2018/19 is shown as **£267.9m**. This represents an increase of £4.1m (1.6%) on the Budget at the [Three Quarter Year Review](#) position.

121. The Funding Available to Services in 2018/19 is estimated at **£267.9m** to give a balanced position.

122. Proposals were received in a Better Business Cases Five Case Model format, with associated Equality Impact Assessments, and were subject to detailed scrutiny by corporate enabling services through several iterations before being accepted into this budget; these business cases will be developed into the delivery phase.

Forecasting the Medium Term Budget 2018/19 to 2020/21

123. The Council has a track record of balancing the revenue budget, spending in-line with the forecasts and maintaining adequate reserves to protect against risk and provide necessary investment.

124. Work with other organisations, as detailed from Para 74 (the “What are we doing about it?” section), will primarily aim to lengthen the planning process. The overall approach to funding is sound, and has been for some time, in that local sources such as Council Tax and Business Rates will fund a greater share of local costs in the future so a pro-growth approach is appropriate.

125. Council funding is now guaranteed to reduce over the medium term and it is almost certain that inflationary pressure on services will continue to increase.

126. The Medium Term Financial Strategy reflects a balanced position for 2018/19 with a mix of specific policy proposals in each Service.
127. The position for 2019/20 and 2020/21 is still a challenge as per the estimates in this document. This position will continue to be addressed during 2018/19 as changes are bedded in and cost pressures are firmed up.
128. The Council adopts a standard five measures approach to balancing the budget and each measure is explored in relation to the medium term balancing of the MTFS. The measures are :

Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to Government funding and inflation in particular are checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in Council Tax and Business Rates is explored in relation to emerging Government policy, demographic changes, local service ambitions and growth in the taxbase.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four and Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure outcomes will be achieved in a cost effective and efficient way.

Options related to each of the five measures are set out below:

Measure	Table 12 – Forecasting the Medium Term Budget
<p>Measure One</p> <p>Challenge Financial Assumptions</p>	<ul style="list-style-type: none"> • In December 2017 the Government issued provisional Core Spending Power figures for the next two years (2018/19 to 2019/20). This confirmed the estimates set out in the 2016/17 Final Settlement released in February 2016 and, due to the submission of our 4-Year Efficiency Plan in October 2016, guarantee the central funding levels for the medium term. • The overall ambition, within the announcements from government, is to maintain core spending over the life of the parliament in cash terms. • Core Spending Power includes: <ul style="list-style-type: none"> Business Rates <ul style="list-style-type: none"> - Business Rate income will rise with inflation (CPI from 2018/19 rather than RPI previously), as controlled by the government set multiplier. Above inflation increases of £0.5m per annum (with an additional £0.3m in 2018/19) have been factored in to the Cheshire East medium term financial plans. The increase is prudent due to the current significant risk associated with business rates income. The national revaluation of non-domestic premises implemented in April 2017 may increase appeals levels further. - The Provisional Local Government Finance Settlement in December 2017 announced the Government's aim to increase the local share of business rates retention to 75% in 2020/21. This will be through incorporating existing grants into business rate retention including the Revenue Support Grant, and potentially the Public Health Grant. The remaining 25% central share will be returned to HM Treasury and recycled back to local government. This may increase the level of business rates retained, but makes no actual difference in the level of core funding for the Council. However, a greater share of the growth in business rates will be able to be retained after this time.

Measure	Table 12 – Forecasting the Medium Term Budget
<p>Measure One</p> <p>Challenge</p> <p>Financial</p> <p>Assumptions</p>	<p>Revenue Support Grant (RSG)</p> <ul style="list-style-type: none"> - RSG will reduce to nil by 2019/20 for Cheshire East Council. The government settlement continues to assume authorities can replace an element of lost grant with Council Tax increases. However this is a local discretion and is subject to referendum limits (increased from 2% to a cap of 3% for 2018/19 before being subject to a local referendum). <p>New Homes Bonus (NHB)</p> <ul style="list-style-type: none"> - Increasing development in Cheshire East means NHB is expected to exceed recent expectations and income from this grant is expected to increase by £0.3m for 2018/19. This is despite changes to the number of years the grant is paid for down from 5 to 4 years for 2018/19. The threshold before growth is calculated remains at 0.4%. - There are to be no further changes, as consulted on, for 2018/19 and £8.6m is forecast for 2018/19. <p>Specific Grants</p> <ul style="list-style-type: none"> - These remain subject to ad-hoc information releases from Government departments. Where no information is available assumptions are used based on the reductions in general funding levels or past trends.

Measure	Table 12 – Forecasting the Medium Term Budget
Measure Two Review Local Taxation	<p>The Council retains the opportunity to review current funding assumptions:</p> <ul style="list-style-type: none"> • Council Tax will rise in line with Government policy and to support Adult Social Care (5.99% in total). • Increases for later years will be reviewed annually but current assumptions are for 1.99% and 1.99% increases per annum in 2019/20 and 2020/21 respectively. • The Council will continue to maximise its tax base through any further flexibility made available by legislation. The potential for development in the area, backed by the Council's continued support for economic growth, is also likely to increase the domestic and non-domestic tax bases over time. • Impacts from the continuation of the local Council Tax Support (CTS) Scheme will be reviewed and scrutinised during the medium term. The scheme may be amended where appropriate, but overall the ambition is to reduce claimant numbers in relation to out of work residents through the promotion of economic growth in the area. • Increasing employment opportunities – through economic growth, resulting in fewer people relying on welfare benefits from the Council and releasing funding for further improvements. • As the potential benefits of investment in local infrastructure are realised local business may engage with the Council to consider the introduction of a Business Rate Supplement to raise funds for specific local purposes. For example, if businesses opted to pay an additional rate of 1p on the rating multiplier they could raise as much over £2m each year, this level of funding could support a 15% increase in the Council's Capital funding costs for an agreed scheme. • There is potential to work with local businesses to introduce business improvement districts for specific purposes. • Continued high collection rates may result in a surplus that can be released to support investment in improved services in the local area.

Measure	Table 12 – Forecasting the Medium Term Budget
Measure Three Manage Reserves	<ul style="list-style-type: none"> • The Council adopts a rigorous approach to managing in-year expenditure. Service heads will sign off their Budget allocations to endorse accountability. In-year reporting will identify variances to budget. • The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure. A contingency of £1m per annum to mitigate demand pressures has also been introduced from 2018/19. • The Reserves Strategy for 2018-21 aims to maintain adequate reserve levels over the medium term, although emerging risks or opportunities may require short-term use of reserves.
Measures Four and Five Manage Cost Drivers and Income	<ul style="list-style-type: none"> • The Council's current proposals for change are contained within Section 1 of the Medium Term Financial Strategy. Although the financial implications focus on 2018/19, many of these programmes will deliver further savings through to 2020/21 as highlighted by further savings figures in the later two years. • Some of the financial areas being reviewed by budget holders and the Finance Team are: <ul style="list-style-type: none"> - Pay Inflation will be assumed at 2% in the medium term. - Reviewing management control and staffing structures. Expenditure on employees accounts for c.21% of the Council's revenue expenditure on services, and the reviews will look to ensure that the Council operates an effective commissioning model that focuses best fit service providers while achieving cost benefits and efficiency. - Ensuring Corporate back office Services, which account for c.11% of the Council's net budget, continue to reflect changes that are making the Council a smaller organisation. - Challenging discretionary services to ensure these meet priority needs, are paid for in the most effective way or are instead ceased or transferred to alternative providers. - Review and challenge of all Council contracts to ensure the most cost effective services are procured.

Measure	Table 12 – Forecasting the Medium Term Budget
<p>Measures Four and Five</p> <p>Manage Cost Drivers and Income</p>	<ul style="list-style-type: none"> • Maximising development opportunities from the increasing broadband coverage. Increasing commercial development located in Cheshire East would see returns from Business Rate Retention. For example a 1% increase in Business Rates would realise c.£0.4m of additional income per year. • Exploring opportunities to improve health and reduce dependency through integration of the local health programme with key partners. Net expenditure on Adult Services continues to account for c.40% of the Council's budget. This is the largest budget area so managing costs in this area is essential. • Engaging with voluntary, community and faith groups and local town and parish councils to explore ways of transforming service delivery at a local level. There are c.300 such groups already financially engaged with Cheshire East Council and 21% of our population volunteer. The third sector is a powerful economic partner, employing 2.5% of the workforce and generating an income of over £25m per annum, the vast proportion of which is invested back into our local communities and economies. Further opportunities will be explored as part of the Council's Corporate Plan. • Carrying out a further Capital Challenge to ensure the benefits of the ambitious programme are realised. • Promoting "Digital Customer Services" approach across the Council where suitable to improve access to services. • Continuing to rationalise the Council's assets to minimise costs associated with utilities and rates and maximise receipts that can support economic growth outcomes. • Making sure that ways of working maximise the technology we have within the organisation and helping staff to take advantage of expertise and development opportunities that can increase productivity.

Annexes to the Medium Term Financial Strategy Report 2018/21

February 2018

1. Corporate Plan 2018 to 2021



2. Business Planning Process - Engagement

Introduction

- 2.1 Cheshire East Council is conducting an engagement process on its Medium Term Financial Plans through a number of stages running from November 2017 to Council in February 2018, and beyond that as proposals are implemented.
- 2.2 The [Pre-Budget Consultation](#), published on the 7th November 2017, included details of the proposals from each service area for the next three years. This report was made available to various stakeholder groups and through a number of forums.
- 2.3 Where consultation with specific stakeholder groups is required in relation to specific proposals, this is being identified as part of the proposal's High Level Business Case. Therefore, some of the major proposals remain "subject to consultation", that is further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.
- 2.4 The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is subject to change. The Council deals with financial risk by factoring into its minimum level of reserves an allowance for negative changes to proposals arising from consultation or delayed implementation.

Background

- 2.5 Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
- 2.6 This analysis helps to inform the consultation process for each Budget and continues to identify additional channels of communication which are used to facilitate consultation with more of our stakeholder groups.

Business Planning Process

- 2.7 The Business Planning Process for 2018-21 followed the standard timescale for consultation and allowed nearly four months for consultation on the [Pre-Budget Consultation](#). The engagement exercise used existing meetings, as well as specific events, to provide a briefing on the Council's Priorities, Outcomes, the Budget Setting Process, and updates on progress for various stakeholder groups. It was based around the proposals that were published in the Council's [Pre-Budget Consultation](#) 2018-21, issued on 7th November 2017 and shared with [Corporate Overview and Scrutiny Committee](#) on 15th November 2017. Two All Member

Finance Briefings were organised for the 28th November and 11th December 2017.

2.9 All the feedback received by the Council, including the use of an online survey, is set out in detail in **Appendix B** to The Councils Medium Term Financial Strategy 2018/21 Report.

2.8 The key events are outlined in **Table 1**.

Table 1 – Key Engagement Events

Event	Date	Comments
Corporate Leadership Team / Cabinet Away Day (1)	6 th June 2017	First consideration of budget changes being proposed.
Cabinet	13 th June 2017	Revenue 2016/17 Outturn.
Cabinet	12 th September 2017	Receive First Quarter Review of Performance.
Corporate Leadership Team / Cabinet Away Day (2)	19 th September 2017	Further update on the process and revisiting of the proposals being considered for consultation.
Corporate Leadership Team / Cabinet Away Day (3)	9 th October 2017	Further update on the process and revisiting of the proposals being considered for consultation.
Corporate Leadership Team / Cabinet Away Day (4)	1 st November 2017	Further update on the process and revisiting of the proposals being considered for consultation.
Cheshire East Council website	7 th November 2017	Pre-Budget Consultation placed on Council's website and Centranet to launch consultation exercise.
Team Voice	15 th November 2017	Issued to all staff and Members to headline release of Pre-Budget Consultation.

Event	Date	Comments
Corporate Overview and Scrutiny Committee	15th November 2017	Received Pre-Budget Consultation and Mid-Year Review of Performance Report.
Cabinet	7 th November 2017	Received the Mid-Year Review of Performance Report.
Trades Unions	7 th November 2017	Considered Pre-Budget Consultation .
All Member Briefing (1)	28 th November 2017	Considered Pre-Budget Consultation .
Cabinet	5 th December 2017	Consider the Domestic and Non-Domestic Tax Base for recommendation to Council.
Schools Forum	7 th December 2017	Considered Pre-Budget Consultation .
Council	14 th December 2017	Agree the Domestic and Non-Domestic Tax Bases .
Provisional Funding announcements	19 th December 2017	From Central Government
All Member Briefing (2)	11 th December 2017	Considered Pre-Budget Consultation .
Third Quarter Review of Performance – Challenge sessions	11 th to 21 st December 2017	Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS.
South Cheshire Chambers of Commerce Business Event	11 th January 2018	Considered Pre-Budget Consultation .

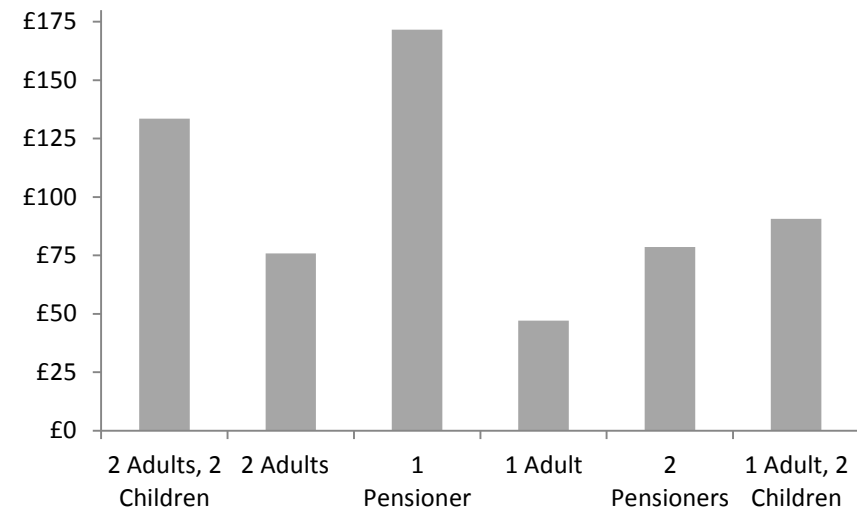
Event	Date	Comments
Children & Families Overview and Scrutiny Committee	15th January 2018	Considered Pre-Budget Consultation (relevant budget areas)
Environment & Regeneration Overview and Scrutiny Committee	23rd January 2018	Considered Pre-Budget Consultation (relevant budget areas)
Macclesfield Chamber of Commerce Business Event	24 th January 2018	Considered Pre-Budget Consultation .
Corporate Overview and Scrutiny Committee	1st February 2018	Receive MTFS Report / Review Final Budget Proposals
Cabinet	6th February 2018	Received the Third Quarter Review of Performance Report. Consider MTFS Report and recommend proposals to Council
Town and Parish Council Conference	20 th February 2018	Engagement event with local town and parish councils
Council	22nd February 2018	Debate and approval of 2018/19 budget

3. Impact Assessment

Household Calculator

- 3.1 The 2018/19 Budget is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation to services. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.
- 3.2 A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.
- 3.3 **Chart 1** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Retail Price Index (RPI), as at November 2017, were to be applied.

Chart 1: Without a strategic approach households could face £47 to £172 increases in costs if simple inflation was applied to charges

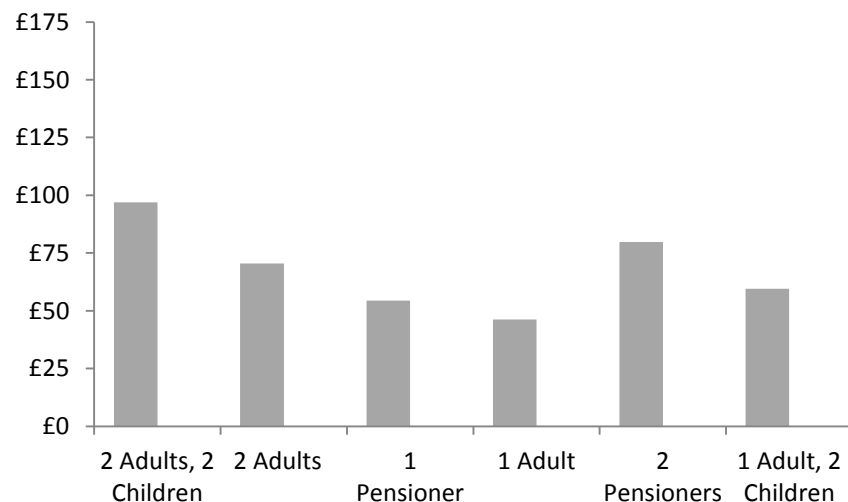


Source: Cheshire East Finance

- 3.4 Every service within the Authority is refining and updating a Charging and Trading Strategy which sets out the rationale for setting / changing fees and charges within that area.
- 3.5 The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.

3.6 **Chart 2** below illustrates the anticipated annual increases per household when applied to the same variety of services.

Chart 2: Forecast increases in costs are split appropriately across all groups



Source: Cheshire East Finance

3.7 The anticipated average increase per household is £68. This is £32 lower than an average increase of £100 if RPI at 3.9% had been applied across all services. Fees and charges in these typical household examples are not forecast to rise for 2018/19 and council tax is forecast to rise by 5.99%.

Note:

Typical households are made up as follows:

- 2 Adults with 2 Children living in a Band E property
- 2 Adults no Children living in a Band C property
- 1 Pensioner living in a Band D property
- 1 Adult (not Pensioner) living in a Band B property
- 2 Pensioners living in a Band D property
- 1 Adult with 2 Children living in a Band D property.

Each household average is based on typical use of chargeable services expected for that category such as school meals, libraries and environmental, and leisure services.

3.8 Further details on the impact on businesses, communities and the environment are shown in **Table 1** on the following pages.

Table 1: Impact of the 2018/19 Budget Proposals on Businesses

Typical Facts:

- Non Domestic Rates are set by Government
- Supplementary Rates could be set by Cheshire East Council
- Businesses are liable to pay some Fees and Charges (for example licensing)



Working with Businesses

The Council takes a pro-active role in engaging with and supporting local businesses. They are the engines of our economy, and the borough's future prosperity is driven by their capacity to thrive and grow.

Cheshire East Council established the Skills and Growth Company as a new 'arms-length' company in April 2016, to bring together existing skills and growth services under one structure. Their objective is to ensure the council can deliver more for less, achieving greater innovation and benefits for businesses and residents. The company supports businesses to maximise growth, funding and investment opportunities; increase the availability and take-up of apprenticeships, support people into work, help to create jobs and stimulate economic growth and innovation.

In their first year they helped create 988 new jobs which in turn resulted in an increase in Gross Value Added of £84m and a projected business rate income of £470,000. The company supported 232 high growth businesses, large employers and inward investment enquiries which led to £15m of capital investment, £18m of revenue spend and an increase in floor space of 561,000 sq ft.

The Council has made significant commitments to the regeneration of Crewe town centre, acting as a catalyst for further private sector investment as the town prepares itself as a HS2 station location in 2027. Over the 2018-21 period, over £25m will be invested through the use of external funding, the Council's capital budget and the strategic use of its own land and property. By taking a mixed use approach that incorporate leisure, retail, public realm and event space, this will enhance the attractiveness of Crewe to its significantly growing resident base and increase confidence in the development and investment sectors.

In Macclesfield the council also remains committed to town centre regeneration with plans to invest in the public realm of the town centre in addition to facilitating private development to widen the town centre leisure offer with the objectives of boosting the evening economy and enhancing the visitor experience to encourage higher footfall and additional private investment. Further regeneration initiatives over the 2018-21 period are also under consideration through the ongoing development of the Macclesfield Town Centre Revitalisation Strategy.



Government sets new Business Rates multipliers for 2018/19

- The multiplier for 2018/19 will increase by CPI following the Chancellor's announcement in the Autumn Budget on 22nd November 2017. The multiplier has previously increased by RPI and was due to change to CPI in 2020, but the Chancellor has brought this forward by two years. The provisional multiplier has been set as follows:-
 - Provisional 2018/19 Standard Multiplier at 49.3p* in the £.
 - Provisional Small Business Multiplier 48.0p** in the £.

* Includes supplement to fund small business relief.

** All occupied properties with a rateable value below £51,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.

New Transitional Scheme for 2017 rating list

- The transition scheme will continue to help businesses that would face a large increase or decrease in their rates payable following the revaluation. Any relief under the new transition scheme will be automatically calculated and will appear on rate demands issued from 1st April 2018.

Small Business Rate Relief (SBRR)

- The Government announced in the budget in March 2016 that SBRR will permanently double.
- Thresholds for relief for SBRR were amended following the revaluation in 2017. Properties with RV below 12,000 where the ratepayer meets the criteria will receive 100% relief and properties between 12,000 and 15,000 will receive tapered relief.
- Continuation of amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs.

Rural Rate Relief

Mandatory relief for rural businesses will continue at 100% for qualifying properties.



Spring Budget Reliefs

In the Spring Budget the Chancellor announced 3 new reliefs for businesses affected by the revaluation of 2017. All reliefs are fully funded by the Government.

- Pub Relief - £1,000 in 2017/18 for pubs with RV below £100,000. This relief has been extended in the Autumn Budget to include 2018/19.
- Supporting Small Business (SSB) – Relief for those ratepayers who have lost SBRR or rural rate relief as a result of the revaluation. This relief limits the increase in rates to £600 pa.
- Discretionary Revaluation Relief – Cheshire East Council will receive £1.3m over four years to grant relief to ratepayers who have faced an increase in rates payable as a result of the revaluation. The relief will be available as shown in the table below:

Amount of discretionary revaluation relief awarded (£)				TOTAL £
Year 1 2017/18	Year 2 2018/19	Year 3 2019/20	Year 4 2020/21	
756,541	367,463	151,308	21,615	1,296,928

Relief will be provided to properties with a RV of up to and including £100,000. In 2017/18, the scheme will award all eligible ratepayers 70% of the increase in rates due to the revaluation from 2016 to 2017 (a de-minimus value of £50 will apply). In most cases the relief will be awarded automatically without the need for application. Ratepayers who may have state aid implications will be required to make an application for relief. The Council will review the percentage awarded for each new financial year to take account of the funding available from central government.

Supplementary Business Rates

There are no proposals for Cheshire East Council to charge supplementary rates in 2018/19.

	<p>Local Retention of Business Rates</p> <p>From 1st April 2013 Cheshire East Council retains c.28% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. The Medium Term Financial Strategy (Annex 6) sets out the Council's ambition and forecast income from promoting economic development.</p> <p>Local Discretionary Rate Relief</p> <p>Cheshire East Council has the discretion to award rate relief to any ratepayer. Applications are considered on an individual basis. Relief would only be awarded where it was in the Council Tax payer's interest to do so.</p> <p>Other measures to support local businesses with business rates</p> <p>Continuation of the option to spread business rates bills over 12 months rather than 10 months.</p>
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Council Partners and Stakeholders



Councillor Arthur Moran was appointed as Mayor on 17th May 2017. He is Cheshire East's ninth Mayor and represents the Nantwich North and West Ward.

For Example:

Town and Parish Councils, Health, Fire, Police, Schools, Colleges, Universities, Community, Voluntary and Faith Organisations, Housing Providers, Community Partnerships.



The Council proactively works with partners to deliver services in Cheshire East. We seek to commission and deliver jointly with our partners, both across Cheshire East and at a local level. We are working with partners to focus our joint resources on early intervention and prevention, and supporting the development of resilient, self-reliant communities.

The Council will continue its work with Town and Parish Councils to develop local service delivery options including the transfer of assets and devolution of services where appropriate.

The Council is committed to further developing and managing collaborative partnership working in local areas to deliver services as locally as possible and to develop strong communities. We are leading activity to secure outcomes based on understanding the needs of the community through:

- Developing our strategic partnerships across Cheshire East to enable joint commissioning and improve integration of local services.
- Bringing local partners together to better share resources and redesigning public sector services across Cheshire East to better meet local needs.
- Connecting Communities through our new and ambitious approach agreed by Cabinet in December 2016.
- This connecting communities approach will enable us to:
 - Engage communities to identify and be involved in addressing their local issues.
 - Promote and support community networks, neighbourhood and town partnerships to further develop communities with a stronger sense of neighbourliness.
 - Deliver differently in neighbourhoods which provide services where local people will use them, so that services are delivered in the way which gives best value for local people.
 - Work collaboratively with partners to deliver against our joint rural priorities, and to rural proof key decisions.
 - Work with partners and communities to ensure that local people feel safe and are safe in their communities.
 - Develop positive relationships between the Council and the community, voluntary and faith sector, at both a local and strategic level, and supporting the sectors to become commissioning ready.
 - Invest in our Community Grants scheme to ensure communities can develop their initiatives.

The Local Environment



Cheshire East Council is committed to continuing to reduce its energy consumption and carbon emissions from its buildings and will continue to develop strategies during 2018/19, and beyond, to reduce the environmental impact of its activities.

The Council has achieved its Carbon Management Plan target of reducing carbon emissions by 25% by March 2016 - a full two years early. The target for reducing energy use in its corporate buildings was increased and by 2016 it had achieved a 43% reduction. The Council has embedded carbon reduction into its service delivery and is developing a 2020 vision that will aim to reduce carbon emissions by a further 20% across all corporate buildings. Improvements are planned undertaking a wide range of carbon reducing projects:

- Energy saving measures and property rationalisation in our own Council buildings to continue to reduce our carbon footprint including the major refurbishment of heating and ventilation equipment in two leisure centres.
- Reducing carbon emissions from its own vehicles by undertaking a fleet review that will include the trialling, where possible, of alternative refuse collection technologies including new fuel technology such as electric and hybrid variants and vehicles that can run on compressed natural gas.
- The Highway service carbon reduction programme set a target of a 27% reduction in carbon from street lighting by March 2016 supported by the Council's £5.2m capital investment in street lighting. The target was exceeded with 31% savings achieved from two completed initiatives:
 - a borough wide replacement of traffic signal lamps with LEDs. Carbon reduction delivered - 6%.
 - the conversion of traditional street lights to LED on the Borough's inter urban routes. Carbon reduction delivered - 25%.
- The strategy continues to make good progress with a three year programme (2016 – 2019) to convert 24,000 street lights to LED in residential areas. Year 1 and 2 are complete with the final year commencing March 2018. Overall target is to deliver a further reduction in carbon of 27%.
- Reducing the impact of our staff travel through a number of measures including changes to staff travel rates and promotion of alternatives to single car occupancy.

Equality and Diversity



The Council recognises that promoting equality and diversity will improve public services for everyone. Cheshire East wants to be an area of equal opportunity, where everyone has a fair chance and people from all backgrounds take part in community life. The aim, therefore, is to make equality an integral part of the way the Council works by putting it at the centre of everything it does.

It is important to consider all individuals when carrying out day-to-day work. To ensure this, services provide equality analysis for everything carried out as a way of considering the effect on different groups protected from discrimination by the Equality Act 2010.

The Equality Impact Assessment (EIA) process helps to consider if there are any unintended consequences for each of the 'protected characteristics' of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, religion or belief, sex and sexual orientation.

An EIA is carried out on:

- new functions, policies, procedures and services as they are developed
- significantly altered functions, policies, procedures and services
- Overtime, on existing functions and policies.

For all of the budget proposals an EIA has been carried out where appropriate. For some of the proposals presented it is recognised that these are still very much at a concept stage, therefore for these an initial screening has been carried out with the expectation that a full and detailed EIA will be completed in due course.

4. Workforce Strategy

Complex world

- 4.1 We are living and working in a complex world where residents and communities have high expectations of both business and public services.
- 4.2 Greater resident and community choice and control is driving the shape of public services, with a growing public expectation that services will meet their needs, helping them achieve personal goals and aspirations. This becomes even more challenging within this era of austerity and the significant financial pressures that all public services face.
- 4.3 Doing more of the same won't work. Increasing demand, greater complexity, rising expectations and severe financial constraints mean that the current situation is not sustainable. Tomorrow's solutions will need to engage people as active participants, delivering accessible, responsive services of the highest quality. We don't have all of the answers to the challenges that we face. We need to work closely with other partners and providers in all sectors to find new ways to design and deliver services across the public sector and to seize the opportunities as they emerge.
- 4.4 As the rules of delivering public service are being re-written, making people and relationships the key to sustainable success is more important than ever. Only through deepened relationships with and between employees, partners, residents and communities will the Council innovate and adapt fast enough whilst maintaining service delivery. Tomorrow's solutions will need to bring together the diverse

skills and talents and unlock the potential of people across the public sector.

Connected Council

- 4.5 Consciously building and strengthening connections in the way we lead, manage and work together within and across the Council, with members, partners and our communities is at the heart of our workforce strategy. We aim to build a more connected council and workforce through:
 - **Purpose and direction** – ensuring our workforce have a common understanding of why they exist as an entity, a clear sense of what they are trying to achieve and the strategy to get there around which people can unite and flourish.
 - **Authenticity** – leaders who act in a way that is in line with our FIRST values and who build relationships of trust and respect.
 - **Devolved decision making** – the sharing of power across the organisation with decisions being made as close to the customer as possible, whilst key strategic decisions are made centrally.
 - **Collaborative achievement** – close working within and across teams and organisations so that end to end processes work efficiently and effectively.
 - **Agility** – colleagues are encouraged to share what they learn and to operate in a culture that supports experimentation.

People Plan 2018/19

- 4.6 Placing the right people in the right places at the right times is at the heart of the Council's success. To support and enable the delivery of the Council's ambitious plans, eight workforce priorities come together to form the Council's Connected People Plan.
- 4.7 **Organisation Design** – to provide change management support to services, enabling our workforce to be flexible and adaptable in a rapidly changing local, regional and national environment.
- 4.8 **Recruitment, Resourcing and Retention** – to review the Council's recruitment process and undertake a strategic workforce assessment. Create career pathway plans including talent management planning across the Council.
- 4.9 **Connected Council** – to develop and implement a leadership and management model and development strategy which increases leadership impact and facilitates cultural change.
- 4.10 **Employee Development** – to continue to develop highly skilled and competent professionals who operate safe practice and risk awareness and can work effectively across internal and external boundaries as the structure and form of public service changes.
- 4.11 **Engagement and Wellbeing** – to continue to build employee engagement with particular focus on improving staff wellbeing, resilience and attendance management, to ensure our workforce are engaged and performing at the highest level.

- 4.12 **Pay and Rewards** – to monitor and review approaches to pay to meet business needs and further develop financial and non-financial rewards and employee benefits, whilst meeting equal pay and gender pay gap requirements.
- 4.13 **Service Delivery** – to further develop and clarify the HR offer to ensure a safe, healthy and supportive environment, which equips the workforce to contribute effectively and reach their potential.
- 4.14 **HR Business Development** – to ensure the Council's HR service is in the best position to fully support the delivery of business priorities and exploit further business opportunities.

Productivity

- 4.15 Further savings will be realised through a combination of a reduction in consultancy and agency requirements and core staffing costs alongside increased productivity and further workforce initiatives. Working closely with Members, Trade Unions and staff, consultation will take place to ensure that resources are maximised and service changes are based on resident and community need.

NJC Pay Spine Review

- 4.16 Local Government national negotiations for 2018/19 and 2019/20 are underway.
- 4.17 The national employers have made a final pay offer to the unions of a two year deal for the period 1st April 2018 to 31st March 2020. This will be an average pay increase on the

national pay bill of 2.7% in year 1 and 2.8% in year 2. This final offer is in response to the Unions claim for 5% this year and has yet to be agreed.

- **Year 1 (2018/19)**

The lowest spinal points 6-19 will be increased to meet the significant national living wage pay gap potentially making the lowest spinal point £8.50 per hour. Spinal point 20 and above will receive a 2.0% pay increase.

- **Year 2 (2019/20)**

In this year the offer looks to gain further headroom over the national living wage increase due in 2019. The bottom spinal point will become £9.00 per hour. In addition it is proposed that the bottom twelve pay scales will be merged into six new points starting at new point one. 2% increases will be applied from new spinal point 23 onwards.

Living Wage

- 4.18 The Council implemented a Local Living Wage on 1st November 2015 of £7.85 per hour. The National Living Wage is due to increase to £7.83 per hour on 1st April 2018, and is projected to rise to £9 per hour by 2020.
- 4.19 As outlined in the previous section regarding the NJC Pay Spine Review it is anticipated that the proposed changes to the spinal points will make the need for a Local Living Wage obsolete as the lowest NJC scale point will significantly exceed the Councils local living wage from 1st April 2018.

Apprenticeship levy

- 4.20 Through the Finance Act 2017, the payment of an apprenticeship levy became a statutory requirement from April 2017. The levy is paid by employers (including the public sector) on 0.5% of the pay bill. All employers receive an annual allowance of £15,000 to offset against their levy, meaning that the levy only applies to employers whose annual wage bill is £3m or above. The Council's total liability is forecast to be approximately £689,000 per year. The Government tops this fund up by 10% and it is then made available to employers through a digital account. This account is then accessed to fund the training costs of apprenticeships. If funds are not spent within 24 months, they revert to the Government.
- 4.21 From April 2017, a duty for public sector companies to have 2.3% of their workforce to be made up of apprentices was also introduced by the government. Based on current headcount, this is estimated to be 180 apprenticeship new starts for the Council each year, including ASDVs and maintained schools. This can be made up of new apprentices or existing members of staff undertaking an apprenticeship qualification. Increasing the number of new apprentices to the organisation will increase salary costs as will releasing existing staff to undertake the off-the-job training required for an apprenticeship.

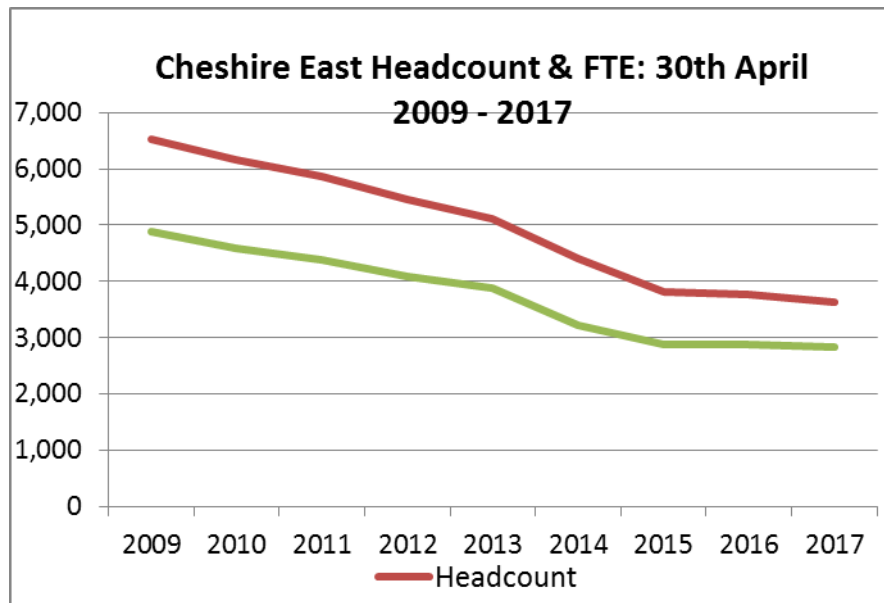
Pension – employer contribution review

4.22 A valuation of the Cheshire Pension Fund was undertaken to determine the employer contribution rates for the Local Government Pension Scheme which came into effect from 1st April 2017. An increase in employer contribution rates of 1.5% has been factored into the figures within this report.

4.23 Between April 2009 and September 2017 the Cheshire East Council employee headcount has reduced by 45%, and the overall number of full time equivalent (FTE) Cheshire East Council employees has decreased by 42%. Reductions of more than 10% between April 2013/14 and April 2014/15 are attributable to the restructuring of services and the TUPE transfer of staff to Alternative Service Delivery Vehicles.

Headcount analysis and trend

Chart 1: Cheshire East Headcount & FTE



Workforce <i>Increasing productivity through workforce planning whilst meeting our statutory obligations regarding pay inflation and ensuring non essential staff travel and supplies are minimised.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
Pay and Pensions Allocation (Revenue Investment) (91) Increases in employee related costs over the medium term. Items covered by this proposal include spinal point incremental increases for eligible staff, annual nationally negotiated pay awards, sleep in payments, holiday payments and annual employer pension contribution increases of 1.5%. An element of the increases will be offset by vacancy provisions therefore an overall increase of 2% on pay budgets has been provided for in each year. PEOPLE PLACE CORPORATE <i>Impact on Cross Service Budgets =</i>	+2.662 +0.913 +1.948 +5.523	+4.727 +1.759 +4.029 +10.515	+6.792 +2.606 +6.109 +15.507
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

Workforce <i>Increasing productivity through workforce planning whilst meeting our statutory obligations regarding pay inflation and ensuring non essential staff travel and supplies are minimised.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
<p>Mutually Agreed Resignation Scheme (Revenue Savings) (92)</p> <p>Overall revenue budget savings, from reductions in post numbers, can be achieved through MARS. The principles for the MARS scheme were developed from the NHS Staff Council Section 20 national agreement and recommended as good practice for NHS Trusts to support them to alleviate the need for future redundancies and to reduce costs. It has also been used to increase flexibility for an employer to address rapid change and service redesign. Since then the scheme has become more widely utilised and now operates in Local Government and Education.</p> <p>The Council is developing a local MARS as reported to Staffing Committee (25th January 2018) and Cabinet (6th February 2018).</p> <p>As the scheme is mutual, and managed by application, the total ongoing savings are estimated in full as part of this proposal and will only be allocated to specific budgets once applications are completed and approved. Beneficial consequences of staff leaving the organisation through a MARS scheme include the creation of opportunities not always available under compulsory/voluntary redundancy arrangements, short term payback of any up-front costs, mutual agreement from employer and employee as well as associated productivity and moral benefits from this not being a competitive process.</p> <p style="text-align: right;"><i>Impact on Cross Service Budgets =</i></p>	<p style="text-align: right;">-1.500</p>	<p style="text-align: right;">-1.500</p>	<p style="text-align: right;">-1.500</p>
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Evidence of Achievement

Measuring the effectiveness of the workforce priorities will be tracked through a small number of macro performance indicators such as:

1. Employee engagement index
2. Employee turnover
3. Sickness absence
4. Ratio of agency workers to employed staff
5. Number of staff with performance development plans and performance ratings

5. Risk Management

- 5.1 The Council recognises that there are risks involved in everything it does and that it has a duty to manage threats and opportunities in a balanced, structured and cost effective way. In doing this the Council is better placed to achieve its objectives and enhance the services it provides.
- 5.2 The Council is committed to the effective management of risks, both threats and opportunities. The aim is not to have risk eliminated completely from Council activities, but rather to ensure that every effort is made to maximise potential opportunities and minimise the adverse effects of risk.
- 5.3 In this constantly evolving environment; with a need to continually adapt internal organisation to meet legal requirements, economic challenges, urban changes, and demographic and social changes; decision makers need a strong risk management framework to anticipate risks that may arise suddenly or unexpectedly and to respond to changes in need.
- 5.4 The Council has a Risk Management Policy Statement and Strategy which gives the scope, direction and priorities for risk management activity across the Council.
- 5.5 Underpinning the strategy and policy are risk management procedures articulated in a framework document. Taken together, the documents provide practical guidance to assist Officers and Members in the identification, evaluation and control of risks that may impact upon the achievement of corporate and service level objectives and priorities. The Corporate Assurance Group (CAG) and Risk Management Sub Group (which include officer and portfolio holder representation) were involved in the development of the policy, strategy and procedures within the framework.
- 5.6 Risk management is integrated into service planning and decision making to ensure that:
 - Risks are recognised and responded to appropriately throughout business management and decision making lifecycles.
 - Risk activity is focused on the delivery of key organisational objectives.
 - Risk registers are critically examined and refreshed throughout the year.
- 5.7 Against the backdrop of continued fiscal austerity, the Council is looking to the future with a sense of confidence in its ability to deliver on an ambitious agenda. As we look to 2021, there will also be new threats and opportunities arising and so the Council's corporate risk register continues to be monitored and updated. The Corporate Leadership Team and Cabinet are included as part of the process to review existing and dying risks and to identify new and emerging risks.
- 5.8 A risk around financial resilience is included as a corporate risk and general reserves are focused on the Council's potential exposure to risk. In addition, where a particular area has been identified as specific risk or investment opportunity, then an amount will be earmarked for that specific purpose.
- 5.9 A contingency budget has been included in the revenue budget of £1m per annum from 2018/19 as per the table overleaf.

	2018/19 £m*	2019/20 £m*	2020/21 £m*
Contingency Revenue Budget (96) As the Council is facing significant uncertainty in the medium term it is appropriate to build in flexibility to the annual revenue budget. Inclusion of a £1m contingency, that can be reviewed annually, will alleviate pressure on general reserves, and can help with managing financial issues from one year to the next. Appropriate use of the contingency would be reported during the year as part of the Council's quarterly reporting process.			
<i>Impact on Central Budget =</i>	+1.000	+1.000	+1.000
* Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

6. Business Rates – Forecasting over the medium term

- 6.1 The Government introduced the Business Rates Retention Scheme on 1st April 2013. There has been much uncertainty around the scheme as a result of appeals to the local list. This has resulted in the need to create and build upon a specific earmarked reserve and provision for appeals to protect against large fluctuations in any given year. This Annex provides an illustration of how the scheme has worked over time and what changes are likely over the medium term including estimates of future income.
- 6.2 The basic concept is that a baseline position is established and an element of growth over and above that can be retained. Central government set the baseline over which growth is measured but the Council can budget on locally set figures. This can be informed by the NNDR1 form which contains estimates that must be provided to Government at the end of January each year.
- 6.3 As part of the last two budget cycles, growth estimates above baseline were calculated and the taxbase has been monitored to assess the robustness of those estimates. This has proved to be reasonably accurate so far for 2018/19 and beyond, the methodology is continuing to be used to estimate growth and this income has been included in the funding assumptions contained within this document. The methodology has been set out below.
- 6.4 For 2017/18 the NNDR1 return is forecasting retained rates above the funding baseline (of £39.7m) for Cheshire East to be £1.3m giving a contribution to the revenue budget of £41.0m. This budget above the baseline is accounting for the growth projections plus levy savings that were forecast as part of the 2017-20 Medium Term Financial Strategy report.
- 6.5 A Non Domestic taxbase for 2018/19 was formally reported to Cabinet and Council in December 2017 which included current hereditaments valued at 2017 levels following the national revaluation in April 2017. Work has been carried out to estimate new business growth in the area and this was included in the calculation for the taxbase. More information on the Business Rates taxbase for 2018/19 and the background on the Business Rates Retention Scheme is available in the report that was approved at [Council](#) on 14th December 2017.
- 6.6 The use of the Collection Fund Management Earmarked Reserve, to hold differences between the NNDR1 and the outturn position, continues to provide an element of protection against future risks.
- ### Available Data
- 6.7 The Council has gathered information from several sources to judge likely levels of economic growth including:
- Information from the business engagement team.
 - Data from the Council's planning system.
 - Data from the team working to generate capital receipts.
 - Data from the Revenues collection service in terms of appeals and expected growth.
 - Data from the valuation office.

- Financial Strategy & Reporting knowledge of the BRRS calculations.

2019/20 and 2020/21 has been factored into the medium term budget forecast based on the information below.

Method

- 6.8 This available data has been reviewed to generate broad estimates of the potential increase in Rateable Value (RV) over the medium term.
- 6.9 An allowance has been made for the average impact of timing delays, on appeals, on other RV nearby (displacement) and likely loss of RV.
- 6.9 The end result has been converted to business rates and processed via a BRRS model developed and maintained by Strategy Finance.
- 6.10 This model also takes account of any impact of pooling.

Results

- 6.11 **Table 1** sets out the results.
- 6.12 Retained rates income forecast from growth in the taxbase for 2018/19 is forecast to be £2.1m. After the central share and levy payments have been made it results in a net increase for Cheshire East of £0.79m as per **Table 1**.
- 6.13 The mix of data sources and balance of results provides a good indication that this methodology is creating a reliable baseline for future estimates in this area. Therefore, the estimate of £0.8m growth in 2018/19 and a further £0.5m in

Table 1 - Estimated Increased Net Business Rates Income (incremental)		
Business Type	2018/19	2019/20
	£m	£m
Retail	0.81	0.85
Offices	0.70	0.00
Manufacturing	0.52	0.12
Leisure	0.02	0.01
Other	0.00	0.25
Total Net Growth	2.06	1.23
Total Retention for Cheshire East	0.79	0.47

Source: Cheshire East Finance

7. The Budget Setting Process

Set Parameters	Gather Evidence	Consult and refine	Approve																																																																								
May to June 2017	July 2017 to October 2017	November 2017 to January 2018	February 2018																																																																								
Assumptions reported to Cabinet / Council in Feb 2017:	Develop Pre-Budget Consultation:	Changes post Pre-Budget Consultation:	Budget Report:																																																																								
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8. Revenue Grant Funding

Corporate Grants Register 2018/19	Revised Budget 2017/18 £000	Forecast 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000
SPECIFIC USE (Held within Services)				
People				
Schools				
Dedicated Schools Grant	257,470	265,521	265,521	265,521
Less Academy Recoupment	120,283	121,550	121,550	121,550
Dedicated Schools Grant (Cheshire East)	137,187	143,971	143,971	143,971
Pupil Premium Grant (maintained schools only)	3,720	3,348	3,348	3,348
Pupil Premium Plus (maintained schools only)	928	927	927	927
Sixth Form Funding (maintained schools only)	4,098	4,098	4,098	4,098
Universal Infant Free School Meals	2,586	2,586	2,586	2,586
Physical PE Sports Grant	1,077	1,077	1,077	1,077
School Improvement Monitoring and Brokering Grant	165	283	283	283
SEND Implementation Grant	239	0	0	0
Milk Subsidy	32	32	32	32
Total Schools	150,032	156,322	156,322	156,322
Children & Families	603	498	498	498
Adult Social Care	9,022	10,244	11,222	4,185
Public Health	16,833	16,400	15,967	15,552
Total People	176,490	183,464	184,009	176,557
Place				
Growth and Regeneration	1,157	197	0	0
Planning and Sustainable Development	121	0	0	0
Directorate	787	0	0	0
Total Place	2,065	197	0	0
CORPORATE				
Customer Operations	76,425	70,391	70,391	70,391
Total	76,425	70,391	70,391	70,391
TOTAL SPECIFIC USE	254,980	254,052	254,400	246,948

Corporate Grants Register 2018/19	Revised Budget 2017/18 £000	Forecast 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Revenue Support Grant	13,415	5,416	0	0
PEOPLE - Children and Families				
Troubled Families (including Coordinator)	654	195	195	0
Staying Put Implementation Grant	113	0	0	0
Remand Funding	7	0	0	0
Adult Skills (Lifelong Learning)	706	706	706	706
Extended Rights to Free Transport	123	0	0	0
PEOPLE - Adult Social Care and Independent Living				
Independent Living Fund	917	888	861	818
Local Reform and Community Voices	201	0	0	0
Social Care in Prisons	77	0	0	0
War Pension Scheme Disregard	64	0	0	0
Adult Social Care Support Grant	1,457	0	0	0
PLACE				
Lead Local Flood Authorities	14	15	16	0
Neighbourhood Planning Grant for Local Planning Authorities	60	0	0	0
Homelessness Reduction Act - new burdens	50	37	47	0

Corporate Grants Register 2018/19	Revised Budget 2017/18 £000	Forecast 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000
CORPORATE - Customer Operations				
Housing and Council Tax Benefit Administration	1,209	1,073	1,073	1,073
NNDR Administration Grant	506	566	509	459
Universal Support Grant	62	0	0	0
Business Rates Relief Schemes: Payments of New Burdens 2017/18	12	0	0	0
Discretionary Funding for Business Rates Relief 2017/18	378	0	0	0
CORPORATE - Chief Operating Officer				
New Homes Bonus	8,254	8,563	9,080	8,194
New Homes Bonus: Returned Funding Grant 2017/18	96	0	0	0
Education Services Grant	641	0	0	0
Transitional Funding	2,974	0	0	0
Transition to Individual Electoral Registration 2017/18	64	0	0	0
TOTAL GENERAL PURPOSE	32,054	17,459	12,487	11,250
TOTAL GRANT FUNDING	287,034	271,511	266,887	258,198

9. Capital Grant Funding

	Prior Years Grant Received £000	Expected Receipt 2018/19 £000	Application of Grants in 2018/19 £000	Expected Receipt 2019/20 £000	Application of Grants in 2019/20 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
SPECIFIC PURPOSE (Held Corporately)							
PEOPLE							
Education and 14-19 Skills							
School Condition Grant 2018/19	0	2,166	2,164	0	2	0	0
School Condition Grant 2019/20	0	0	0	1,862	1,862	0	0
School Condition Grant 2020/21	0	0	0	0	0	1,560	1,560
Capital Maintenance Grant	5,054	0	5,054	0	0	0	0
Devolved Formula Capital 2016/17	169	0	169	0	0	0	0
Devolved Formula Capital 2017/18	499	0	295	0	204	0	0
Devolved Formula Capital 2018/19	0	435	0	0	171	0	264
Devolved Formula Capital 2019/20	0	0	0	370	0	0	370
Basic Need Grant 2015/16	0	0	0	0	0	0	0
Basic Need Grant 2016/17	2,236	0	2,236	0	0	0	0
Basic Need Grant 2017/18	4,692	0	4,692	0	0	0	0
Basic Need Grant 2018/19	0	15,054	15,054	0	0	0	0
TOTAL PEOPLE	12,650	17,655	29,664	2,232	2,239	1,560	2,194

	Prior Years Grant Received	Expected Receipt 2018/19	Application of Grants in 2018/19	Expected Receipt 2019/20	Application of Grants in 2019/20	Expected Receipt Future Years	Application of Grants in Future Years
	£000	£000	£000	£000	£000	£000	£000
SPECIFIC PURPOSE (Held Corporately)							
PLACE							
Growth and Regeneration							
Disabled Facilities Grant 2017/18	350	0	350	0	0	0	0
Disabled Facilities Grant 2018/19	0	1,750	1,750	0	0	0	0
Disabled Facilities Grant 2019/20	0	0	0	1,750	1,750	0	0
Disabled Facilities Grant 2020/21	0	0	0	0	0	1,750	1,750
Crewe Town Centre Regeneration / Local Growth Fund	0	1,800	1,800	6,095	6,095	1,505	1,505
Rural and Green Infrastructure							
Rights of Way Improvement Plan Cycle/Walking Schemes	251	0	251	0	0	0	0
Tatton Vision / Heritage Lottery Funding	33	0	33	0	0	0	0
Client Commissioning							
Connecting Cheshire Digital 2020 - Super Fast Broadband	0	4,094	4,094	2,515	2,515	0	0

	Prior Years Grant Received	Expected Receipt 2018/19	Application of Grants in 2018/19	Expected Receipt 2019/20	Application of Grants in 2019/20	Expected Receipt Future Years	Application of Grants in Future Years
	£000	£000	£000	£000	£000	£000	£000
SPECIFIC PURPOSE (Held Corporately)							
PLACE							
Infrastructure and Highways							
A51/A500 Corridor Nantwich	0	0	-131	0	0	0	0
A6 MARR CMM / Department for Transport	0	7	7	0	0	0	0
Congleton Relief Road / Local Growth Fund	0	0	0	45,000	45,000	0	0
Crewe Green Roundabout / Local Growth Fund	0	2,046	2,046	0	0	0	0
Hibel Road Junction	0	0	0	3,500	3,500	0	0
Incentive Fund 2018/19 / Department for Transport	0	1,751	1,751	0	0	0	0
Incentive Fund 2019/20 / Department for Transport	0	0	0	1,751	1,751	0	0
Incentive Fund 2020/21 / Department for Transport	0	0	0	0	0	1,751	1,751
Integrated Transport Block 2018/19 / Department for Transport	0	1,804	1,804	0	0	0	0
Integrated Transport Block 2019/20 / Department for Transport	0	0	0	1,804	1,804	0	0
Integrated Transport Block 2020/21 / Department for Transport	0	0	0	0	0	1,803	1,803
Macclesfield Movement Strategy / Local Growth Fund	0	40	40	0	0	0	0
Maintenance Block 2018/19 / Department for Transport	0	8,409	8,409	0	0	0	0
Maintenance Block 2019/20 / Department for Transport	0	0	0	8,409	8,409	0	0
Maintenance Block 2020/21 / Department for Transport	0	0	0	0	0	8,409	8,409
Poynton Relief Road / Local Growth Fund	0	1,200	1,200	20,299	20,299	1,701	1,701
Safer Road Fund / Department for Transport	880	0	880	0	0	0	0
Sydney Road Bridge / Local Growth Fund	0	3,356	3,356	0	0	0	0
TOTAL PLACE	1,514	26,257	27,640	91,123	91,123	16,919	16,919
TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING	14,164	43,912	57,304	93,355	93,362	18,479	19,113

10. Capital Strategy

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Executive Summary

10.1 Cheshire East Council's financial strategy includes a programme of capital investment aimed at two fundamental objectives:

- **Boosting local economic prosperity** through the delivery of projects such as building roads, creating new infrastructure, supporting education and supporting regeneration.
- **Maximising value for money from Council assets** by creating and maintaining Council owned assets that help services achieve outcomes or financial returns.

10.2 The Council will stop receiving many revenue government grants by 2020 which means that Council services will need to be self reliant and only funded from Council Tax payments, Business Rates and direct charges for services. Achieving self reliance will be supported by creating economic growth, or other financial returns from assets in a way that can be sustained.

10.3 This Strategy provides a framework and significant guidance on developing the Council's Capital Programme in a way that is affordable and can deliver the Council's Corporate Objectives as well as setting out the approach to capital investment and decision making processes.

Five Principles

10.4 Five Principles underpin the Capital Strategy for Cheshire East Council:

1. Capital expenditure is priority based and is aligned with the Council's Corporate Plan outcomes.
2. The financial implications of capital projects are aligned with the Medium Term Financial Strategy.
3. Capital projects will be focussed on delivering the best return on investment.
4. Decisions in relation to the programme will follow a clear framework.
5. There will be a corporate approach to generating and applying capital resources.

10.5 The Strategy is driven by the Council's Corporate Plan protecting and enhancing the "Quality of Place" in the Borough and supporting the well being of our local residents through the Council's strategic outcomes.

F Jordan

Frank Jordan

Executive Director of Place and Acting Deputy Chief Executive

Comment from the Section 151 Officer

10.6 The Capital Strategy forms a key part of the Council's Medium Term Financial Strategy (MTFS). It will be reviewed each year alongside the MTFS and will support my opinion in determining the robustness of the Council's financial plans.

10.7 In particular the capital strategy:

- takes account of significant revenue implications
- provides a framework for the management and monitoring of the capital programme
- creates the process for bidding for additional capital resources
- sets out the approach to funding capital expenditure

10.8 The Strategy also sets out the Council's processes for:

- setting the financial parameters for capital expenditure in the medium term
- confirming the flexible use of capital receipts in the medium term
- the option appraisal of capital project proposals
- deciding on the prioritisation of capital projects
- monitoring and evaluating approved schemes

10.9 The Strategy also incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

J Willis

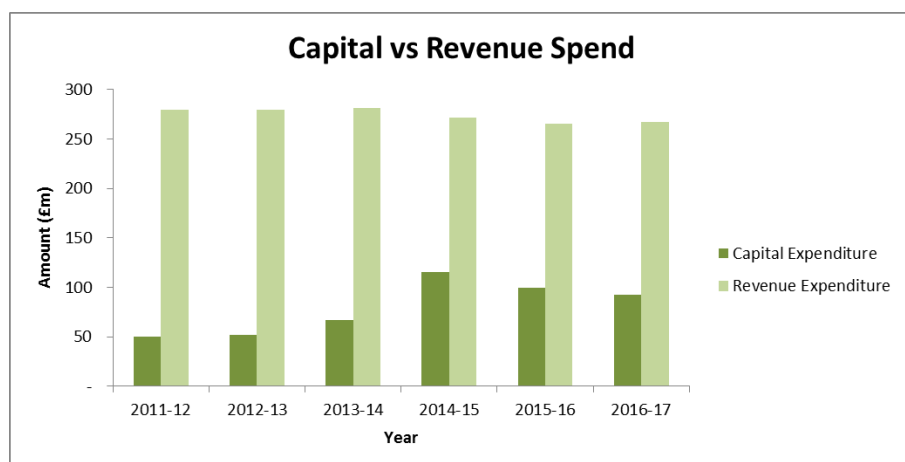
Jan Willis CPFA MBA

Interim Executive Director of Corporate Services
(Section 151 Officer)

1. Introduction

10.10 As a public sector organisation, with assets in excess of £850m, Cheshire East Council must have a robust capital strategy that is clearly related to the corporate objectives; linked with infrastructure and asset planning; and includes a consistent approach to funding capital investment.

10.11 The capital programme, which is developed in line with the Strategy, is the list of capital projects that the Council plans to undertake within a given timeframe.



10.12 The programme is approved in line with the Council's Constitution and covers a minimum period of three years. It is reviewed annually by Council. The programme may include projects that require a longer time to develop and design and these will remain in the programme for many years.

10.13 Capital planning is about capital investment or expenditure, as distinct from revenue expenditure or running costs. The Chartered Institute of Public Finance and Accountancy (CIPFA) definition of capital expenditure is:

Definition of Capital Expenditure

"An expenditure on assets that will provide a benefit to the organisation beyond the current financial year including expenditure on purchase of new assets, creation of new assets and enhancing and/or extending the useful life of existing assets."

A more detailed definition of capital expenditure, as it applies to UK local authorities, is contained in *Practitioners' Guide to Capital Finance in Local Government* (CIPFA, 2012).

10.14 The accounting treatment of capital will be in accordance with International Accounting Standard 16 *Property, Plant and Equipment*.

10.15 Capital investment will be subject to due process, and assurance will be provided that ensures plans are prudent, affordable and sustainable in accordance with the Prudential Framework (the Prudential Framework being an umbrella term for a number of statutory provisions and professional requirements that allow authorities largely to determine their own plans).

10.16 Non capital expenditure will normally fall outside the scope of the framework and be charged to revenue in the year that it occurs. If expenditure meets the definition of capital, there

may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

- 10.17 The capital strategy is the foundation of long-term planning of capital investment and how it is to be delivered. Robust processes are relied upon to ensure projects are evaluated and prioritised, and approved to the programme along with the resources to fund it. This requires clear parameters to be set at the beginning of the process, clarity about the information that must be supplied with each project proposal and clear criteria, related to the organisation's corporate objectives, for prioritising projects.
- 10.18 In determining how much capital investment to undertake, the Council will consider the long-term impact of borrowing and other forms of capital funding on their revenue budgets. The same principle applies to the use of leases, public-private partnerships and outsourcing arrangements to procure public assets.
- 10.19 Delivering the capital programme requires efficient programme management, project management and procurement, as well as appropriate systems for corporate monitoring, control and scrutiny.

Capital Strategy Principles

- 10.20 Five Principles underpin the Cheshire East Council Capital Strategy. The principles will be adhered to by members and employees of the Council and the Section 151 Officer will determine the framework for administering and monitoring the effective application of the principles.

The Five Principles of the Capital Strategy

1. Capital expenditure is priority based and is aligned with the Council's priorities.
2. The financial implications of capital projects are aligned with the Medium Term Financial Strategy and the Asset Management Plan.
3. Capital projects will be focussed on delivering the best return on investment. This will be demonstrated through:
 - infrastructure which will generate local economic growth
 - investment in new service delivery models that provide reductions in revenue expenditure
 - improvements in the Council's asset base that generate a financial return or provide cost effective avoidance of future expenditure.
 - Capital Projects will be externally funded or supported by private sector investment in a way that maximises the Council's financial interest in the asset
 - Borrowing will be appropriate based on the lifetime benefits of a scheme and all investments will be subject to strong control arrangements and risk analysis.
 - The impact of financing capital expenditure will be capped to ensure value for money is maintained. This will be reviewed annually to ensure it remains appropriate in terms of the expected return on the overall investment.
 - Capital investment will follow an agreed set of prudential limits and indicators in order to demonstrate that plans and borrowing are affordable, prudent and sustainable.
4. Decisions in relation to the programme will follow a clear framework.
5. There will be a corporate approach to generating and applying capital resources.

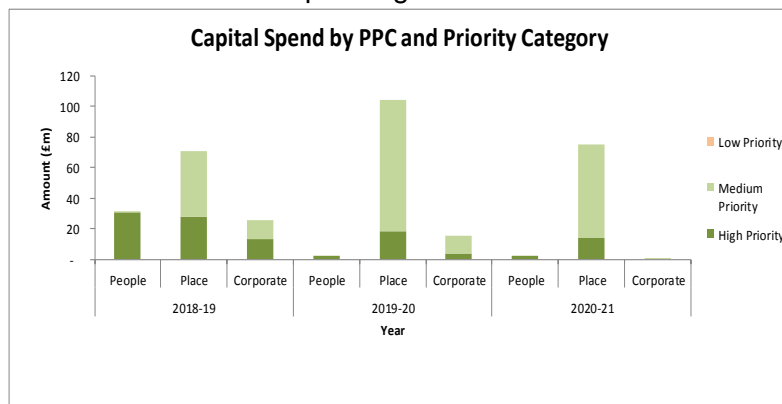
10.21 These principles will be achieved through a process of prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

2. Prioritisation of Expenditure

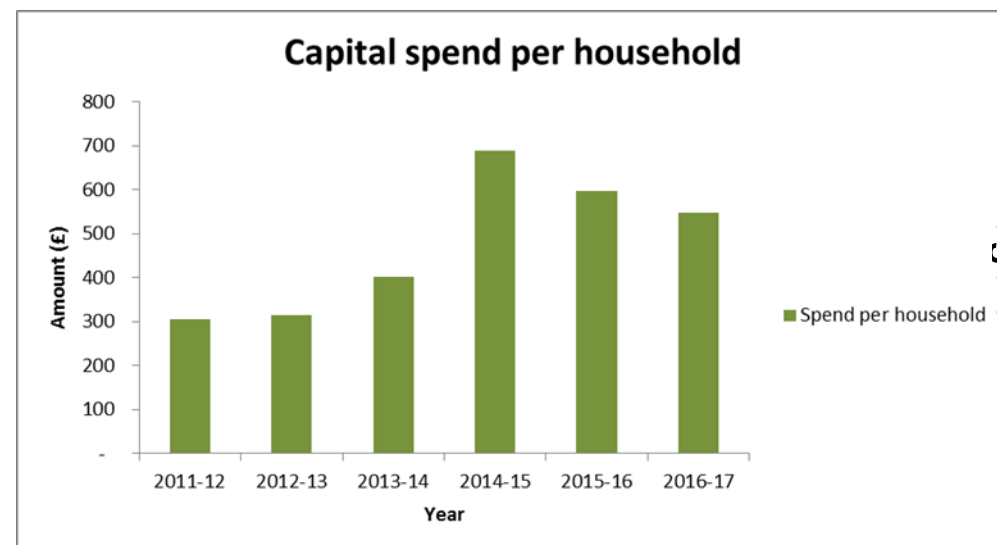
10.22 Capital Projects will be submitted for approval to the Council's Capital Programme based on how they will meet the needs of the Council as expressed in the Corporate Plan and how they adhere to the Principles of the Capital Strategy.

10.23 Capital ambitions in most councils exceed the potential capital resources, particularly given recent funding cuts and demand pressures in the public sector. Cheshire East Council will manage this issue by making decisions, about which projects will be included in the approved capital programme, by prioritising projects on a variety of factors.

10.24 The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.



10.25 The Council agrees a rolling three year programme each year consistent with the Capital Strategy and the resources available. The current three year capital programme includes investment plans of £0.3 billion. 67% of the funding is planned to come from government grants or contributions from other external partners. In addition, 6% will come from the Council's work to maximise the value of asset sales to support development in the local area.



10.26 The budget process has also identified £0.2 billion of new projects which will require business cases to be developed prior to being submitted for approval to be added to the Capital Programme.

10.27 The starting point for the Capital Strategy is the Council's Corporate Plan and identification of the aims for capital investment that will help to achieve these outcomes.

1. Our local communities are strong and supportive
2. Cheshire East has a strong and resilient economy
3. People have the life skills and education they need in order to thrive
4. Cheshire East is a green and sustainable place
5. People live well and for longer
6. Cheshire East Council is a responsible, effective and efficient organisation

10.28 High Level Business Cases (HLBCs) will allow projects to be compared, so must be written in a consistent format.

10.29 The format of a HLBC will be defined by the Section 151 Officer and will include:

- Strategic Case
- Economic Case
- Commercial Case
- Financial Case
- Management Case

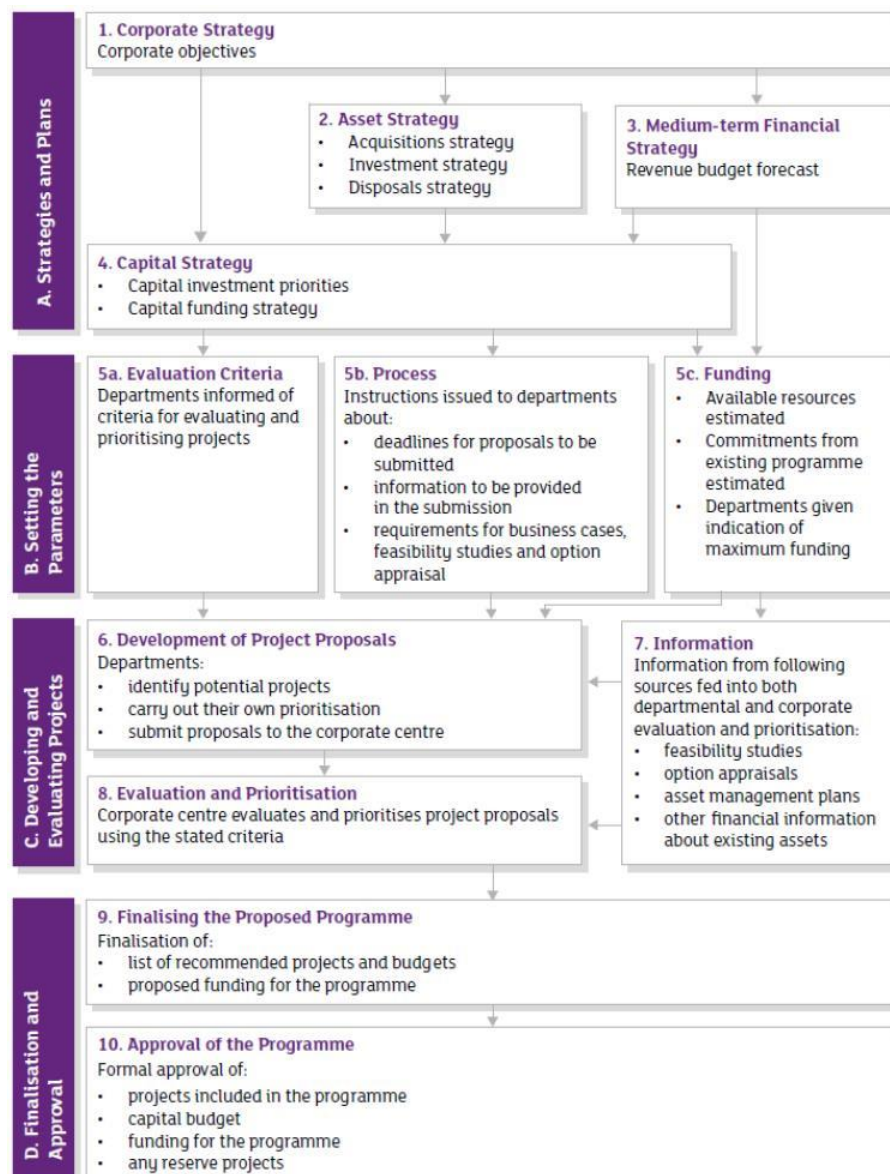
10.30 HLBCs will allow projects to be analysed so should provide supporting information where this explains the business case further. The Section 151 Officer will determine the level of training required by business case authors.

10.31 The Section 151 Officer will analyse submitted business cases in accordance with the five Principles of the Capital Strategy and then grade each project as High, Medium or Low priority in accordance with the following table:

Priority	Description
High	Vital repairs and maintenance of existing assets
	An agreed service provision that is defined within the MTFS
	Projects required to meet compliance and legislative needs
	Fully funded by external sources
Medium	Self-funding projects with high level financial returns
	Cost effective repairs and maintenance of existing assets
	Projects with positive financial returns
Low	Part funded projects of strategic importance to outcomes
	Cosmetic repairs and maintenance
	Unfunded projects without financial returns
	Other projects

10.32 High Priority projects are most likely to be recommended for approval within the capital programme. Medium Priority projects will only be recommended if funding is available within the financial parameters of the MTFS, however they are likely to be recommended for inclusion on the programme addendum. Low priority projects are unlikely to be recommended for approval unless specific strategic importance is associated with the project, or public demand is significant.

10.33 **Annex A** provides the current Capital Programme for the Council with a clear indication of the priority status of each project.



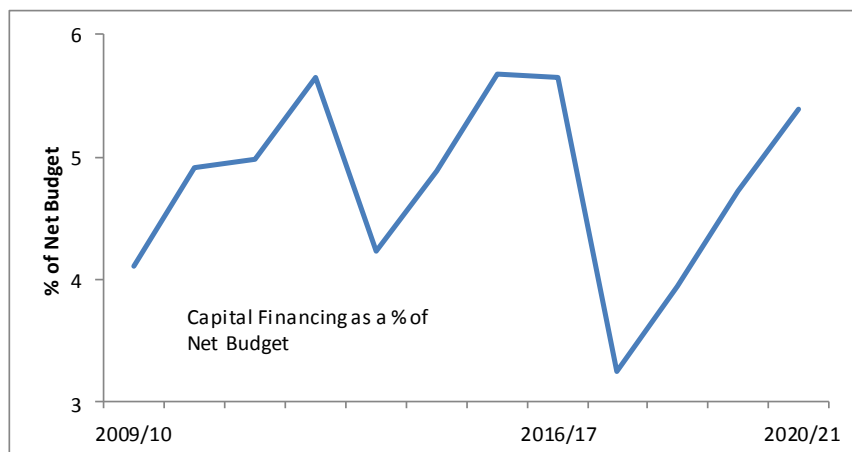
3. Financial Controls

Setting Financial Parameters

- 10.34 The Medium Term Financial Strategy (MTFS) provides the overall basis for budget forecasts and annual budget planning both in terms of revenue and capital expenditure. This describes the activities to be carried out over the next three years to achieve the corporate priorities and objectives and the revenue and capital resources which will be needed to deliver those improvements.
- 10.35 In each financial year the Council will review and agree:
- A Capped Level for the Capital Financing Budget (CFB)
 - The Flexible Use of Capital Receipts
- 10.36 These values set the parameters of affordability for projects within the Capital Programme.
- 10.37 As part of the Budget Setting process for each financial year the Financial Parameters will be reviewed by the Portfolio Holder for Finance, and proposals will be put forward as part of the Council's [Pre-Budget Consultation](#). In considering the value of the Financial Parameters the Portfolio Holder will consider forecast outturn data and emerging issues.
- 10.38 The Section 151 Officer will invite bids for Capital Expenditure on a quarterly basis, and present a full capital programme to Council at each Budget Council meeting prior to the start of each financial year. Bids will be presented as High Level Business Cases by Executive Directors following consultation with elected Members. The Section 151 Officer will determine the prioritisation of bids (see **Section 2**) and the financial implications on the MTFS to assess whether bids are

affordable within the Financial Parameters of the Capital Strategy and will then report their findings to members for appropriate information and/or approval in line with the Financial Procedure Rules.

- 10.39 If the value of the CFB is likely to vary from the strategy in any year the Portfolio Holder will consider options to top-up or draw-down temporarily from the Financing Earmarked Reserve and will report this approach to members.
- 10.40 Current forecasts are that the CFB will continue at 4% to 5% of the Net Revenue budget in the medium term.



- 10.41 **Table 1**, provides the Financial Parameters for the period 2018/19 to 2020/21, followed by the strategy behind each element of the calculation.

Table 1: Financial Parameters for 2018/19 to 2020/21

Parameter	Value (£m)			Notes
	2018/19	2019/20	2020/21	
	£m	£m	£m	
Repayment of Borrowing				
Minimum Revenue Provision*	10.0	12.9	13.7	
External Loan Interest	3.8	3.7	3.6	
Investment Income	(0.3)	(0.3)	(0.3)	
Contributions from Services Revenue Budgets	(0.9)	(1.0)	(1.9)	See Annex B for Schedule of contributions
Total Capital Financing Costs	12.6	15.3	15.1	
Use of Financing EMR	2.6	3.3	1.1	
Actual CFB in MTFS	10.0	12.0	14.0	Capped Level of CFB
*Capital Receipts targets	4.3	4.3	10.0	
Flexible use of Capital Receipts	2.0	1.0	0.0	

* Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

- 10.42 The Section 151 Officer will use professional judgement, supported by application of the CIPFA Prudential Code to determine an appropriate approach to the repayment of borrowing. At all times the impact on taxpayers past, current and future will be considered in determining an approach that reflects value for money.
- 10.43 The Minimum Revenue Provision (MRP) Statement (**Annex E**) sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.
- 10.44 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision).
- 10.45 The Section 151 Officer will consider advice from CIPFA, central government, Treasury Management Advisors, and External Auditors in determining the policy on MRP.
- 10.46 External loan interest payments will be determined by the Section 151 Officer in accordance with the Council's Treasury Management Strategy.
- 10.47 The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

Investment Income

- 10.48 The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.
- 10.49 The Section 151 Officer, with advice from treasury management advisors, is responsible for considering the prudent level of available balances in any year and then assessing risk against potential financial returns to determine a level of income to be achieved from investments.
- 10.50 The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.

Contributions from Services

- 10.51 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium Term Financial Strategy.
- 10.52 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.
- 10.53 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to

funding such costs must be approved as part of the business planning process before the scheme can commence.

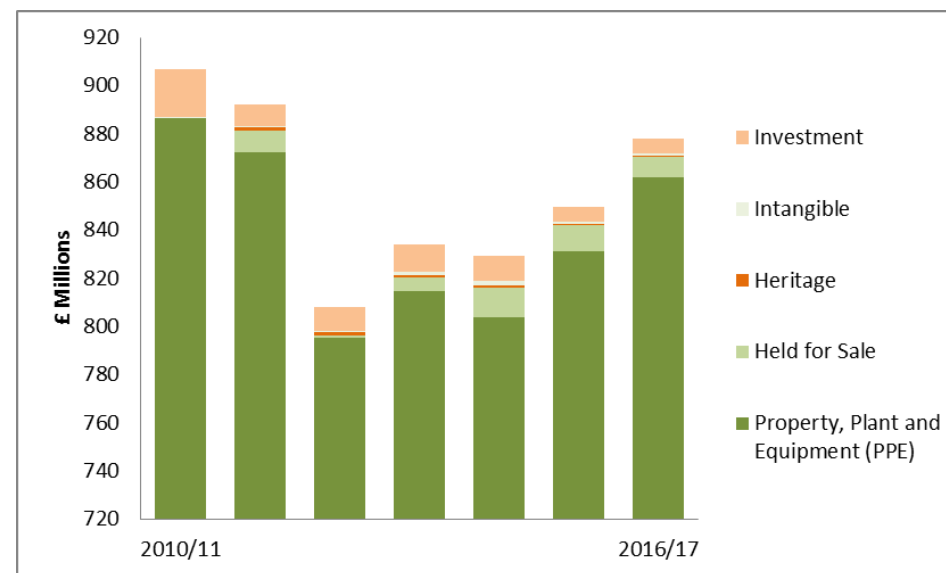
- 10.54 The Council's strategy is to use revenue contributions to the Capital Programme to reduce the overall Capital Financing Budget as shown in **Annex B** to the Capital Strategy.

Use of Financing Earmarked Reserve

- 10.55 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.
- 10.56 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the CFB within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also recommend appropriate use of the Financing Earmarked Reserve over the period.
- 10.57 The Council's current strategy is to draw-down up to £7m from the Financing Earmarked Reserve for the period 2018/19 to 2020/21.

Capital Receipts

- 10.58 Asset disposals can provide receipts that can be utilised to fund capital expenditure and therefore reduce the overall level of the Capital Financing Budget.



- 10.59 The Council will therefore maintain a co-ordinated approach to disposal, and acquisition, of assets to achieve sustainable services and value for money. The Council's overarching approach will consider the impact of disposals and acquisitions across five key areas:

- 1 Housing provision
- 2 Financial returns to the Council
- 3 Improvement of infrastructure
- 4 Regeneration
- 5 Community facilities

- 10.60 Council Plans, such as the Local Plan, Local Transport Plan, Farms Strategy and Asset Management Plans, set the strategic framework for significant land and property asset disposals and acquisitions associated with these key areas. In each financial year the net impact of these plans will allow the

Section 151 Officer, in consultation with the Executive Director for Place, to determine the net impact of disposals and acquisitions on the CFB.

10.61 The Council's current strategy is to realise net receipts of £18.6m for the period 2018/19 to 2020/21 and that these receipts will support two financial aims:

1. Reduce the overall Capital Financing Budget.
2. Support Transformation costs of £3m (see below).

Flexible use of Capital Receipts

10.62 Central governments Statutory Guidance on the Flexible Use of Capital Receipts requires local authorities to prepare and publish a strategy before the start of each year, setting out their planned use of this flexibility, listing the planned projects and the expected savings or service transformation outcome for each project, and the impact on the local authority's prudential indicators.

10.63 From the second year onwards the strategy should also report on the outcomes of previous years' projects. **Annex C** provides details of the plans under this part of the strategy.

10.64 The Council's strategy is to utilise up to £3m of capital receipts to support Transformation Projects over the period 2018/19 to 2019/20.

Funding Capital Expenditure

10.65 The inclusion of schemes within the Council's capital budget is intrinsically linked with the way schemes can be financed. This ensures that the affordability of the capital programme

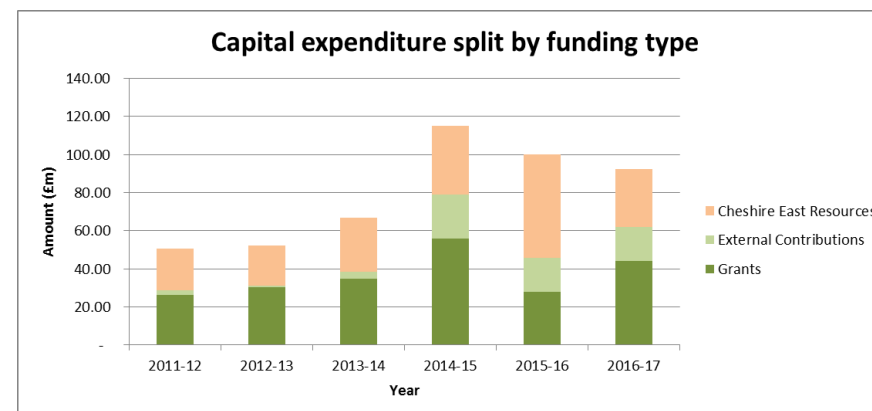
reflects the organisation's long-term objectives rather than short-term expedience.

10.66 The Council's strategy is to fund capital expenditure in the first instance from sources other than the Council's Capital Financing Revenue Budget.

10.67 The Council has a good track record of producing business cases that are supported by government and then backed by subsequent grants and for aligning expenditure with local developments that are then backed by external developer contributions.

10.68 Main forecasted income sources are:

- Government Grants (£170m / 52%)
- Other external contributions (£50m / 15%)
- Receipts from Council Assets (£19m / 6%)



10.69 Capital budgeting differs from revenue budgeting because:

- the need for capital investment tends to fluctuate year on year to a much greater degree than the need for revenue spending
- there is usually significant discretion over how or when to make use of the capital funding that is potentially available, e.g. to determine the level of borrowing and the use made of capital receipts in a particular period
- there is usually significant discretion over when particular capital projects take place. Capital budgets, unlike revenue budgets, can usually be carried forward from one year to another
- many public sector organisations are able to fund capital expenditure from sources that they are not permitted to use to fund revenue expenditure, such as borrowing.

10.70 The Section 151 Officer will therefore use judgement, as part of the medium-term financial planning process, to determine how schemes can be accommodated within the overall programme, depending on the organisation's overall financial position and its capital investment priorities.

10.71 The Council will ensure every effort is made to provide value for money from capital expenditure, and to maximise the local benefits from capital projects the Council will always target alternative funding sources before committing to contributions from the funding parameters set within the MTFS. All high level business cases will therefore contain reference to benefits realisation.

10.72 All high level business cases will include information on how alternative funding sources have been considered. All capital scheme budget managers will also provide regular updates on the status of all funding sources, as required by the Section

151 Officer. Funding sources will be categorised as either 'received', 'contractually committed' or 'in negotiation'.

4. Investment and Risk Strategy

Risk

10.73 The Council is faced with diminishing capital finance and reduced access to grants and external funding. Spend will need to be monitored effectively against available funds. However, less dependence and more self reliance will tend to reduce the exposure to risk.

10.74 A risk management framework is in place and the core of this framework is set out in the Corporate Risk Management Strategy and Corporate Risk Register. In addition to the corporate register, each directorate has its own operational risk register which integrates the relevant directorate performance strategy, improvement plans and budgets. In accordance with the HM Treasury Five Case model, a detailed Risk Assessment must be completed for each capital scheme.

10.75 Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked reserves provides protection for Council Tax Payers against year on year fluctuations in expenditure.

10.76 The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of this strategy. Effective procurement is therefore essential and the Council seeks to apply rigorous procurement standards in the selection of suppliers and contractors throughout the life of a project.

- 10.77 The Capital Programme should be kept under review having regard to the prevailing economic climate, property market and government policy. Capital receipts estimates should therefore be kept under review with any significant changes reflected in reporting.
- 10.78 Cheshire East's strong tax base and independence provides financial stability and offers some "local protection" from the impact of national economic fluctuations and total spending per head of population is below average when compared to neighbouring authorities. Given this national and local context, overall financial risk profile should continue to reduce.

Background Papers

10.79 Section 1 – Introduction

CEC Accounts
CEC Budget
CEC Quarterly Reviews
CEC VFM Docs
CIPFA

10.80 Section 2 – Asset planning

Better Practice Guide on the Strategic and Operational Management of Assets by Public Sector Entities (Commonwealth of Australia, 2010)

Highway Infrastructure Asset Management Guidance (Highways Efficiency Management Programme/Department for Transport, 2013)

Hot Property: Getting the Best from Local Authority Assets (Audit Commission, 2000)

Local Authority Asset Management Best Practice (RICS, 2009)

Managing Council Property Assets (Audit Commission, 2014)

Public Sector Property Asset Management Guidelines 2nd Edition (RICS, 2012)

Room for Improvement: Strategic Asset Management in Local Government (Audit Commission, 2009)

10.81 Section 3 – Developing a capital strategy

Capital Strategy and Corporate Asset Management Plan 2013 – 2016 Handbook (Bournemouth Borough Council, 2013)

Guidebook on Capital Investment Planning for Local Governments (World Bank, 2011)

10.82 Section 4 – Developing a capital programme

Capital Project Proposal Scoring (Report to Wrexham County Borough Council's Finance and Performance Scrutiny Committee, 15th March 2012)

The Green Book: Appraisal and Evaluation in Central Government (HM Treasury, 2003)

Option Appraisal: A Practical Guide for Public Service Organisations (CIPFA, 2011)

10.83 Section 5 – Capital budgeting and financing

Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (CIPFA, 2014)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2014)

Practitioners' Guide to Capital Finance in Local Government (CIPFA, 2012)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2011)

UK public finances and the financial crisis (presentation given by Carl Emmerson and Gemma Tetlow of the Institute of

Fiscal Studies at a workshop on 'European public finances through the financial crisis' at the ZEW Centre for European Economic Research, Mannheim, Germany, 11th June 2014)

CAPITAL STRATEGIES AND PROGRAMMING

10.84 Section 6 – Alternative ways of procuring assets

Managing Complex Capital Investment Programmes Utilising Private Finance (National Audit Office and HM Treasury, 2010)

A New Approach to Public Private Partnerships (HM Treasury, 2012)

10.85 Section 7 – Delivering capital investment

Achieving Excellence in Construction (Office of Government Commerce, 2007)

Guidelines for Managing Programmes: Understanding Programmes and Programme Management (Department of Business, Innovation & Skills, 2010)

Guidelines for Managing Projects: How to Organise, Plan and Control Projects (Department of Business, Innovation & Skills, 2010)

OGC Guidance on Framework Agreements in the Procurement Regulations (Office of Government Commerce, 2008)

Public Sector Business Cases Using the Five Case Model (HM Treasury, 2013)

The Public Sector Programme Management Approach Guide (Capital Ambition, 2011)

The Scottish Government's web pages on programme management:
www.scotland.gov.uk/Topics/Government/ProgrammeProjectDelivery/Programmemanagement

The Scottish Government's web pages on project management:
www.scotland.gov.uk/Topics/Government/ProgrammeProjectDelivery/Projman

10.86 Section 8 – Adapting to austerity

Double-Shift Schooling: Design and Operation for Cost-effectiveness (Unesco, 2008)

One Public Estate Programme Prospectus (Local Government Association, 2014)

Termination of the SIREN ICT Project (public interest report to the Police and Crime Commissioner for Surrey and the Chief Constable for Surrey, Grant Thornton UK LLP, 2014)

Tri-Borough Proposals Report: Bold Ideas for Challenging Times (London Borough of Hammersmith and Fulham, The Royal Borough of Kensington and Chelsea and Westminster City Council, 2011) Page 66

Annex A – Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2018/19 - 2020/21

	Prior Years £000	Budget 2018/19 £000	Budget 2019/20 £000	Budget 2020/21 £000	Total Budget 2018/21 £000
Committed Schemes - In Progress					
People	16,714	22,190	2,239	2,194	26,623
Place	170,604	48,985	90,755	61,265	201,005
Corporate	42,692	23,958	15,090	50	39,098
Total Committed Schemes - In Progress	230,009	95,133	108,084	63,509	266,726

CAPITAL PROGRAMME 2018/19 - 2020/21

	Prior Years £000	Budget 2018/19 £000	Budget 2019/20 £000	Budget 2020/21 £000	Total Budget 2018/21 £000
New Schemes					
People	0	8,627	0	0	8,627
Place	5,118	21,568	13,714	13,713	48,995
Corporate	15	1,771	0	0	1,771
Total New Schemes	5,133	31,966	13,714	13,713	59,393
Total	235,142	127,099	121,798	77,222	326,119

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2018/19 - 2020/21

	Prior Years £000	Budget 2018/19 £000	Budget 2019/20 £000	Budget 2020/21 £000	Total Budget 2018/21 £000
Funding Requirement					
Indicative Funding Analysis: (See note 1)					
Government Grants	116,744	57,304	93,361	19,113	169,778
External Contributions	8,111	7,464	9,909	32,389	49,762
Revenue Contributions	669	2,734	0	0	2,734
Capital Receipts	30,708	4,263	4,250	10,000	18,513
Prudential Borrowing (See note 2)	78,909	55,333	14,279	15,719	85,332
Total	235,142	127,099	121,798	77,222	326,119

Notes:

1. The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next three years 2018-21 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.
2. Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2018/19 - 2020/21

	Prior Years £000	Budget 2018/19 £000	Budget 2019/20 £000	Budget 2020/21 £000	Total Budget 2018/21 £000
Addendum					
People	0	2,930	0	0	2,930
Place	118	78,019	114,337	63,393	255,749
Corporate	0	6,211	4,391	3,127	13,729
Total Addendum	118	87,160	118,728	66,520	272,408
Total	118	87,160	118,728	66,520	272,408

CAPITAL PROGRAMME 2018/19 - 2020/21

	Priority	Prior	Budget	Budget	Budget	Total Budget	Forecast Funding			
		Years	2018/19	2019/20	2020/21	2018/21	Grants	External	Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress										
Childrens Social Care										
Foster Carer Capacity Scheme	Medium	363	277	0	0	277	0	0	277	0
Children and Families										
Adelaide Academy	High	50	149	0	0	149	149	0	0	0
Alsager Planning Area (Primary Schools - 105 Places)	High	27	1,200	0	0	1,200	1,173	27	0	0
Alsager Planning Area (Secondary Schools - 150 Places)	High	51	2,749	0	0	2,749	2,749	0	0	0
Chelford Planning Area (Primary Schools - 30 Places)	High	200	100	0	0	100	96	4	0	0
DFC Grant	High	4,605	375	375	634	1,384	1,384	0	0	0
Disley Primary School (Basic Needs)	High	290	223	0	0	223	223	0	0	0
Hungerford Primary School	High	2,442	100	0	0	100	100	0	0	0
Kitchens block (Gas interlock)	High	604	9	0	0	9	0	0	9	0
Monks Coppenhall Primary School - Basic Needs	High	2,496	100	0	0	100	100	0	0	0
Nantwich Planning Area (Primary Schools - 105 Places)	High	99	1,200	0	0	1,200	1,101	99	0	0
Nantwich Planning Area (Secondary Schools - 300 Places)	High	100	3,350	0	0	3,350	3,350	0	0	0
Pupil Referral Unit - New Site	High	925	2,069	0	0	2,069	2,069	0	0	0
Sandbach Planning Area (Primary Schools - 105 Places)	High	230	1,100	0	0	1,100	970	130	0	0
Sandbach Planning Area (Secondary Schools - 300 Places)	High	0	3,450	0	0	3,450	3,450	0	0	0
Schools Condition Capital Grant	High	1,325	2,702	1,864	1,560	6,126	6,120	0	6	0
Shavington Planning Area (Primary Schools - 210 Places)	High	600	1,800	0	0	1,800	1,509	291	0	0
To Expand 'in borough' SEN placement Capacity - Springfield Special School	High	100	500	0	0	500	0	350	150	0
Universal free school meals	High	80	30	0	0	30	30	0	0	0
Weaver Primary School	High	110	441	0	0	441	441	0	0	0
Prevention and Support										
Childcare Sufficiency Capital Programme	High	2,016	266	0	0	266	266	0	0	0
Total Committed Schemes - In Progress		16,714	22,190	2,239	2,194	26,623	25,280	901	442	

People

CAPITAL

CAPITAL PROGRAMME 2018/19 - 2020/21										
	Priority	Prior	Budget	Budget	Budget	Total Budget				
		Years	2018/19	2019/20	2020/21	2018/21	Forecast Funding			
							Grants	External	Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000	£000	£000	£000	£000
New Schemes										
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas (awaiting infromation from DfE regarding value of allocation)	High	0	8,627	0	0	8,627	8,417	210	0	0
Total New Schemes		0	8,627	0	0	8,627	8,417	210	0	0
Total		16,714	30,817	2,239	2,194	35,250	33,697	1,111	442	0

People Addendum

CAPITAL

CAPITAL PROGRAMME 2018/19 - 2020/21									
	Prior Years	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget 2018/21	Forecast Funding			
						Grants	External	Borrowing / Revenue Contribution	Capital Receipts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Addendum Schemes									
Childcare Sufficiency Capital Programme	0	234	0	0	234	0	0	234	0
To Expand 'in borough' SEN placement Capacity	0	2,696	0	0	2,696	0	0	2,696	0
Total Addendum Schemes	0	2,930	0	0	2,930	0	0	2,930	0

CAPITAL PROGRAMME 2018/19 - 2020/21

	Priority	Prior	Budget	Budget	Budget	Total Budget	Forecast Funding			
		Years	2018/19	2019/20	2020/21	2018/21	Grants	External	Borrowing / Capital Receipts	
									Revenue	
									Contribution	
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress										
Infrastructure & Highways										
A500 Dualling scheme	Medium	2,513	1,615	0	0	1,615	0	1,462	153	0
A556 Knutsford to Bowdon	High	273	231	0	0	231	0	231	0	0
A51/A500 Corridor Nantwich - Option Development	Medium	150	100	0	0	100	-131	0	231	0
A6 MARR CMM - Disley	Medium	1,442	417	263	0	680	7	186	487	0
A6 MARR CMM - Handforth	Medium	387	113	0	0	113	0	113	0	0
Alderley Edge Bypass Scheme Implementation	-	60,071	1,040	0	0	1,040	0	0	1,040	0
Asset Management Invest to Save	Medium	325	150	0	0	150	0	0	150	0
Car Parking Improvements	Medium	226	32	0	0	32	0	0	32	0
Congleton Link Road	Medium	8,823	10,740	47,216	23,964	81,920	45,000	23,700	13,220	0
Crewe Green Link Road Phase 2	Medium	24,420	100	62	1,165	1,327	0	653	674	0
Crewe Green Roundabout	Medium	3,190	3,779	531	0	4,310	2,046	1,882	383	0
Crewe HS2 Hub Project Development	Medium	1,552	1,403	0	0	1,403	0	0	1,403	0
Digital Solutions - Parking	Medium	154	23	23	0	46	0	0	46	0
Hibel Road Junction	Medium	0	1,500	4,000	0	5,500	3,500	0	2,000	0
Macclesfield Movement Strategy - Option Development	Medium	60	240			240	40	0	200	0
Middlewich Eastern Bypass	Medium	3,022	485	0	0	485	0	0	485	0
North West Crewe (Leighton West)	Medium	2,213	317	0	0	317	0	0	317	0
Poynton Relief Road	Medium	5,476	2,881	20,409	21,891	45,181	23,200	7,700	14,281	0
Road Network and Linked Key Infrastructure	Medium	8	250	0	0	250	0	0	250	0
Highways Section 106 & 278 Schemes	High	2,141	162	25	0	187	0	187	0	0
Safer Roads Fund	High	150	880	0	0	880	880	0	0	0
Sydney Road Bridge	High	2,759	6,172	1,233	337	7,742	3,356	4,387	0	

CAPITAL PROGRAMME 2018/19 - 2020/21

	Priority	Prior	Budget	Budget	Budget	Total Budget	Forecast Funding			
		Years	2018/19	2019/20	2020/21	2018/21	Grants	External	Borrowing / Capital Receipts	
									Revenue	
									Contribution	
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress										
Growth and Regeneration										
Crewe Town Centre Regeneration	Medium	7,453	1,885	8,494	13,805	24,184	9,400	0	4,784	10,000
Disabled Facilities Grants	High	7,693	1,900	0	0	1,900	1,900	0	0	0
Farms Strategy	Medium	1,261	389	1,730	0	2,119	0	0	0	2,119
Starter Homes - Phase 1	Medium	9	858	0	0	858	0	0	858	0
Regeneration & Development Programme	Medium	2,153	1,255	0	0	1,255	0	0	1,255	0
Private Sector Assistance	Medium	1,658	250	83	0	333	0	0	333	0
Schools Capital Maintenance	High	1,448	400	0	0	400	400	0	0	0
Premises Capital (FM)	High	17,216	2,750	2,500	0	5,250	0	0	5,250	0
Minor Works	High	2,660	400	500	0	900	0	0	900	0
Rural and Green Infrastructure										
Archives Option Development	Medium	150	125	0	0	125	0	0	125	0
Countryside Vehicle Replacement	Medium	397	92	26	103	221	0	0	221	0
Accessibility – Walking & Cycling	High	1,168	251	0	0	251	251	0	0	0
Rural & Green Section 106 Schemes	High	39	31	0	0	31	0	31	0	0
Tatton Vision - Field to Fork Project	Medium	1,150	199	0	0	199	33	0	166	0
Tatton Park Investment Phase 2	Medium	250	1,145	1,145	0	2,290	0	0	2,290	0
Client Commissioning										
Connecting Cheshire Phase 2	Medium	5,904	331	0	0	331	0	0	331	0
Connecting Cheshire Digital 2020	Medium	641	4,094	2,515	0	6,609	6,609	0	0	0
Total Committed Schemes - In Progress		170,604	48,985	90,755	61,265	201,005	96,490	40,532	51,865	12,119

Place	CAPITAL
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CAPITAL PROGRAMME 2018/19 - 2020/21										
	Priority	Prior Years	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget 2018/21	Forecast Funding			
							Grants	External	Borrowing / Revenue Contribution	Capital Receipts
							£000	£000	£000	£000
New Schemes										
<u>Infrastructure & Highways</u>										
Integrated Transport Block - LTP	High	0	1,804	1,804	1,803	5,411	5,411	0	0	0
Maintenance Block - LTP	High	0	8,409	8,409	8,409	25,227	25,227	0	0	0
Incentive Fund - LTP	High	0	1,751	1,751	1,751	5,253	5,253	0	0	0
LED Street Lighting Upgrade – Residential Areas	Medium	0	2,700			2,700	0	0	2,700	0
Managing the Highways Network	Medium	0	5,000	0	0	5,000	0	0	5,000	0
<u>Growth and Regeneration</u>										
Disabled Facilities Grants	High	0	200	1,750	1,750	3,700	3,700	0	0	0
<u>Client Commissioning</u>										
Strategic Site Development	High	5,118	1,704			1,704	0	0	0	1,704
Total New Schemes		5,118	21,568	13,714	13,713	48,995	39,591	0	7,700	1,704
Total		175,722	70,553	104,469	74,978	250,000	136,081	40,532	59,565	13,823

Place Addendum

CAPITAL

CAPITAL PROGRAMME 2018/19 - 2020/21

Priority	Prior Years	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget 2018/21	Forecast Funding			
						Grants	External	Borrowing / Revenue Contribution	Capital Receipts
						£000	£000	£000	£000
Infrastructure & Highways									
Managing the Highways Network	0	0	10,000	10,000	20,000	0	0	20,000	0
A51/A500 Corridor Nantwich	0	3,750	0	0	3,750	0	3,000	750	0
Alderley Road, Wilmslow – A34 Junction and pedestrian	118	1,082	0	0	1,082	0	0	1,082	0
Bollington Bridge	0	160	0	0	160	0	0	160	0
King Street Enhancement Scheme	0	2,000	0	0	2,000	1,500	0	500	0
Macclesfield Movement Strategy	0	4,000	0	0	4,000	0	0	4,000	0
Road Network and Linked Key Infrastructure	0	1,950	2,000	0	3,950	0	0	3,950	0
Active Travel Investment (LGF match funding)	0	250	250	0	500	0	0	500	0
Middlewich Eastern Bypass	0	12,045	26,502	18,199	56,746	46,780	7,000	2,967	0
North West Crewe (Leighton West)	0	13,365	18,617	7,920	39,902	15,600	15,095	9,206	0
HS2 Crewe Hub	0	3,045	6,000	0	9,045	5,413	3,000	632	0
Winter Service Facility	0	3,000	0	0	3,000	0	0	3,000	0
A50 Corridor Study	0	30	0	0	30	0	0	30	0
Town Studies	0	183	183	184	550	0	550	0	0
Mid Cheshire Towns Transport Study - Stage 2 Masterplan	0	120	0	0	120	0	0	120	0
Mid Cheshire Towns Transport Study - Clive Green Lane	0	80	0	0	80	0	0	80	0
Infrastructure Delivery Plan (spending profile to be agreed).									
Middlewich Southern Link OBC	0	2,500	0	0	2,500	2,500	0	0	0
B5077 Crewe Road/B5078 Sandbach Road North junction	0	400	0	0	400	400	0	0	0
Improvements to the A5020 Weston Gate Roundabout	0	2,500	0	0	2,500	2,500	0	0	0
A537 Adams Hill junction improvements	0	400	0	0	400	400	0	0	0
Brook Street/Hollow Lane junction improvements	0	400	0	0	400	400	0	0	0
Burford junction improvements, to include complementary	0	2,500	0	0	2,500	2,500	0	0	0
Alvaston roundabout junction improvements	0	1,600	0	0	1,600	1,600	0	0	0
Peacock roundabout junction improvements	0	750	0	0	750	750	0	0	0
A534 Old Mill Road/The Hill junction and Old Mill	0	1,500	0	0	1,500	1,500	0	0	0
A34/A538 West junction improvements	0	1,500	0	0	1,500	1,500	0	0	0
Total Infrastructure & Highways	118	59,110	63,552	36,303	158,965	83,343	28,645	46,977	

Place Addendum

CAPITAL

CAPITAL PROGRAMME 2018/19 - 2020/21

Priority	Prior Years	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget 2018/21	Forecast Funding			
						Grants	External	Borrowing / Revenue Contribution	Capital Receipts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Growth and Regeneration</u>									
Astbury Marsh Caravan Site	0	200	0	0	200	0	0	0	0
Gypsy and Traveller Sites	0	2,401	0	0	2,401	0	0	200	0
Private Sector Assistance	0	0	300	0	300	900	0	1,501	0
Housing Development Fund	0	1,212	0	0	1,212	0	0	300	0
Investment in Heritage Assets	0	3,000	2,500	0	5,500	0	0	1,212	0
Premises Capital (FM)	0	0	0	2,500	2,500	0	0	5,500	0
Minor Works	0	0	0	500	500	0	0	2,500	0
Macclesfield Town Centre Regeneration Phased Public Realm Enhancement Programme	0	950	2,350	1,150	4,450	0	0	500	0
Strategic Acquisitions	0	5,000	6,000	0	11,000	0	0	4,450	0
Housing Site Development	0	3,694	923	640	5,257	0	0	11,000	0
Strategic Housing Sites Infrastructure	0	1,852	18,923	21,300	42,075	0	0	5,257	0
Total Growth & Regeneration	0	18,309	30,996	26,090	75,395	31,700	0	10,375	0
						32,600	0	42,795	0
<u>Rural & Green</u>									
Tatton Park Investment Phase 2	0	600	389	0	989	0	0	989	0
Archives	0	0	13,000	0	13,000	4,000	4,000	5,000	0
Total Rural & Green	0	600	13,389	0	13,989	4,000	4,000	5,989	0
<u>Client Commissioning</u>									
Strategic Site Development	0	0	1,800	1,000	2,800	0	0	0	2,800
Energy Projects	0	0	4,600	0	4,600	0	4,600	0	0
Total Client Commissioning	0	0	6,400	1,000	7,400	0	4,600	0	2,800
Total	118	78,019	114,337	63,393	255,749	119,943	37,245	95,761	2,800

CAPITAL PROGRAMME 2018/19 - 2020/21

	Priority	Prior Years	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget 2018/21	Forecast Funding			
							Grants	External	Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000	£000	£000	£000	
Committed Schemes - In Progress										
ICT Services										
Digital Customer Services	High	5,500	500	0	0	500	0	0	500	0
ACPH (Care Act Phase 2)	High	3,384	1,610	1,320	0	2,930	0	0	2,530	400
Best4Business	High	3,709	2,328	0	0	2,328	0	0	2,328	0
ICT Infrastructure Investment Programmme	High	9,845	5,400	2,120	0	7,520	0	0	3,230	4,290
Information Assurance and Data Management	High	7,684	1,217	0	0	1,217	0	0	1,217	0
Core Financials, HR Services	High	6,735	780	124	0	904	0	0	904	0
Finance & Performance										
Strategic Capital Projects	Medium	2,044	2,383	0	0	2,383	0	0	2,383	0
Customer Operations										
Next Generation - Self Service	Medium	327	30	0	0	30	0	0	30	0
Client Commissioning Leisure										
Congleton Leisure Centre	Medium	874	6,000	1,926	0	7,926	0	0	7,926	0
Client Commissioning Environmental										
Organic Waste Treatment Plant	Medium	800	2,300	9,400	0	11,700	0	8,120	3,580	0
Household Waste Recycling Review	Medium	200	800	0	0	800	0	0	800	0
Playing Fields Fund	Medium	0	100	0	0	100	0	0	100	0
Litter Bin Monitors	Medium	42	18	0	0	18	0	0	18	0
Household Bins Schemes	Medium	1,156	155	50	50	255	0	0	255	0
Park Development Fund	Medium	242	277	150	0	427	0	0	427	0
Weston Cemetery Extension	Medium	150	60	0	0	60	0	0	60	0
Total Committed Schemes - In Progress		42,692	23,958	15,090	50	39,098	0	8,120	26,288	4,690

CAPITAL PROGRAMME 2018/19 - 2020/21										
	Priority	Prior Years	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget 2018/21	Forecast Funding			
							Grants	External	Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000				
New Schemes										
<u>ICT Services</u>										
Information Assurance and Data Management	High	0	1,200	0	0	1,200	0	0	1,200	0
<u>Corporate Procurement</u>										
Vendor Management	Medium	15	571	0	0	571	0	0	571	0
Total New Schemes		15	1,771	0	0	1,771	0	0	1,771	0
Total		42,707	25,729	15,090	50	40,869	0	8,120	28,059	4,690

CAPITAL PROGRAMME 2018/19 - 2020/21									
Priority	Prior Years	Budget 2018/19	Budget 2019/20	Budget 2020/21	Total Budget 2018/21	Forecast Funding			
						Grants	External	Borrowing / Revenue Contribution	Capital Receipts
						£000	£000	£000	£000
<u>ICT Services</u>									
Information Assurance and Data Management	0	0	750	0	750	0	0	750	0
Core Financials, HR Services	0	0	233	500	733	0	0	733	0
<u>Corporate Procurement</u>									
Vendor Management	0	0	420	0	420	0	0	420	0
Digital Dynamics CRM	0	435	0	0	435	0	0	435	0
Elections Systems Replacement	0	36	0	36	72	0	0	72	0
ICT People Systems Procurement	0	688	353	276	1,317	0	0	1,317	0
Place ICT System Procurement	0	1,002	635	315	1,952	0	0	1,952	0
<u>Client Commissioning Leisure</u>									
Macclesfield Leisure Centre: Capital Improvement	0	4,000	0	0	4,000	0	0	4,000	0
<u>Client Commissioning Environmental</u>									
Congleton Household Waste Recycling Centre	0	50	2,000	2,000	4,050	0	0	4,050	0
Total	0	6,211	4,391	3,127	13,729	0	0	13,729	0

Annex B – Revenue Contributions from Services

	2018/19 £000	2019/20 £000	2020/21 £000
A: Direct Revenue Contributions			
Schools Transforming Learning Communities Schemes	895	895	895
Highway Schemes		200	200
Environment Schemes		352	352
Leisure Schemes		500	500
B: Revenue Savings arising from capital investment included in the MTFS			
Create a new Investment Portfolio (Revenue Savings) (9) <i>Growth & Regeneration - Strategic Acquisitions</i>	0	250	500
Tatton Vision Phase 1 (Revenue Savings) (12) <i>Rural & Green - Tatton Vision</i>	45	45	45
Street Lighting Improvements (Revenue Savings) (30) <i>Infrastructure & Highways - LED Street Lighting Upgrade</i>	50	100	100
Supply of Household Recycling & Waste Bins - Cost Avoidance (Revenue Savings) (41) <i>Client Commissioning Environmental - Household Bins Schemes</i>			
Reduce costs of core processes (Oracle system review) (Revenue Savings) (71) <i>ICT Services - Best4Business</i>	250	500	500
Digital Customer Services - new recurring technology (Revenue Savings) (75) <i>ICT Services - Digital Customer Services</i>	510	1710	1710
Contract Savings (Revenue Savings) (76) <i>ICT Services - Vendor Management</i>	750	750	750

C: Capitalisation of salaries

Staff time spent on a capital project, may be charged to the scheme providing it meets the criteria.

The fundamental test is whether the employees' activities have contributed directly to bringing an asset to a location and into a condition so that it is capable of operating as intended.

Where staff time is intended to be capitalised estimates are included within the budgets contained within this report.

Further details will be provided throughout 2018/19 and updated via the quarterly reporting process.

Annex C – Flexible use of capital receipts strategy

10.87 The guidance on the flexible use of capital receipts issued under Section 15(1) of the Local Government Act 2003, states that authorities may treat expenditure which is incurred in the design of projects that will generate on-going revenue savings in public services or that will transform service delivery to reduce costs or manage demand in future years for public service partners as capital expenditure.

10.88 It recommends that each authority should prepare a strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full Council or the equivalent.

10.89 The guidance by the Secretary of State states that:

The Direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform and can only use capital receipts from the disposals received in the years in which the flexibility is offered (for qualifying projects). The Direction also confirms that local authorities are not permitted to use their existing stock of capital receipts to finance the revenue costs of reform.

10.90 In the Medium Term Financial Strategy reported to Council on 23rd February 2017 it was reported that at present, the Council's 2017/18 budget does not rely on this flexibility to balance the revenue budget. If this opportunity would benefit the longer term financial stability of the Council then the quarterly reporting cycle will be used to raise awareness

with Members and seek appropriate Council approval based on the value for money associated with the approach.

10.91 The Council has reviewed the Flexible Use of Capital Receipts guidance and identified potential expenditure that meets the eligibility criteria laid out in the guidance document, in that they are forecast to generate on-going revenue savings through reducing costs of service delivery.

10.92 An update was provided within the Mid Year Review of Performance report in November 2017 and full Council then approved the revised approach to expenditure that meets the criteria and can be funded from available in-year capital receipts.

10.93 Further details of actual expenditure will be provided as part of the Financial Outturn and Review of Performance report at the end of each financial year.

10.94 The forecast use of flexible capital receipts for 2018/19 to 2020/21 is included within **Section 3**, paragraph 10.41, **Table 1**.

Annex D: Prudential Indicators revisions to: 2017/18 and 2018/19 – 2020/21, and future years

Background

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

Gross Debt and the Capital Financing Requirement

10.96 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.

10.97 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.

10.98 The Section 151 Officer reports that the Authority had no difficulty meeting this requirement in 2017/18, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure

10.99 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	2017/2018	2018/2019	2019/20	2020/21	Future years
	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Total	111.0	127.1	121.8	77.2	0.0

Source: Cheshire East Finance

10.100 Capital expenditure will be financed or funded as follows:

Capital Financing	2017/2018 Estimate £m	2018/2019 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	Future years Estimate £m
Capital receipts	2.2	4.3	4.3	10.0	0.0
Government Grants	34.9	57.3	93.3	19.1	0.0
External Contributions	6.3	7.5	9.9	32.4	0.0
Revenue Contributions	0.5	2.7	0.0	0.0	0.0
Total Financing	43.9	71.8	107.5	61.5	0.0
Prudential Borrowing	67.1	55.3	14.3	15.7	-
Total Funding	67.1	55.3	14.3	15.7	0.0
Total Financing and Funding	111.0	127.1	121.8	77.2	0.0

Source: Cheshire East Finance

10.101 The above table shows how the capital expenditure plans of the Authority will be funded.

Ratio of Financing Costs to Net Revenue Stream

10.102 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.

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

Ratio of Financing Costs to Net Revenue Stream	2017/2018 Estimate %	2018/2019 Estimate %	2019/2020 Estimate %	2020/21 Estimate %
Total	3.24	3.91	4.70	5.36

Source: Cheshire East Finance

Capital Financing Requirement

10.104 The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	2017/2018 Estimate £m	2018/2019 Estimate £m	2019/2020 Estimate £m	2020/21 Estimate £m
Total	347	390	393	403

Source: Cheshire East Finance

Actual External Debt

10.105 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		28
Total		144

Source: Cheshire East Finance

Incremental Impact of Capital Investment Decisions

10.106 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	2019/2020 Estimate
	£	£	£
Band D Council Tax	11.50	22.26	20.46

Source: Cheshire East Finance

Authorised Limit and Operational Boundary for External Debt

10.107 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.

10.108 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.

10.109 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).

10.110 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.

10.111 The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but

not worst case scenario, and without the additional headroom included within the Authorised Limit.

	2017/2018 Estimate £m	2018/2019 Estimate £m	2019/2020 Estimate £m	2020/21 Estimate £m
Authorised Limit for Borrowing	360	400	405	415
Authorised Limit for Other Long-Term Liabilities	27	25	24	23
Authorised Limit for External Debt	387	425	429	438
Operational Boundary for Borrowing	350	390	395	405
Operational Boundary for Other Long-Term Liabilities	27	25	24	23
Operational Boundary for External Debt	377	415	419	428

Source: Cheshire East Finance

Adoption of the CIPFA Treasury Management Code

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

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

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

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

10.114 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).

10.115 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 31/10/16	2017/2018 Approved	2017/2018 Revised	2018/2019 Estimate	2019/2020 Estimate	2020/2021 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

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

Maturity Structure of Fixed Rate borrowing

10.117 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.

10.118 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.

10.119 The Lenders Option Borrowers Option (LOBO) is classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs can be called within 12 months the upper limit for borrowing maturing within 12 months has remained at 35% to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2017/18.

Maturity structure of fixed rate borrowing	Level as at 31 st March 2018 (based on Current Borrowing)	Lower Limit for 2018/2019	Upper Limit for 2018/2019
	%	%	%
under 12 months	38%	0%	60%
12 months and within 24 months	6%	0%	25%
24 months and within 5 years	5%	0%	35%
5 years and within 10 years	0%	0%	50%
10 years and within 20 years	22%	0%	100%
20 years and within 30 years	7%	0%	100%
30 years and within 40 years	22%	0%	100%
40 years and within 50 years	0%	0%	100%
50 years and above	0%	0%	100%

Source: Cheshire East Finance

Credit Risk

10.120 The Authority considers security, liquidity and yield, in that order, when making investment decisions.

10.121 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.

10.122 The Authority also considers alternative assessments of credit strength, and information on corporate developments and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

10.123 The only indicators with prescriptive values remain credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Annex E: Minimum Revenue Provision

- 10.124 The annual Minimum Revenue Provision (MRP) Statement sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.
- 10.125 Capital expenditure is expenditure that provides on-going benefits to the Council for a period of longer than one year. Accounting rules require that where this capital expenditure is not funded through external contributions, external grants, capital receipts or contributions from revenue budgets, it must be charged against the Council's General Fund Balances. The period over which this charge is made should reflect the length of time that the expenditure will provide benefits to the Council.
- 10.126 The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.
- 10.127 CIPFA is currently out to consultation on the Treasury Management Code of Practice 2011 Edition the consultation period ended on 22nd December 2017 and any changes will apply from 2018/19 onwards.
- 10.128 Prior to 1st April 2008 the major proportion of MRP relates to the more historic debt liability that was outstanding at the time the Guidance was adopted. This will be charged at a 2% annuity rate over a 50 year period.
- 10.129 New capital expenditure for each subsequent year will, in general, be charged in accordance with Option 3 of the Guidance, which recommends that the annual charge should broadly equate to the anticipated life, or period of benefit, which is reflective of the nature of the expenditure. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.
- 10.130 Charges to the revenue budget will commence in the year following the creation of the asset, i.e., in the asset's first full year of operation. This allows the Council to constantly review the most cost effective way of funding capital expenditure.
- 10.131 For those types of capital expenditure incurred by the Council which are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.
- 10.132 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.
- 10.133 For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability. The MRP Statement will be submitted to Council before the start of the 2018/19 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

11. Financial Summary Tables (Revenue)

The 2017/18 Budget, shown as the starting point for the following tables, takes account of any permanent changes made during the 2017/18 financial year to date. There may be differences from the budget position at the [Third Quarter](#) Review which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

Service	Current Net Budget 2017/18 at Three Quarter Review £m	Less Temporary Specific Grants Allocations £m	Less Other Temporary In Year Budget Adjustments £m	Permenant Base Budget Carried Forward to 2018/19 £m
Directorate	1,539			1,539
Children's Social Care	33,178	-120		33,058
Education & 14-19 Skills	12,481	-123		12,358
Prevention & Support	9,594	-459	-25	9,110
Adult Social Care - Operations	28,090			28,090
Adult Social Care - Commissioning	67,534	-71		67,463
Public Health and Communities	2,673			2,673
People	155,089	-773	-25	154,291
Directorate	-1,080			-1,080
Planning & Sustainable Development	2,572	-95		2,477
Infrastructure & Highways (incl Car Parking)	13,515			13,515
Growth & Regeneration	15,917	-50	-60	15,807
Rural & Green Infrastructure	2,831			2,831
Place	33,755	-145	-60	33,550

Service	Current Net Budget 2017/18 at Three Quarter Review £m	Less Temporary Specific Grants Allocations £m	Less Other Temporary In Year Budget Adjustments £m	Permenant Base Budget Carried Forward to 2018/19 £m
Directorate	1,970		-16	1,954
Customer Operations	8,870	-81		8,789
Legal & Democratic Services	5,413	-64		5,349
Human Resources	2,441		25	2,466
Finance & Performance	5,951		60	6,011
ICT	5,741			5,741
Communications	591			591
Client Commissioning				0
Leisure	2,183		16	2,199
Environmental & Bereavement	27,745			27,745
Corporate	60,905	-145	85	60,845
Total Services Net Budget	249,749	-1,063	0	248,686

Cheshire East Council Revenue Budget Summary

REVENUE

Service Area	2018/19 Budget			2019/20 Budget			2020/21 Budget		
	Budget including Policy Proposals			Budget including Policy Proposals			Budget including Policy Proposals		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
People	380,107	-216,827	163,280	387,132	-216,494	170,638	394,781	-216,079	178,702
Place	64,315	-28,775	35,540	63,998	-29,682	34,316	64,658	-29,932	34,726
Corporate	167,336	-107,580	59,756	167,515	-107,739	59,776	169,173	-107,739	61,434
Total Cost of Service	611,758	-353,182	258,576	618,645	-353,915	264,730	628,612	-353,750	274,862
Central Budgets	12,263	-2,982	9,281	14,163	-1,008	13,155	14,163	-1,008	13,155
Total Net Budget	624,021	-356,164	267,857	632,808	-354,923	277,885	642,775	-354,758	288,017
Policy Proposals included above									
People	7,709	1,283	8,992	7,025	333	7,358	7,649	415	8,064
Place	2,670	-682	1,988	-317	-907	-1,224	660	-250	410
Corporate	-1,242	152	-1,090	179	-159	20	1,658		1,658
Central Budgets	-2,900	-2,834	-5,734	1,900	1,974	3,874			0
Financial Impact of Policy Proposals	6,237	-2,081	4,156	8,787	1,241	10,028	9,967	165	10,132

People Summary

REVENUE

Service Area	2018/19 Budget			2019/20 Budget			2020/21 Budget		
				Budget including Policy Proposals					
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	828	-220	608	869	-220	649	910	-220	690
Schools Grant Funded Expenditure	156,322	-156,322	0	156,322	-156,322	0	156,322	-156,322	0
Children's Social Care	37,809	-1,683	36,126	39,333	-1,683	37,650	40,857	-1,683	39,174
Education and 14-19 Skills	13,942	-1,504	12,438	13,894	-1,504	12,390	13,925	-1,504	12,421
Prevention and Support	10,277	-1,856	8,421	10,671	-1,856	8,815	11,065	-1,856	9,209
Adult Social Care: Commissioning	111,889	-36,175	75,714	117,862	-36,275	81,587	122,862	-36,275	86,587
Adult Social Care: Operations	29,362	-1,897	27,465	28,797	-1,897	26,900	29,732	-1,897	27,835
Public Health and Communities	19,678	-17,170	2,508	19,384	-16,737	2,647	19,108	-16,322	2,786
Total Cost of Service	380,107	-216,827	163,280	387,132	-216,494	170,638	394,781	-216,079	178,702
Policy Proposals included above									
Directorate	-1,932	1,000	-932	41		41	41		41
Children's Social Care	3,074		3,074	1,524		1,524	1,524		1,524
Education and 14-19 Skills	130	-50	80	-48		-48	31		31
Prevention and Support	-689		-689	394		394	394		394
Adult Social Care: Commissioning	8,350	-100	8,250	5,973	-100	5,873	5,000		5,000
Adult Social Care: Operations	-626		-626	-565		-565	935		935
Public Health and Communities	-598	433	-165	-294	433	139	-276	415	139
Financial Impact of Policy Proposals	7,709	1,283	8,992	7,025	333	7,358	7,649	415	8,064

Note: Appendix 8 shows a breakdown of Schools Grant Funding

People Directorate

REVENUE

		2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate (Children & Families)	3,5	787	-220	567	787	-220	567	787	-220	567
Pay & Pensions	1,3,5	41		41	82		82	123		123
Total Cost of Service		828	-220	608	869	-220	649	910	-220	690
		Policy Proposals included above								
Policy Proposals										
Directorate (Children & Families):										
Children and Families Staffing Gap	3,5	17		17			0			0
End of Early Intervention short-term funding allocation (non Public Health element)	3,5	-2,000	1,000	-1,000			0			0
Reallocation of unachievable mileage target to services	3	10		10			0			0
Pay & Pensions	1,3,5	41		41	41		41	41		41
Financial Impact of Policy Proposals		-1,932	1,000	-932	41	0	41	41	0	41

Children's Social Care

REVENUE

		2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Head of Service	5	357	-110	247	357	-110	247	357	-110	247
Social Care - Cared for Children	5	27,139	-1,000	26,139	28,139	-1,000	27,139	29,139	-1,000	28,139
Social Care - Child Protection / Children in Need	5	5,370		5,370	5,370		5,370	5,370		5,370
Safeguarding including Domestic Abuse	5	2,330	-573	1,757	2,330	-573	1,757	2,330	-573	1,757
Children's Commissioning	5	2,061		2,061	2,061		2,061	2,061		2,061
Mileage	5	22	0	22	22		22	22		22
Pay & Pensions	5	530		530	1,054		1,054	1,578		1,578
Total Cost of Service		37,809	-1,683	36,126	39,333	-1,683	37,650	40,857	-1,683	39,174
		Policy Proposals included above								
Policy Proposals										
Children's Commissioning:										
Alignment of teams to create a People's Commissioning Service	5	-30		-30			0			0
Review of service provision for children with disabilities	5	-136		-136			0			0
Reduction in Children's commissioned services	5	-50		-50			0			0
Review Early Help Commissioned Services	5	-252		-252			0			0
Review Social Care Commissioning	5	-60		-60			0			0
Social Care - HoS:										
Efficiency Savings in Children's Social Care	5	-75		-75			0			0

Children's Social Care				REVENUE			
		2018/19 Budget		2019/20 Budget		2020/21 Budget	
				Policy Proposals included above			
Policy Proposals							
Social Care - Cared for Children:							
Housing related accommodation and support facilities	5	40	40		0		0
Efficiency Savings in Children's Social Care	5	-50	-50		0		0
Review of service provision for children with disabilities	5	-64	-64		0		0
Care Placements	5	3,000	3,000	1,000	1,000	1,000	1,000
Revise Interagency Income Budget	5	500	500		0		0
Realignment of Children's Social Care Management and Staffing	5	-204	-204		0		0
Social Care - CiN/CP:							
Realignment of Children's Social Care Management and Staffing	5	-131	-131		0		0
Review Social Care Commissioning	5	-25	-25		0		0
Safeguarding:							
Allocation of Employee Budget Shortfall	5	59	59		0		0
Reallocation of unachievable mileage target to services	5	22	22		0		0
Pay & Pensions	5	530	530	524	524	524	524
Financial Impact of Policy Proposals		3,074	0	3,074	1,524	0	1,524

Education and 14-19 Skills

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
Head of Service and Legacy Pension Costs	3	2,398		2,398	2,608		2,608	2,608		2,608
Education Participation and Pupil Support	3	681	-136	545	681	-136	545	681	-136	545
Education Infrastructure and Outcomes	3	1,241	-1,368	-127	1,241	-1,368	-127	1,241	-1,368	-127
Skills and Lifelong Learning	3	866		866	866		866	866		866
Client Commissioning - Transport	3	8,696		8,696	8,407		8,407	8,407		8,407
Pay & Pensions	3	60		60	91		91	122		122
Total Cost of Service		13,942	-1,504	12,438	13,894	-1,504	12,390	13,925	-1,504	12,421
Policy Proposals included above										
Policy Proposals										
Client Commissioning - Transport:										
Children and Families Transport	3	134		134	-59		-59			0
Transport - parental subsidy for Available Walking Routes phase 2	3	70		70	-70		-70			0
Children & Families Transport Policy review	3	-410		-410	-160		-160			0
Head of Service and Legacy Pension Costs:										
Provide Schools Meal Subsidy	3	200		200	210		210			0
Education Participation and Pupil Support:										
Review Safeguarding Children in Education Settings Team	5		-50	-50			0			0
Allocation of Employee Budget Shortfall	3	74		74			0			0
Reallocation of unachievable mileage target to services	3	2		2			0			0
Pay & Pensions	3	60		60	31		31	31		31
Financial Impact of Policy Proposals		130	-50	80	-48	0	-48	31	0	31

Prevention and Support

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Early Intervention and Prevention	3	6,376	-662	5,714	6,376	-662	5,714	6,376	-662	5,714
Youth Engagement Service	3	1,813	-808	1,005	1,813	-808	1,005	1,813	-808	1,005
Children's Development and Partnerships	3, 5	258		258	258		258	258		258
SEND / Education Psychologists	3	1,429	-386	1,043	1,429	-386	1,043	1,429	-386	1,043
Pay & Pensions	3, 5	401		401	795		795	1,189		1,189
Total Cost of Service		10,277	-1,856	8,421	10,671	-1,856	8,815	11,065	-1,856	9,209
Policy Proposals included above										
Policy Proposals										
Early Intervention and Prevention:										
Children and Families Staffing Gap	3, 5	50		50			0			0
Children and Families Staffing Gap	3, 5	60		60			0			0
Restructure Prevention and Support (Cheshire East Family Service)	5	-705		-705			0			0
Restructure Prevention and Support (Early Years)	5	-76		-76			0			0
Restructure Prevention and Support (Prevention Service)	5	-156		-156			0			0
Youth Support Service Restructure	5	-263		-263			0			0
Pay & Pensions	3, 5	401		401	394		394	394		394
Financial Impact of Policy Proposals		-689	0	-689	394	0	394	394	0	394

Adult Social Care: Commissioning

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
External Care Costs	5	98,346		98,346	104,319		104,319	109,319		109,319
Client Contributions	5		-22,761	-22,761		-22,861	-22,861		-22,861	-22,861
Staffing Team	5	1,495		1,495	1,495		1,495	1,495		1,495
Early Intervention and Prevention	5	1,069		1,069	1,069		1,069	1,069		1,069
Other	5	10,979	-6,274	4,705	10,979	-6,274	4,705	10,979	-6,274	4,705
Better Care Fund Income	5		-7,140	-7,140		-7,140	-7,140		-7,140	-7,140
Total Cost of Service		111,889	-36,175	75,714	117,862	-36,275	81,587	122,862	-36,275	86,587
Policy Proposals included above										
Policy Proposals										
External Care Costs:										
Operational Pathway Redesign	5	-440		-440			0			0
Independent Living Fund - Attrition Factor Reductions	5	-29		-29	-27		-27			0
Growth in Demand for Adult Social Care	5	12,400		12,400	6,000		6,000	5,000		5,000
Reshape commissioning framework	5	-714		-714			0			0
Implement more flexible and responsive commissioning	5	-170		-170			0			0
Further saving to go against reversed Cross-Cuttings (Productivity and Contracts)	5	-425		-425			0			0
New assessment and review framework	5	-787		-787			0			0
Client Contributions:										
Increase Income	5		-100	-100		-100	-100			0
Early Intervention and Prevention:										
Review all funding and shift to "asset-based" model	5	-723		-723			0			0
Other:										
Review of Public Health contracts	5	-762		-762			0			0
Financial Impact of Policy Proposals		8,350	-100	8,250	5,973	-100	5,873	5,000	0	5,000

Adult Social Care: Operations

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
Care4CE	5	15,077	-1,479	13,598	13,577	-1,479	12,098	13,577	-1,479	12,098
Staffing Teams	5	11,069	-418	10,651	11,069	-418	10,651	11,069	-418	10,651
Support To Social Work	5	1,634		1,634	1,634		1,634	1,634		1,634
Other	5	93		93	93		93	93		93
Pay and Pensions	5	1,489		1,489	2,424		2,424	3,359		3,359
Total Cost of Service		29,362	-1,897	27,465	28,797	-1,897	26,900	29,732	-1,897	27,835
Policy Proposals included above										
Policy Proposals				0			0			0
Care4CE:				0			0			0
Commissioning all services currently provided by our in-house provider, Care4CE	5	-1,111		-1,111	-1,500		-1,500			0
Cease provision of services at Lincoln House and Mountview	5	-389		-389			0			0
Staffing Teams:										
Reducing Agency Spend	5	100		100			0			0
Operational and Commissioning Restructure	5	-900		-900			0			0
Reallocation of unachievable productivity target to services	5	1,654		1,654			0			0
Reallocation of unachievable post and print target to services	5	31		31			0			0
Growth in Demand for Adult Social Care	5	-1,500		-1,500			0			0
Pay & Pensions	5	1,489		1,489	935		935	935		935
Financial Impact of Policy Proposals		-626	0	-626	-565	0	-565	935	0	935

Public Health and Communities

REVENUE

		2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Partnerships and Communities	1	2,847	-479	2,368	2,847	-479	2,368	2,847	-479	2,368
Public Health	5	16,691	-16,691	0	16,258	-16,258	0	15,843	-15,843	0
Pay & Pensions	1,5	140		140	279		279	418		418
Total Cost of Service		19,678	-17,170	2,508	19,384	-16,737	2,647	19,108	-16,322	2,786
		Policy Proposals included above								
Policy Proposals										
Partnerships and Communities:										
Increase Community Grants	1	40		40			0			0
Review Environmental Enforcement Service based on outcomes (Summer 17) of Flytipping pilot and procurement of patrol company pilot	1	-118		-118			0			0
Restructure to create "front gate", across communities	5	-227		-227			0			0
Public Health										
Grant reductions	5	-433	433	0	-433	433	0	-415	415	0
Pay & Pensions	1,5	140		140	139		139	139		139
Financial Impact of Policy Proposals		-598	433	-165	-294	433	139	-276	415	139

Place Summary

REVENUE

Service Area	2018/19 Budget			2019/20 Budget			2020/21 Budget		
	Budget including Policy Proposals			Budget including Policy Proposals			Budget including Policy Proposals		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	1,657	-1,469	188	1,826	-1,469	357	1,995	-1,469	526
Growth and Regeneration	22,111	-5,025	17,086	22,370	-5,275	17,095	22,642	-5,525	17,117
Infrastructure and Highways	22,620	-10,331	12,289	22,442	-10,988	11,454	22,543	-10,988	11,555
Planning and Sustainable Development	9,926	-6,925	3,001	9,324	-6,925	2,399	9,322	-6,925	2,397
Rural and Cultural Economy	8,001	-5,025	2,976	8,036	-5,025	3,011	8,156	-5,025	3,131
Total Cost of Service	64,315	-28,775	35,540	63,998	-29,682	34,316	64,658	-29,932	34,726
Policy Proposals included above									
Directorate	1,267		1,267	169		169	169		169
Growth and Regeneration	1,278		1,278	259	-250	9	272	-250	22
Infrastructure and Highways	-686	-540	-1,226	-178	-657	-835	101		101
Planning and Sustainable Development	624	-100	524	-602		-602	-2		-2
Rural and Cultural Economy	187	-42	145	35		35	120		120
Financial Impact of Policy Proposals	2,670	-682	1,988	-317	-907	-1,224	660	-250	410

Place Directorate

REVENUE

		2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	2	1,488	-1,469	19	1,488	-1,469	19	1,488	-1,469	19
Pay & Pensions	2	169		169	338		338	507		507
Total Cost of Service		1,657	-1,469	188	1,826	-1,469	357	1,995	-1,469	526
		Policy Proposals included above								
Policy Proposals										
Directorate:										
Shortfall in salary budgets and establishment costs	2	105		105			0			0
Contract Savings and Place Directorate restructuring	2	-370		-370			0			0
Reallocation of unachievable contracts target to services	2	467		467			0			0
Reallocation of unachievable productivity target to services	2	877		877			0			0
Reallocation of Visitor Economy adjustment	2	19		19			0			0
Pay & Pensions	2	169		169	169		169	169		169
Financial Impact of Policy Proposals		1,267	0	1,267	169	0	169	169	0	169

Growth and Regeneration

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
Assets	2	2,473	-2,163	310	2,445	-2,413	32	2,380	-2,663	-283
Regeneration	2	547	-87	460	547	-87	460	547	-87	460
Strategic Housing	5	3,313	-630	2,683	3,313	-630	2,683	3,313	-630	2,683
Farms	2	323	-698	-375	323	-698	-375	323	-698	-375
Client Commissioning - Skills and Growth	2	1,148		1,148	1,148		1,148	1,148		1,148
Facilities Management	2	14,052	-1,447	12,605	14,092	-1,447	12,645	14,182	-1,447	12,735
Pay & Pensions	2,5	255		255	502		502	749		749
Total Cost of Service		22,111	-5,025	17,086	22,370	-5,275	17,095	22,642	-5,525	17,117
Policy Proposals included above										
Policy Proposals										
Assets:										
Create a new Investment Portfolio	2			0		-250	-250		-250	-250
Addressing Budget Shortfall in the Asset Management & FM Service	2	422		422	-28		-28	-65		-65
Facilities Management:										
Facilities Management budget shortfalls (NNDR)	2	110		110	90		90	90		90
Facilities Management budget shortfalls (Crewe Lifestyle Centre)	2	126		126			0			0
Facilities Management budget shortfalls (Cledford Lane Depot)	2	500		500			0			0
Facilities Management budget shortfalls (Legacy Buildings - Crewe Pool and Library)	2	100		100			0			0
Addressing Budget Shortfall in the Asset Management & FM Service	2	-95		-95	-50		-50			0
Skills & Growth:										
Removal of Fairerpower payment	2	-140		-140			0			0
Pay & Pensions	2,5	255		255	247		247	247		247
Financial Impact of Policy Proposals		1,278	0	1,278	259	-250	9	272	-250	22

Infrastructure and Highways

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure	Income	Net	Budget including Policy Proposals			Expenditure	Income	Net
					£000	£000	£000			
Highways	4	14,193	-3,542	10,651	14,044	-3,542	10,502	14,044	-3,542	10,502
Strategic Infrastructure	2	1,982	-949	1,033	1,982	-949	1,033	1,982	-949	1,033
Car Parking	2	1,653	-5,840	-4,187	1,523	-6,497	-4,974	1,523	-6,497	-4,974
Client Commissioning - Transport	2	4,688		4,688	4,688		4,688	4,688		4,688
Pay & Pensions	2,4	104		104	205		205	306		306
Total Cost of Service		22,620	-10,331	12,289	22,442	-10,988	11,454	22,543	-10,988	11,555
Policy Proposals included above										
Policy Proposals										
Client Commissioning - Transport:										
Changes to subsidised Bus Service	2	-1,176		-1,176			0			0
Strategic Infrastructure:										
HS2 Strategy	2	500		500			0			0
Highways:										
Lead Local Authority Flood Grant Funding	4	1		1	1		1			0
Street Lighting improvements	4	-50		-50	-50		-50			0
Highways Procurement	4	-100		-100	-100		-100			0
Highways Contract	4	-150		-150			0			0
Car Parking:										
Parking Strategy Review	4	185	-540	-355	-130	-657	-787			0
Pay & Pensions	2,4	104		104	101		101	101		101
Financial Impact of Policy Proposals		-686	-540	-1,226	-178	-657	-835	101	0	101

Planning and Sustainable Development

REVENUE

		2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Director of Planning and Sustainable Development	4	295		295	295		295	295		295
Spatial Planning	4	1,722	-20	1,702	922	-20	902	722	-20	702
Neighbourhood Planning	4	427	-400	27	427	-400	27	427	-400	27
Development Management	4	2,929	-3,590	-661	2,929	-3,590	-661	2,929	-3,590	-661
Building Control	4		-1,755	-1,755		-1,755	-1,755		-1,755	-1,755
Client Commissioning: Civicance	4	1,785		1,785	1,785		1,785	1,785		1,785
Regulatory Services and Health	4	2,569	-1,160	1,409	2,569	-1,160	1,409	2,569	-1,160	1,409
Pay & Pensions	4	199		199	397		397	595		595
Total Cost of Service		9,926	-6,925	3,001	9,324	-6,925	2,399	9,322	-6,925	2,397
		Policy Proposals included above								
Policy Proposals										
Spatial Planning:										
Planning Reserve	4	225		225	-1,000		-1,000			0
Planning Reserve	4	200		200	200		200	-200		-200
Development Management:										
Increase planning fees - White Paper proposals	4		-100	-100			0			0
Pay & Pensions	4	199		199	198		198	198		198
Financial Impact of Policy Proposals		624	-100	524	-602	0	-602	-2	0	-2

Rural and Cultural Economy

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals					
					Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Head of Rural and Cultural Economy	2	119		119	119		119	119		119
Visitor Economy	2	754	-536	218	722	-536	186	710	-536	174
Cultural Economy	2	942	-34	908	892	-34	858	892	-34	858
Tatton Park	2	4,413	-4,098	315	4,413	-4,098	315	4,413	-4,098	315
Public Rights of Way	2	571	-166	405	556	-166	390	556	-166	390
Countryside	2	1,015	-191	824	1,015	-191	824	1,015	-191	824
Pay & Pensions	2	187		187	319		319	451		451
Total Cost of Service		8,001	-5,025	2,976	8,036	-5,025	3,011	8,156	-5,025	3,131
Policy Proposals included above										
Policy Proposals										
Tatton Park:										
Tatton Vision Phase 1	2	-3	-42	-45			0			0
Visitor Economy:										
Visitor Economy	2	-3		-3	-32		-32	-12		-12
Visitor Economy	2	16		16			0			0
Marketing Cheshire	2	-20		-20			0			0
Public Rights of Way:										
Increase Public Rights of Way Fees & Charges	2			0	-15		-15			0
Cultural Economy:										
Reduce funding to Macclesfield Silk Heritage Trust	2	-10		-10			0			0
Cheshire East Reflects	2	20		20	-50		-50			0
Pay & Pensions	2	187		187	132		132	132		132
Financial Impact of Policy Proposals		187	-42	145	35	0	35	120	0	120

Corporate Summary

REVENUE

Service Area	2018/19 Budget			2019/20 Budget			2020/21 Budget		
	Budget including Policy Proposals			Budget including Policy Proposals			Budget including Policy Proposals		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	769	-685	84	586	-685	-99	653	-685	-32
Legal Services	7,455	-1,693	5,762	7,619	-1,693	5,926	7,783	-1,693	6,090
Customer Operations	85,893	-77,345	8,548	85,057	-77,345	7,712	85,411	-77,345	8,066
Finance and Performance	9,172	-2,994	6,178	9,416	-2,994	6,422	9,660	-2,994	6,666
Human Resources	3,364	-919	2,445	3,466	-919	2,547	3,568	-919	2,649
ICT Services	26,534	-21,028	5,506	27,024	-21,028	5,996	27,514	-21,028	6,486
Communications	669	-54	615	692	-54	638	715	-54	661
Client Commissioning	33,480	-2,862	30,618	33,655	-3,021	30,634	33,869	-3,021	30,848
Total Cost of Service	167,336	-107,580	59,756	167,515	-107,739	59,776	169,173	-107,739	61,434
Policy Proposals included above									
Directorate	-1,872		-1,872	-183		-183	67		67
Legal Services	573	-90	483	164		164	164		164
Customer Operations	-301		-301	-836		-836	354		354
Finance and Performance	165	-8	157	244		244	244		244
Human Resources	-20		-20	102		102	102		102
ICT Services	-235		-235	490		490	490		490
Communications	24		24	23		23	23		23
Client Commissioning	424	250	674	175	-159	16	214		214
Financial Impact of Policy Proposals	-1,242	152	-1,090	179	-159	20	1,658	0	1,658

Corporate Directorate

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
Executive Director - Corporate	6	63		63	63		63	63		63
Business Manager	6	92		92	92		92	92		92
Chief Executive Office	6	462		462	462		462	462		462
PA Pool	6	551	-23	528	551	-23	528	551	-23	528
Professional Services and Commercial Services Manager	6	116		116	116		116	116		116
Transactional Shared Services	6	1,755	-649	1,106	1,755	-649	1,106	1,755	-649	1,106
Business Solutions	6	382	-13	369	382	-13	369	382	-13	369
ESG	1, 4, 6	-463		-463	-463		-463	-463		-463
Mutually Agreed Resignation Scheme (MARS)	6	-1,500		-1,500	-1,500		-1,500	-1,500		-1,500
Oracle System Review (cross cutter)	6	-250		-250	-500		-500	-500		-500
Admin Review (cross cutter)	6	-500		-500	-500		-500	-500		-500
Pay & Pensions	6	61		61	128		128	195		195
Total Cost of Service		769	-685	84	586	-685	-99	653	-685	-32
Policy Proposals included above										
Policy Proposals										
Executive Director - Corporate										
Reduce costs of core processes (Oracle system review)	6	-250		-250	-250		-250			0
External income - Fees & Charges	6	-2		-2			0			0
PA Pool:										
Reduce Agency and Consultancy Costs	6	-1		-1			0			0
Service Area to be determined:										
Admin Review	6	-500		-500			0			0
Restructuring of Services	6	-150		-150			0			0
Reallocation of unachievable cross cutting savings	6	470		470			0			0
Mutually Agreed Resignation Scheme (MARS)	6	-1,500		-1,500			0			0
Pay & Pensions	6	61		61	67		67	67		67
Financial Impact of Policy Proposals		-1,872	0	-1,872	-183	0	-183	67	0	67

Legal Services

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget			
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000	
Legal Services:											
Monitoring Officer	6	-102		-102	-102		-102	-102		-102	
Legal Services	6	2,737	-547	2,190	2,737	-547	2,190	2,737	-547	2,190	
Compliance	6	402		402	402		402	402		402	
Democratic Services:											
Business Support and Civic Office	6	317	-10	307	317	-10	307	317	-10	307	
Democratic Services	6	691	-50	641	691	-50	641	691	-50	641	
Members Services	6	1,399		1,399	1,399		1,399	1,399		1,399	
Coroners	6	567		567	567		567	567		567	
Elections Service	6	551		551	551		551	551		551	
Registrations Service	6	724	-1,086	-362	724	-1,086	-362	724	-1,086	-362	
Pay & Pensions	6	169		169	333		333	497		497	
Total Cost of Service		7,455	-1,693	5,762	7,619	-1,693	5,926	7,783	-1,693	6,090	
Policy Proposals included above											
Policy Proposals											
Monitoring Officer:											
Restructuring of Services	6	-200		-200			0			0	
Contract Savings	6	-37		-37			0			0	
Reduce Agency and Consultancy Costs	6	-24		-24			0			0	
Legal Services:											
Childcare Team Costs (Transitional funding ends 2018/19)	6	490		490			0			0	
External income - Fees & Charges	6		-90	-90			0			0	
Service Area to be determined:											
Productivity - Unachievement of 17/18 cross cutting savings - Legal & Dem	6	175		175			0			0	
Pay & Pensions	6	169		169	164		164	164		164	
Financial Impact of Policy Proposals		573	-90	483	164	0	164	164	0	164	

Customer Operations

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
Customer Services Management	6	41		41	41		41	41		41
Customer Services	6	2,177	-9	2,168	2,177	-9	2,168	2,177	-9	2,168
Library Services	6	3,741	-405	3,336	3,741	-405	3,336	3,741	-405	3,336
Revenues	6	1,500	-1,110	390	1,500	-1,110	390	1,500	-1,110	390
Benefits Administration	6	2,352	-135	2,217	2,362	-135	2,227	2,362	-135	2,227
Service Development and Systems	6	778		778	778		778	778		778
Emergency Planning	6	173	-32	141	173	-32	141	173	-32	141
Online Services	6	260		260	260		260	260		260
Benefit Payments	6	75,572	-75,654	-82	75,572	-75,654	-82	75,572	-75,654	-82
Digital Savings	6	-1,060		-1,060	-2,260		-2,260	-2,260		-2,260
Pay & Pensions	6	359		359	713		713	1,067		1,067
Total Cost of Service		85,893	-77,345	8,548	85,057	-77,345	7,712	85,411	-77,345	8,066

Policy Proposals included above										
Policy Proposals										
Customer Services Management:										
Contract Savings	6	-37		-37			0			0
Reduce Agency and Consultancy Costs	6	-17		-17			0			0
Benefits Administration:										
Withdrawal of temporary reduction in funding for Universal Information and Advice service	6			0	10		10			0
The Local Welfare Safety Net	6	-50		-50			0			0
Library Services:										
Community Library Provision - Close 3 Libraries	6	-46		-46			0			0
Service Area to be determined:										
Digital Customer Services	6	-800		-800	-800		-800			0
Digital Customer Services - New Recurring Technology	6	130		130			0			0
Digital Customer Services phase 2	6	-190		-190	-400		-400			0
Digital Unachievement from 17/18	6	350		350			0			0
Pay & Pensions	6	359		359	354		354	354		354
Financial Impact of Policy Proposals		-301	0	-301	-836	0	-836	354	0	354

Finance and Performance

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals					
					Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Head of Finance and Performance	6	-222		-222	-222		-222	-222		-222
Financial Strategy and Reporting	6	1,182	-12	1,170	1,182	-12	1,170	1,182	-12	1,170
Finance Partnering and Accountancy	6	1,802	-799	1,003	1,802	-799	1,003	1,802	-799	1,003
Projects Finance	6	264	-30	234	264	-30	234	264	-30	234
Performance Strategy and Reporting	6	54		54	54		54	54		54
Business Intelligence - People	6	348		348	348		348	348		348
Business Intelligence - Place and Corporate	6	318	-6	312	318	-6	312	318	-6	312
Project Management Office	6	1,397	-792	605	1,397	-792	605	1,397	-792	605
Procurement	6	556	-201	355	556	-201	355	556	-201	355
Audit	6	581	-31	550	581	-31	550	581	-31	550
Risk Management	6	71		71	71		71	71		71
Insurance	6	2,577	-1,123	1,454	2,577	-1,123	1,454	2,577	-1,123	1,454
Pay & Pensions	6	244		244	488		488	732		732
Total Cost of Service		9,172	-2,994	6,178	9,416	-2,994	6,422	9,660	-2,994	6,666
Policy Proposals included above										
Policy Proposals										
Head of Finance and Performance:										
Contract Savings	6	-23		-23			0			0
Reduce Agency and Consultancy Costs	6	-6		-6			0			0
Finance Partnering and Accountancy:										
External income - Fees & Charges	6		-8	-8			0			0
Service Area to be determined:										
Restructuring of Services	6	-150		-150			0			0
Productivity - Unachievement of 17/18 cross cutting savings - Procurement	6	100		100			0			0
Pay & Pensions	6	244		244	244		244	244		244
Financial Impact of Policy Proposals		165	-8	157	244	0	244	244	0	244

Human Resources

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals					
					Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Head of Human Resources	6	2		2	2		2	2		2
HR Strategy and Policy	6	626		626	626		626	626		626
Health and Safety inc. Occ Health	6	527	-372	155	527	-372	155	527	-372	155
Workforce Development	6	1,009	-90	919	1,009	-90	919	1,009	-90	919
HR Delivery Non-Schools	6	738	-17	721	738	-17	721	738	-17	721
HR Delivery Schools	6	360	-440	-80	360	-440	-80	360	-440	-80
Pay & Pensions	6	102		102	204		204	306		306
Total Cost of Service		3,364	-919	2,445	3,466	-919	2,547	3,568	-919	2,649
Policy Proposals included above										
Policy Proposals										
Head of Human Resources:										
Contract Savings	6	-64		-64			0			0
Reduce Agency and Consultancy Costs	6	-8		-8			0			0
Service Area to be determined:										
Restructuring of Services	6	-50		-50			0			0
Pay & Pensions	6	102		102	102		102	102		102
Financial Impact of Policy Proposals		-20	0	-20	102	0	102	102	0	102

ICT Services

REVENUE

			2018/19 Budget			2019/20 Budget			2020/21 Budget		
			Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	
ICT Strategy	6	8,356	-3,348	5,008	8,356	-3,348	5,008	8,356	-3,348	5,008	
ICT Service Delivery	6	17,680	-17,680	0	17,680	-17,680	0	17,680	-17,680	0	
Pay & Pensions	6	498		498	988		988	1,478		1,478	
Total Cost of Service		26,534	-21,028	5,506	27,024	-21,028	5,996	27,514	-21,028	6,486	
			Policy Proposals included above								
Policy Proposals											
ICT Strategy:											
Contract Savings	6	-589		-589			0			0	
Reduce Agency and Consultancy Costs	6	-144		-144			0			0	
Pay & Pensions	6	498		498	490		490	490		490	
Financial Impact of Policy Proposals		-235	0	-235	490	0	490	490	0	490	

Communications

REVENUE

2018/19 Budget				2019/20 Budget			2020/21 Budget			
		Budget including Policy Proposals								
Outcome	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net	
Reference	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Communications	6	595	-54	541	595	-54	541	595	-54	541
Corporate Campaigns	6	10		10	10		10	10		10
Cheshire Shows	6	40		40	40		40	40		40
Pay & Pensions	6	24		24	47		47	70		70
Total Cost of Service		669	-54	615	692	-54	638	715	-54	661
Policy Proposals included above										
Policy Proposals										
Pay & Pensions	6	24		24	23		23	23		23
Financial Impact of Policy Proposals		24	0	24	23	0	23	23	0	23

Client Commissioning

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Environmental (including Bereavement)	4	30,931	-2,862	28,069	30,581	-3,021	27,560	30,206	-3,021	27,185
Leisure	5	2,058		2,058	1,946		1,946	1,898		1,898
Pay & Pensions	4,5	491		491	1,128		1,128	1,765		1,765
Total Cost of Service		33,480	-2,862	30,618	33,655	-3,021	30,634	33,869	-3,021	30,848
Policy Proposals included above										
Policy Proposals										
Environmental:										
Household Waste Recycling Centre income generation and efficiencies	4	-576		-576			0			0
Ansa income generation & efficiencies	4	-90		-90	-1,140		-1,140	-435		-435
Environmental Services base budget	4	152		152			0			0
Housing Growth , Waste Contract Inflation and Tonnage Growth	4	588		588	350		350	350		350
Food Waste Recycling (Composting Plant)	4			0	440		440	-290		-290
Markets Income	4		250	250		-159	-159			0
Leisure:										
3% reduction in Operational Management Fee (ESAR)	5	-51		-51	-49		-49	-48		-48
Changes to “Everybody Options” Scheme Investment (ESAR)	5	-45		-45	-63		-63			0
Car Park Refunds	5	-45		-45			0			0
Pay & Pensions	4,5	491		491	637		637	637		637
Financial Impact of Policy Proposals		424	250	674	175	-159	16	214	0	214

Central Budgets

REVENUE

Service Area	Outcome Reference	2018/19 Budget			2019/20 Budget			2020/21 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals					
					Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Capital Financing		10,000		10,000	12,000		12,000	12,000		12,000
Past Pensions Adjustment		263		263	163		163	1,163		1,163
Income from Capital Receipts			-2,000	-2,000		-1,000	-1,000		-1,000	-1,000
Contingency		1,000		1,000	1,000		1,000	1,000		1,000
Community Budget		1,000		1,000	1,000		1,000			0
Use of / Contribution to Earmarked Reserve			-982	-982		-8	-8		-8	-8
Total Cost of Service		12,263	-2,982	9,281	14,163	-1,008	13,155	14,163	-1,008	13,155
Policy Proposals included above										
MRP Revision from Straight Line to Annuity Method		-4000		-4,000	2,000		2,000			0
Past Service Pension Income		-900		-900	-100		-100	1,000		1,000
Community Budgets funded from New Homes Bonus		1,000		1,000			0	-1,000		-1,000
Contingency Revenue Budget		1,000		1,000			0			0
Capital Receipts Income			-2,000	-2,000		1,000	1,000			0
Use of / Contribution to Earmarked Reserve			-834	-834		974	974			0
Financial Impact of Policy Proposals		-2,900	-2,834	-5,734	1,900	1,974	3,874	0	0	0

12. Reserves Strategy

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Executive Summary

- 12.1 Cheshire East Council is maintaining adequate reserves for two main purposes:
1. To protect against risk, and;
 2. To support investment
- 12.2 This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns. At present the risks associated with overall changes in local government funding, and the need to invest now to realise returns in the medium term, increase the need to hold prudent levels of reserves in the short term.
- 12.3 The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.
- 12.4 The strategy is revised annually, in line with the process to determine the Council's Budget, and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium term.
- 12.5 Cheshire East Council's Reserve Strategy was last approved at Council on 23rd February 2017.

- 12.6 The quarterly review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2018/21 is being reported to Cabinet and Council in February 2018.
- 12.7 This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.
- 12.8 Additional detailed analysis of trends within the Council's finances is provided in the Council's [Value for Money](#) publication demonstrating the sound financial position of the Council.

J Willis

Jan Willis CPFA MBA

Interim Executive Director of Corporate Services
(Section 151 Officer)

Note: The strategy follows guidance issued by the Chartered Institute of Public Finance & Accountancy ~ LAAP Bulletin 55 – February 2003: Guidance Note on Local Authority Reserves and Balances. Compliance with the guidance is recommended in the Institute's 2003 Statement on the Role of the Finance Director in Local Government and the regulatory framework and role of the Section 151 Officer are set out in **Annex A**.

1. Introduction

Types of Reserves

- 12.9 When reviewing medium term financial plans and preparing annual budgets the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

- 12.10 This represents the non-ringfenced balance of Council funds. There are two main purposes of general reserves: firstly to operate as a working balance to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and secondly to provide a contingency to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:

- 12.11 Increasing General Reserves
- Planned repayment as set out in the Medium Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
 - Allocation of an operating surplus at the close of the financial year.

12.12 Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.
- Allocation of an operating deficit at the close of the financial year.

Earmarked Reserves (see Section 3)

- 12.13 These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves, and this strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

- 12.14 In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.

- 12.15 There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.
- 12.16 Setting the level of general reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.
- 12.17 **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.
- 12.18 These factors can only be assessed properly at a local level. A considerable degree of professional judgment is required. The Section 151 Officer may choose to express advice on the level of balances in cash and / or as a percentage of budget (to aid understanding), so long as that advice is tailored to the circumstances of the Authority for that particular year.
- 12.19 Advice will be set in the context of the Authority's process to manage medium term financial stability and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit, and will occur only to pump prime investment and not to regularly support such costs. Advice will be given

on the adequacy of reserves over the lifetime of the Medium Term Financial Strategy.

Table 1: Holding adequate reserves will depend on a number of key factors
Budget Assumptions

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings / productivity gains
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
- The availability of other funds to deal with major contingencies and the adequacy of provisions

Financial Standing and management

- The overall financial standing of the Authority (including: level of borrowing, debt outstanding and Council Tax collection rates)
- The Authority's track record in budget and financial management including the robustness of the medium term plans
- The Authority's capacity to manage in-year budget pressures
- The strength of the financial information and reporting arrangements
- The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level
- The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

12.20 The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.

2. General Fund Reserves (Revenue)

Purposes

12.21 The purpose of general reserves is to minimise the possible financial impacts to the Authority from:

- Emergencies
- In-year emerging financial issues
- Reacting to investment opportunities

12.22 The Finance Procedure Rules set the parameters for the use of general reserves.

12.23 The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance.

12.24 In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

12.25 The 2017/18 Budget anticipated that the Council would hold general reserves of £10.3m which was confirmed at final outturn.

12.26 At 1st April 2018, it is anticipated that the Council will hold general reserves of £10.2, as calculated in **Table 2**.

Table 2	
Estimated Balance	
1 st April 2018	
£m	
Amount of General Fund Balance available for new expenditure	10.3
(Source: 2016/17 Statement of Accounts)	
The impact of performance against the 2017/18 Revenue Budget	-0.1
(Source: 2017/18 Three Quarter Year Review of Performance)	
	10.2

Estimated Movement in Reserves (2017/18 onwards)

12.27 **Table 3** (overleaf) summarises the current estimated movements in general reserves from 2017 to 2020.

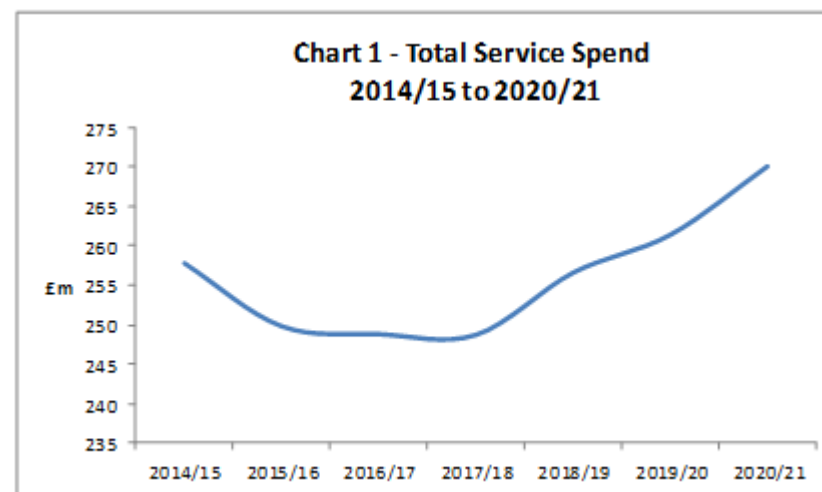
12.28 This position makes a clear assumption that any recently identified in-year, or future, emerging financial pressures will be met from within the Council's funding envelope.

12.29 In addition the level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

Table 3 – The level of reserves will be maintained in the medium term	2017/18 £m	2018/19 £m	2020/21 £m	2021/22 £m
Estimated Balance @ 1 st April	10.3	10.2	10.2	10.2
Estimated Impact of Spending	-0.1	0.0	0.0	0.0
Planned Contribution to Earmarked Reserves	0.0	0.0	0.0	0.0
Forecast General Reserves @ 31st March	10.2	10.2	10.2	10.2
Risk Assessed Minimum Level – February 2018	10.0	10.0	10.0	10.0

Source: Cheshire East Finance

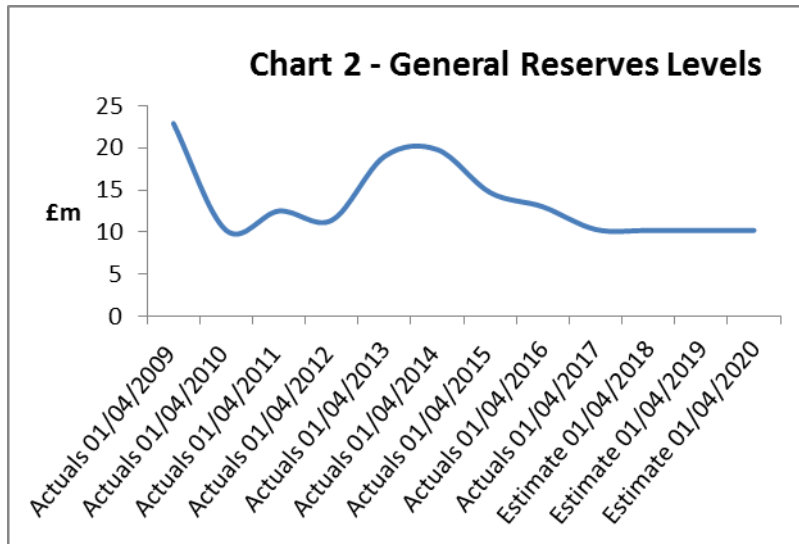
12.30 **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.



Source: Cheshire East Finance

- 12.31 Forecast reductions in net expenditure over the medium term reflect how the Council is reacting to reductions in Government funding. At the same time the Council minimised the impact on local residents by not raising Council Tax for five years up to 2015/16. This approach has required up front investment in change management to sustain the financial resilience of the Council. For example, early intervention in social care requires up front costs, and reducing staffing numbers usually requires expenditure on severance payments. The Council will also be investing in information technology to increase productivity.
- 12.32 Strategically the Council has therefore utilised short-term funding to support investment and change and not to build up reserves balances.

- 12.33 **Chart 2** reflects how Cheshire East Reserves are used to support large scale investment, and are being stabilised over the medium term.



Source: Cheshire East Finance

- 12.34 The level at which reserves are set for 2018/19, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow.

General Fund Reserves – Risk Assessment

- 12.35 The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies (particularly in relation to business rates), and pressure on

public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

- 12.36 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.
- 12.37 Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on citizens.
- 12.38 Risks are categorised, and potential values are applied to them. This presents the potential exposure to financial risk. **Table 4** shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.
- 12.39 New medium term risks are emerging as the Council is undertaking significant change to embed its commissioning approach and there is still significant uncertainty about the long term effect of changes to funding from business rates. However, the level of risk in the Medium Term Financial Strategy has reduced following improvements in reporting and achievement of budget targets.
- 12.40 The updated Risk Assessment for 2018/19 provides for the Minimum Level to remain at £10.0m. This still remains a relatively prudent overall target for reserves at 3.8% of the

net budget. This reflects the following potential negative financial issues facing the Council in the medium term:

- Further changes to the local government financial settlement may create funding deficits, and the medium term strategy of the Council remains unbalanced in later years at present.
- Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
- There is a significant pensions deficit which may need to be managed outside of the current medium term estimates, additional budget has been provided for in the Medium Term Financial Strategy, to reflect increasing contribution rates following the triennial valuation.

12.41 It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).

12.42 Risks will be included and managed using the following basic principles:

- a. The risk may impact within the medium term.
- b. Risks are potential one-off events.
- c. The risk will have genuine financial consequences beyond insurance cover.
- d. Mitigating actions will be in place to minimise the potential requirement for financial support.
- e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.

f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.

Table 4: A robust level of reserves is guided by an assessment of potential risks				
Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Sub-Total	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	£125,000	£100,000
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans		
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	£431,000	£400,000
	Epidemic	High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans		
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans		
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management		
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	£2,253,000	£2,200,000
	Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs.	Impact of 2017/18 projected outturn / robust remedial plans and monitoring of progress		
	Higher than anticipated inflation arising in year	In-Year emerging issues / Robust plans and monitoring of progress		
	Potential decrease in Council Tax and Business Rates collection rate	Increased inflation on contracts and services / contract management and robust remedial plans		
		Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures		

Table 4: A robust level of reserves is guided by an assessment of potential risks				
Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Sub-Total	Risk Assessment
Legal & IT costs	Legal challenges to Council service delivery / charges for services	Court costs and claims for financial settlement / clear processes and good workforce management	£3,077,000	£3,100,000
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls		
Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning		
Strategic Reserve		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes	£4,233,000	£4,200,000
OVERALL RISKS			£10,119,000	£10,000,000
% of Net Revenue Budget				3.8%

Source: Cheshire East Finance

- 12.43 The outcome of this analysis has been to place an estimated total value on the range of risks that may arise and which are not covered by insurance. This is equivalent in total to £10.0m.
- 12.44 It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2018/19 Revenue Budget. The key factors are:
- The capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely.
 - Potential underachievement of cost reduction targets following consultation processes.
 - Demand for services rising above estimated trends.
 - Changes to Government settlements.

Adequacy of General Reserves

- 12.45 A duty of the Section 151 Officer is to comment on the adequacy of financial reserves (see **Annex A**).
- 12.46 The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Section 151 Officer uses information contained within the Reserves Strategy to comment specifically in the annual Budget Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

12.47 The purpose of earmarked reserves is:

- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- To set aside amounts for projects which extend beyond one year.

12.48 Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.

12.49 **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

12.50 For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

- the purpose of the reserve,
- how and when the reserve can be used,
- procedures for the reserve's management and control,
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
- clear indication of payback periods and approach (if applicable).

Table 5: All earmarked reserves should have a clear rationale

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained, or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA – LAAP Bulletin 55, 2003

12.51 When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.

12.52 The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

12.53 Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Section 151 Officer,
- Supported by a business case,
- Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
- Subject to a minimum value, set initially at £60,000, unless the business case supports a lower level,
- Be reviewed at least annually.

12.54 Services may also carry forward balances in accordance with Financial Procedure Rules.

12.55 Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget setting process to ensure that they are still appropriate, relevant and adequate for the intended purpose.

Opening Balances

12.56 At 1st April 2018, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £32.5m. It is estimated that balances will reduce by £4.6m by the end of 2018/19. **Table 6** (overleaf) shows the position on each earmarked reserve.

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2018/19				
Service Description	Estimated Available Balance at 1 April 2018	Forecast Movement in 2018/19	Estimated Balance at 31 March 2019	Reason / Use
	£000	£000	£000	
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	2,225	148	2,373	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Public Health	40	352	392	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	238	-190	48	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Fixed Penalty Notice Enforcement (Kingdom)	150	0	150	Surplus Fixed Penalty Notice receipts to be ring-fenced to provide a community fund to address environmental issues .
Transitional Funding - community cohesion	70	-70	0	Community Cohesion Strategy and Action Plan
Children's Services				
Domestic Abuse Partnership	139	-70	69	To sustain preventative services to vulnerable people as a result of partnership funding.
Early Intervention and Prevention Investment	423	-174	249	To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17.
Parenting Journey	30	-30	0	The Parenting Journey is in conjunction with Wirral Community Trust Health Visiting Service to integrate Health Visiting, Early Years and Early Help assessments.
Transitional Funding-Developing the 'Cheshire East Way'	25	-25	0	Delivering better outcomes for children and young people.
Transitional Funding-Increase in Establishment	21	-21	0	Child Protection Social Workers
Transitional Funding-Independent Travel Training	75	-75	0	Independent Travel Training

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2018/19				
Service Description	Estimated Available Balance at 1 April 2018	Forecast Movement in 2018/19	Estimated Balance at 31 March 2019	Reason / Use
	£000	£000	£000	
Place				
Investment (Sustainability)	386	-386	0	To support investment that can increase longer term financial independence and stability of the Council.
Planning and Sustainable Development				
Air Quality	40	-40	0	Provide funding for a temporary Air Quality Officer post for two years.
Transitional Funding- air quality	39	-39	0	Air Quality Management
Infrastructure and Highways				
Highways Procurement	132	-132	0	To finance the development of the next Highway Service Contract.
Winter Weather	230	0	230	To provide for future adverse winter weather expenditure.
Growth and Regeneration				
Royal Arcade Crewe	300	-300	0	To provide for future costs relating to the Royal Arcade including repairs an maintenance.
Legal Proceedings on land and property matters	0		0	To enable legal proceedings on land and property matters.
Skills & Growth	202	-202	0	To achieve skills and employment priorities and outcomes.
Transitional Funding-Low Carbon Heat Growth Programme	51	-20	31	Low Carbon Heat Growth Programme
Homelessness & Housing Options	0	0	0	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Rural & Cultural Economy				
Tatton Park	13	0	13	Ring-fenced surplus on Tatton Park trading account.

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2018/19

Service Description	Estimated Available Balance at 1 April 2018	Forecast Movement in 2018/19	Estimated Balance at 31 March 2019	Reason / Use
	£000	£000	£000	
Corporate				
Legal Services				
Insurance (Cheshire East & Cheshire County Funds)	4,153	-85	4,068	To settle insurance claims and manage excess costs.
Democratic Services				
Elections	166	43	209	To provide funds for Election costs every 4 years.
Finance and Performance				
Collection Fund Management	7,767	1,000	8,767	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	10,750	-867	9,883	To provide for financing of capital schemes, other projects and initiatives.
Enabling Transformation	322	-322	0	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding-External Funding Officer	61	-60	1	External Funding Officer
Cross Service				
Trading Reserve	1,099	0	1,099	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	1,111	-778	333	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	364	-1,500	-1,136	Unspent specific use grant carried forward into 2017/18.
Revenue Grants - Other	1,855	-788	1,067	Unspent specific use grant carried forward into 2017/18.
Total	32,477	-4,631	27,847	

Source: Cheshire East Council

4. Capital Reserves

- 12.57 Capital receipts received in-year are fully applied to finance the capital programme and therefore no capital receipts reserves are held by the Council.
- 12.58 Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

5. Reserves Strategy Conclusion

- 12.59 Overall, Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility to react to investment opportunities. This approach can be supported during the medium term based on recent performance against budget.
- 12.60 This recognises local issues and allows the Section 151 Officer to comment favourably on the adequacy of reserves.
- 12.61 The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves' positions will continue to be reviewed throughout the financial year.

Background Papers

- 12.62 General Fund Reserves – Risk Assessment Working Papers 2017.
- CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).

Annex A to Reserves Strategy

Protocols and Controls

The Existing Legislative / Regulatory Framework

- 12.63 Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 12.64 There are three significant safeguards in place that militate against local authorities over-committing themselves financially:
1. The balanced budget requirement.
 2. The Chief Financial Officer's S114 powers.
 3. The External Auditor's responsibility to review and report on financial standing.
- 12.65 The balanced budget requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Financial Officer to report to all the Authority's Councillors if there is, or is likely to be, unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. The Authority's Full Council must meet within 21 days to consider the S114 notice and during that period the

Authority is prohibited from entering into new agreements involving the incurring of expenditure.

- 12.66 While it is primarily the responsibility of the local authority and its Chief Financial Officer to maintain a sound financial position, External Auditors have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties External Auditors review and report on the level of reserves taking into account their local knowledge of the Authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

The Role of the Chief Financial Officer

- 12.67 It is the responsibility of the Chief Financial Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. There is no statutory minimum.
- 12.68 Local authorities, on the advice of their Chief Financial Officers, are required to make their own judgements on the level of reserves taking into account all the relevant local circumstances. Such circumstances vary. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.

Good Governance

12.69 It is important that Members take responsibility for ensuring the adequacy of reserves and provisions when they set the budget. CIPFA recommend that the respective roles of officers and Councillors in relation to reserves should be codified locally and given due recognition in the Constitutions. This codification should:

- State which council bodies are empowered to establish reserves
- Set out the responsibilities of the Chief Financial Officer and Councillor – or group of Councillors – responsible for finance
- Specify the reporting arrangements

A New Reporting Framework

12.70 The Chief Financial Officer has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

12.71 The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Financial Officer. To enable the Council to reach its decision, the Chief Financial Officer should report the factors that influenced his or her judgement and ensure that the advice given is recorded formally. Where the advice is not accepted this should be recorded formally in the minutes of the Council meeting.

CIPFA recommended that:

12.72 The Business Planning report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the additional contribution to / withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure this should be accompanied by a statement from the Chief Financial Officer on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the Authority's medium term financial strategy.

12.73 A statement reporting on the annual review of earmarked reserves should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions / withdrawals and the estimated closing balances.

13. Abbreviations

13.1 This annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
ASC	Adult Social Care
ASDV	Alternative Service Delivery Vehicles – part of the Council's commissioning approach to funding services.
BCF	Better Care Fund
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1 st April 2013.
CAG	Corporate Assurance Group
CDRP	Crime and Disorder Reduction Partnership
CEC	Cheshire East Council
CEFS	Cheshire East Family Support
CERF	Cheshire East Residents First
CFB	Capital Financing Budget
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Communities and Local Government
CPI	Consumer Price Index
CSC	Children's Social Care
CTS	Council Tax Support
DfE	Department for Education
DSG	Dedicated Schools Grant – grant received from Government to fund schools.
EIA	Equality Impact Assessment
EIP	Early Intervention and Prevention
ERP	Enterprise Resource Platform
ESG	Education Support Grant

Term	Meaning
FQR	First Quarter Review of Performance.
FTE	Full Time Equivalent
GP	General Practitioner
GVA	Gross Value Added
HLBC	High Level Business Case
HM	Her Majesty's
HR	Human Resources – one of the Council's corporate service areas under the Chief Operating Officer.
ICT	Information and Communication Technology – the service responsible for computers, networks, software, phones, etc.
LED	Light Emitting Diode
LGA	Local Government Association
LOBO	Lenders Option Borrows Option
LSCB	Local Safeguarding Children's Board
MARS	Mutually agreed Resignation Scheme
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
MYR	Mid-Year Review of Performance.
NEETs	Not in Education, Employment or Training
NFF	National Funding Formula
NHB	New Homes Bonus Grant
NHS	National Health Service
NJC	National Joint Council
NNDR	National Non Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by central Government.
PHE	Public Health England
PiP	Partners in Practice
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works.
RPI	Retail Price Index
RSG	Revenue Support Grant – a grant that forms part of the Business Rate Retention Scheme.

Term	Meaning
S151	Section 151 (Officer)
SAGC	Skills and Growth Company
SBRR	Small Business Rate Relief
SCIES	Safeguarding Children in Education Settings
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SLA	Service Level Agreement
SLE	Separate Legal Entity – a delivery model for delivering services in a different way.
SOS	Signs of Safety
SSB	Supporting Small Business
TC	Town Centre
TQR	Third Quarter Review of Performance.
TUPE	Transfer of Undertakings (Protection of Employment) regulations
VIC	Visitor Information Centres

14. Forecasts (February 2017)

- 14.1 Forecasts presented to the Council in February 2017 reported a potential balanced budget in the medium term. Proposals in the Pre-Budget Consultation focused on ensuring that increased growth projections were fully reflected.

	Budget Book 2016/17 (revised at TQR) £m	Estimated Net Budget 2017/18 £m	Estimated Net Budget 2018/19 £m	Estimated Net Budget 2019/20 £m
Outcome 1 - Our Local Communities are strong and supportive	25.6	25.0	25.3	25.7
Outcome 2 - Cheshire East has a strong and resilient economy	32.2	30.0	28.1	28.1
Outcome 3 - People have the life skills and education they need in order to thrive	35.3	33.8	32.5	32.7
Outcome 4 - Cheshire East is a green and sustainable place	29.1	29.8	30.0	29.1
Outcome 5 - People live well and for longer	91.7	96.5	96.4	95.8
Outcome 6 - Efficiency	34.9	33.6	32.8	32.8
Total Outcomes	248.8	248.7	245.1	244.2
Corporate Contributions and Adjustments	1.1	1.2	1.2	1.2
Capital Financing	14.0	14.0	14.0	14.0
Use of / Contribution to Earmarked Reserve	2.8	-0.1	-0.1	-0.1
TOTAL:	266.7	263.8	260.2	259.3
<i>CENTRAL BUDGETS</i>				
Business Rate Retention Scheme	-39.7	-41.0	-42.7	-41.8
Revenue Support Grant	-26.3	-13.4	-5.4	0.0
Specific Grants	-18.8	-16.9	-9.8	-9.4
Council Tax	-179.4	-191.1	-202.3	-208.1
Sourced from Collection Fund	-2.5	-1.4	0.0	0.0
TOTAL: Central Budgets	-266.7	-263.8	-260.2	-259.3
Funding Position	0.0	0.0	0.0	0.0

15. Feedback

15.1 We want you to be involved in decision making in Cheshire East...

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Jan Willis, Interim Executive Director of Corporate Services
Subject/Title:	Treasury Management Strategy and MRP Statement 2018/19
Portfolio Holder:	Councillor Paul Bates, Finance and Communication

1. Report Summary

- 1.1. The Treasury Management strategy is an important element in the overall financial health and resilience of Cheshire East Council. The strategy focuses on the management of the Council's investment and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2. The key elements of the strategy for 2018/19 are for the Council to:
 - Reflect the forthcoming changes in the CIPFA Treasury Management Code of Practice and the Prudential Code for Capital Finance in Local Authorities.
 - Reflect the reduced capital financing costs in the short term arising from the change in the calculation of MRP (Minimum Revenue Provision) made in 2017/18
 - Take an appropriate approach to risk for short term loans as required, by only borrowing from lenders identified in the strategy
 - Maintain security of investments by only using counterparties detailed in the strategy
 - Support a flexible approach to treasury management that can react to opportunities and market conditions to maximise effectiveness, whilst protecting the public funds managed within the strategy
- 1.3. The Treasury Management Strategy set out in Appendix A was also reported to the Audit & Governance Committee on 7th December 2017 for scrutiny purposes.

2. Recommendation

- 2.1. Cabinet is requested:

2.1.1 To recommend to Council the approval of the Treasury Management Strategy Statement including the MRP Statement for 2018/19 to 2020/21 (Appendix A).

2.1.2 To establish an Investment Strategy Board as set out in paragraph 5.13 to develop an enhanced Capital Strategy and Investment Strategy for approval by Cabinet and Council as required by the CIPFA Prudential Code 2017 and statutory guidance on local authority investments.

3. Reasons for Recommendation

- 3.1. The report presents the 2018/19 Treasury Management Strategy Statement (TMSS), incorporating the Minimum Revenue Provision (MRP) Policy Statement and Prudential and Treasury Indicators 2018/21, required under Part 1 of the Local Government Act 2003.
- 3.2. The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2018/19. The Strategy reflects the views on interest rates of leading market forecasts provided by Arlingclose, the Council's advisor on treasury matters. It also includes the Prudential Indicators relating to Treasury Management.
- 3.3. The CIPFA Code of Practice on Treasury Management requires all local authorities to agree a Treasury Management Strategy Statement annually in advance of the financial year. The strategy should incorporate the setting of the Council's prudential indicators for the three forthcoming financial years.
- 3.4. Revised statutory guidance on local authority investments effective from 1st April 2018 requires local authorities to prepare an annual investment strategy for approval by full Council. The proposal to establish an Investment Strategy Board to oversee the development of the investment strategy will provide the basis for fulfilling this requirement.

4. Other Options Considered

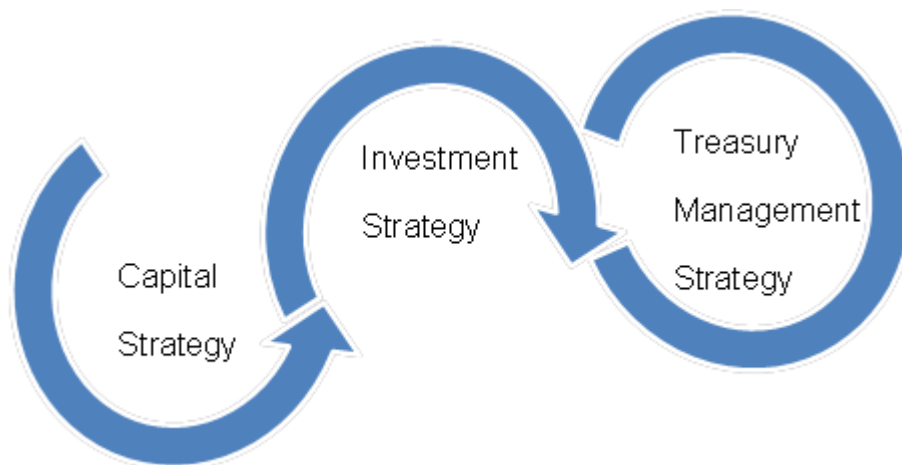
- 4.1. None

5. Background

- 5.1. The treasury management team work closely with the Council's advisors Arlingclose to gain the maximum benefit from their expertise and guidance, including benchmarking performance against other local authorities on a quarterly basis.
- 5.2. The Treasury Management Strategy takes into account future borrowing requirements, based on the Council's three year capital spending plans, projected cash flow requirements and money market opportunities. The aim is to maintain control over borrowing activities, with particular regard to

longer term affordability; but also to allow sufficient flexibility to respond to changes in the capital and money markets as they arise.

- 5.3. CIPFA published revised editions of Treasury Management in the Public Services: Code of Practice and the Prudential Code for Capital Finance in Local Authorities in December 2017.
- 5.4. The main changes arising from the revised Codes include:
- an extension of the scope of the Treasury Management Code of Practice to include all investments, including non-financial assets held primarily for financial returns such as investment property portfolios;
 - a requirement for an enhanced Capital Strategy; a summary document covering capital expenditure and financing, treasury management and non-treasury investments approved by full Council.
- 5.5. The Capital Strategy is contained within Appendix C, Annex 10 of the Medium Term Financial Strategy report included elsewhere on this agenda. This sets out the Council's programme of capital investment for 2018-21. The Strategy will need to be updated during 2018/19 to reflect the additional requirements of the revised CIPFA Prudential Code.



- 5.6. Capital expenditure and financing is intrinsically linked to the Treasury Management and Investment Strategies and these will continue to be developed in accordance with the revised guidance and reported to Cabinet and Council for approval during 2018/19, including:
- A detailed investment strategy
 - Amendments to the Capital Strategy, Treasury Management Strategy, Prudential Indicators and Treasury Management Practices in accordance with the new regulatory framework.
- 5.7. Revised guidance on local authority investments issued under section 15 1(a) of the Local Government Act 2003 and effective from 1st April 2018 requires local authorities to prepare an annual investment strategy. The Strategy must allow for members and the public to assess a council's total

risk exposure as a result of investment decisions and, where investment is funded through additional borrowing, the additional debt servicing costs incurred and the risks and opportunities associated with the investment. In this context investments includes both financial and non-financial investments.

- 5.8. The strategy must set out procedures for determining which categories of investment may prudently be used, identify which categories have been defined as suitable for use and state the maximum both individually and collectively that may be invested in each defined category and in aggregate.
- 5.9. The strategy must also state liquidity requirements and the council's approach to assessing and managing risk of loss, including the use of external advisors and credit ratings.
- 5.10. Where a local authority is or plans to become dependent on yield bearing investment activity to achieve a balanced revenue budget the strategy must detail the extent to which funding expenditure to meet core functions is dependent on achieving the net yield and contingency plans should the yield not be met.
- 5.11. The Strategy should disclose the steps taken to ensure that Councillors and statutory officers have appropriate capacity, skills and information to enable them to take informed decisions and that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.
- 5.12. Finally, the Strategy should comment on the corporate governance arrangements that have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the local authority's corporate values.
- 5.13. A member Investment Strategy Board will be established to develop a detailed investment strategy satisfying these requirements for approval by Cabinet and full Council during 2018/19. The Board will be chaired by the Portfolio Holder for Finance and Communities and will be supported by Officers including the Acting Director of Legal Services (Monitoring Officer), Interim Executive Director for Corporate Services, Executive Director for Place and Head of Asset Management and Regeneration.

Headlines for 2018/19

- 5.14. The major external influence on the Council's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the referendum, but there are indications that uncertainty over the future is now weighing on growth which is therefore forecast to remain sluggish throughout 2018/19.

- 5.15. Interest rates are forecast to remain at 0.5% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- 5.16. The need for temporary borrowing arose during 2017/18 due to the decision to pay past service pension deficit contributions for the next three years in one advance payment of £45m in April 2017. The discount available from early payment more than offsets the costs of borrowing. The longer term borrowing requirements for 2018/19 and future years will be discussed with Arlingclose during the quarterly advisory meetings and will be reported via the quarterly updates to Cabinet.
- 5.17. The Council currently has external borrowing of £145m of which £44m is temporary borrowing with other local authorities. The amount of interest paid on the Council's portfolio of loans is mainly at fixed rates of interest (circa 3.1%). Currently long term interest rates are around 2.6%.
- 5.18. The Council has maintained the £7.5m investment in the CCLA managed property fund. The current value of the units in the fund if sold is £7.6m which is slightly higher than the original invested amount. The fund continues to generate income of 4.69%. Most other investments currently held are short term for liquidity purposes.
- 5.19. The rate of interest to be earned on the Council's cash balances that are temporarily invested is budgeted to be £0.3m.
- 5.20. The Council remains committed to delivering appropriate levels of capital investment to support service improvement and local economic growth, which increases the importance of sound Treasury Management Strategy in the medium term. The current strategy is to ensure that investment in capital schemes is sustainable by controlling the consequential impact on the revenue account and council tax levels, ensuring good value for money to local businesses and residents.
- 5.21. The Council amended its approach to calculating the Minimum Revenue Provision (MRP) during 2017/18, the use of the annuity method resulted in the ability to take an MRP holiday and reduce the budget by £6m in 2017/18 and £4m in 2018/19. This approach reduces current costs, although the overall total cost of capital financing, over the life of capital assets, will still be consistent.
- 5.22. The capital financing budget has therefore reduced to £10m, 3.9% of the 2018/19 net revenue budget.

Capital Financing Budget 2018/19

Capital Financing Budget	2018/19
	£m
Repayment of Outstanding Debt	10.0
Contribution re: Schools Transforming Learning Communities Schemes	-0.9
Transfer from revenue reserve	-2.6
Interest on Loans	3.8
Less: Interest Receivable on Cash Balances	-0.3
Net Capital Financing Budget	10.0

Source: Cheshire East Finance

6. Wards Affected and Local Ward Members

6.1 All.

7. Implications of Recommendation**7.1 Policy Implications**

7.1.1 The impact of the Treasury Management Strategy 2018/19 feeds into the assumptions underpinning the 2018/21 medium term financial strategy.

7.2 Legal Implications

7.2.1 It is a requirement of the CIPFA's Treasury Management in the Public Services: Code of Practice that Council receives an Annual Report on its Treasury Strategy; that Council sets Prudential Indicators for the next three years and approves an Annual Investment Strategy and an Annual MRP Policy Statement. There are stringent legislative requirements in place which dictate the way that a local authority deals with financial administration.

7.2.2 The Strategy includes the Department for Communities and Local Government (DCLG) reporting requirements in accordance with the Local Government Investments Guidance under Section 15(1) (a) of the Local Government Act 2003.

7.3 Financial Implications

7.3.1 Effective treasury management provides support towards the achievement of service priorities, it ensures that the Council's capital investment programme delivers value for money by demonstrating that capital expenditure plans are affordable, external borrowing is prudent and sustainable and treasury decisions are taken in accordance with good practice.

7.4 Equality Implications

7.4.1 Not applicable.

7.5 Rural Community Implications

7.5.1 Not applicable.

7.6 Human Resources Implications

7.6.1 Not applicable.

7.7 Public Health Implications

7.7.1 Not applicable.

7.8 Implications for Children and Young People

7.8.1 Not applicable.

7.9 Other Implications (Please Specify)

7.9.1 Not applicable.

8. Risk Management

- 8.1 The Council operates its treasury management activity within the approved Treasury Management Code of Practice and associated guidance.
- 8.2 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy as no treasury management activity is without risk. The aim is to operate in an environment where risk is clearly identified and managed.
- 8.3 To reduce the risk that the Council will suffer a loss as a result of its treasury management activities down to an acceptable level a number of risk management procedures have been put in place. The procedures cover liquidity risk, credit and counterparty risk, re-financing risk, legal and regulatory risk, and fraud, error and corruption risk. These are referred to within the borrowing and investment strategies, prudential indicators and the Treasury Management Practices Principles and Schedules.
- 8.4 The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

9. Access to Information

- 9.1 *CIPFA The Prudential Code for Capital Finance in Local Authorities*

CIPFA Treasury Management in the Public Services – Code of Practice and Cross-sectoral Guidance Notes

Guidance and information provided by Arlingclose can be accessed via the Treasury Management team, Financial Strategy & Reporting.

10. Contact Information

Contact details for this report are as follows:

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Appendices:

Appendix A – Treasury Management Strategy Statement & Investment Strategy 2018/19 – 2020/21

Appendix A

**Treasury Management Strategy Statement
and Investment Strategy 2018/19 to 2020/21**



Contents

1. Background
2. External Context
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8. Other Items
9. Financial Implications

Annexes

- A. Economic & Interest Rate Forecast (Section 2.9)
- B. Existing Investment & Debt Portfolio Position (Section 3.1)
- C. Prudential indicators
- D. MRP Statement 2018/19

1. Background

- 1.1. On 23rd February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.
- 1.2. In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.3. The report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.
- 1.4. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
- 1.5. **Revised strategy:** In accordance with the CLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Authority's capital programme or in the level of its investment balance.

2. External Context

- 2.1 **Economic background:** The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating a smooth exit from the European Union and agreeing future trading relationships. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.
- 2.2 Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.
- 2.3 In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.
- 2.4 **Credit outlook:** High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

- 2.5 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.
- 2.6 The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.
- 2.7 **Interest rate forecast:** The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- 2.8 Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.
- 2.9 A more detailed economic and interest rate forecast provided by the Authority's treasury management advisor is attached at **Annex A**.
- 2.10 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 1.45%, which takes into account strategic fund investments, and that short term loans will be borrowed at an average of 0.60%.
- 3. Local Context**
- 3.1 The Authority currently has borrowings of £145m and investments of £23m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.17 Actual £m	31.3.18 Estimate £m	31.3.19 Estimate £m	31.3.20 Estimate £m	31.3.21 Estimate £m
General Fund CFR	287	347	391	393	403
Less: Other long-term liabilities *	28	(27)	(26)	(24)	-23
Borrowing CFR	259	320	365	369	380
Less: External borrowing **	(116)	(183)	(90)	(83)	(79)
Internal (over) borrowing	143	137	275	286	301
Less: Usable reserves	(88)	(69)	(63)	(58)	(55)
Less: Working capital	(46)	(46)	(46)	(46)	(46)
Investments (or New borrowing)	(9)	(22)	(166)	(182)	(200)

* finance leases and PFI liabilities that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £ m over the forecast period.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2018/19.

4. Borrowing Strategy

- 4.1 The Authority currently holds loans of £145m, an increase of £35m on the previous year. PWLB debt is reducing by £6m per year whilst cash flow shortfalls caused by internal borrowing and prepayment of the pension fund deficit is being funded through cheaper short term borrowing. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.
- 4.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 4.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to use both internal resources and to borrow short-term loans instead.
- 4.4 By doing so, the Authority is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.5 Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.6 In addition, the Authority may borrow further short-term loans to cover unexpected or planned temporary cash flow shortages.
- 4.7 The approved sources of long-term and short-term borrowing are:

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- Public Works Loan Board and any successor body
 - UK local authorities
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (except Cheshire Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
 - European Investment Bank
 - Salix Finance Ltd energy efficiency loans
- 4.8 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- operating and finance leases
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
- 4.9 The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.
- 4.10 **Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.
- 4.11 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2018/19, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.
- 4.12 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limits on the maturity structure of borrowing and the net exposure to variable interest rates in the treasury management indicators below.
- 4.13 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

5. Investment Strategy

- 5.1 Although reduced from previous years, the Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £16m and £56m. Levels of around £25m are expected to be maintained in the forthcoming year.
- 5.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 5.3 If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 5.4 Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to continue to diversify into more secure and/or higher yielding asset classes during 2018/19. This is especially the case for any longer-term investment. The Authority has some investments in higher yielding asset classes with the remaining surplus cash invested for liquidity purposes in short-term unsecured bank deposits and money market funds.
- 5.5 The Authority may invest its surplus funds with any of the counterparties in table 2 below, subject to the cash and time limits shown.

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks* Unsecured	Banks* Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£6m 5 years	£12m 20 years	£12m 50 years	£6m 20 years	£6m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 25 years	£6m 10 years	£6m 10 years
AA	£6m 4 years	£12m 5 years	£12m 15 years	£6m 5 years	£6m 10 years
AA-	£6m 3 years	£12m 4 years	£12m 10 years	£6m 4 years	£6m 10 years
A+	£6m 2 years	£12m 3 years	£6m 5 years	£6m 3 years	£6m 5 years
A	£6m 13 months	£12m 2 years	£6m 5 years	£6m 2 years	£6m 5 years
A-	£6m 6 months	£12m 13 months	£6m 5 years	£6m 13 months	£6m 5 years
None	£1m 6 months	n/a	£12m 25 years	£100,000 5 years	£6m 5 years
Pooled funds	£12m per fund				

*Banks includes Building Societies

The above limits apply to individual counterparties and represent the maximum amount and maximum duration of any investment per counterparty.

- 5.6 **Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.7 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.8 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 5.9 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 5.10 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £100,000 per company as part of a diversified pool in order to spread the risk widely.
- 5.11 **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of social housing, formerly known as housing associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.
- 5.12 **Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 5.13 **Bond, equity and property funds** offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for

withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

- 5.14 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept to the lowest practical levels per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 5.15 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.16 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 5.17 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 5.18 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 5.19 **Specified Investments:** The CLG Guidance defines specified investments as those:
- denominated in pound sterling,
 - due to be repaid within 12 months of arrangement,
 - not defined as capital expenditure by legislation, and
 - invested with one of:

- the UK Government,
- a UK local authority, parish council or community council, or
- a body or investment scheme of “high credit quality”.

5.20 The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

5.21 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£25m
Total investments without credit ratings or rated below A- (except UK Government and local authorities)	£20m
Total investments (except pooled funds) domiciled in foreign countries rated below AA+	£15m
Total non-specified investments	£60m

5.22 **Investment Limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £76m on 31st March 2018. In order that no more than 8% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £6m. Secured investments will have a higher limit of £12m per organisation. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment Limits

Type of Counterparty	Cash limit
Any single organisation, except the UK Central Government	£12m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£12m per group
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker’s nominee account	£25m per broker
Foreign countries	£12m per country

Registered Providers	£25m in total
Unsecured investments with Building Societies	£12m in total
Loans to unrated corporates	£12m in total
Money Market Funds	£12m in each (£50m in total)

- 5.23 **Liquidity management:** The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

6. Non-Treasury Investments

- 6.1 Although not classed as treasury management activities, the Authority may also purchase property for investment purposes and may also make loans and investments as part of a wider strategy for local economic growth even though these loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.
- 6.2 The Authority's existing non-treasury investments are listed in Annex B.
- 6.3 Where a local authority holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested.

7. Treasury Management Indicators

- 7.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 7.2 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2018/19	2019/20	2020/21
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months. All other instruments are classed as variable rate.

- 7.3 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	60%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing under 12 months has been increased as short term funding is currently considerably cheaper than alternatives. This will be kept under review as it does increase the risk of higher financing costs in the future.

- 7.4 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£25m	£15m	£10m

8. Other Items

- 8.1 There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.
- 8.2 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 8.3 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 8.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 8.5 **Investment Advisers:** The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through regular meetings and periodic tendering for services.
- 8.6 **Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by our treasury management advisers, Arlingclose Limited and other relevant providers.
- 8.7 **Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is

aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

- 8.8 The total amount borrowed will not exceed the authorised borrowing limit of £425 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

9. Financial Implications

- 9.1 Anticipated investment income in 2018/19 is £360,000, based on an average investment portfolio of £25 million at an interest rate of 1.45%. The budget for debt interest paid in 2018/19 is £4.5 million, based on an average debt portfolio of £200 million at an average interest rate of 2.25%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Annex A - Arlingclose Economic & Interest Rate Forecast

Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- Our central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.

- The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.22
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.20
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.27
Arlingclose Central Case	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.15	-0.26
5-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	0.89
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.55	1.36
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00	2.05	2.05	2.05	1.93
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.95	1.95	1.82
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.39

Annex B

Existing Investment & Debt Portfolio Position

	31/12/17 Actual Portfolio £m	31/11/17 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	80	3.96%
PWLB - Variable Rate	0	-
Local Authorities	44	0.47%
LOBO Loans	17	4.63%
Other	4	-
Total External Borrowing	145	2.86%
Other Long Term Liabilities:		
PFI	24	-
Finance Leases	4	-
Total Gross External Debt	173	-
Investments:		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	9	0.37%
Fixed Term Deposits	2	1.00%
<i>Managed externally</i>		
Fund Managers	4	1.56%
Property Funds	8	4.92%
Total Investments	23	2.21%
Net Debt	150	-

Non-treasury investments:	£000	Rate
Shares - Alderley Park Holdings Ltd	1,597	-
Shares - Manchester Science Parks Ltd	462	-
Loan - Alderley Park Holdings Ltd	1,531	-
Loan - Everybody Sport & Recreation	320	4.50%
Loan - Engenie Ltd	24	-
Investment Fund - Greater Manchester & Cheshire Life Sciences Fund	2,196	-
Total non-treasury investments	6,130	0.23%

Annex C

Prudential Indicators revisions to 2017/18 and 2018/19 - 2020/21

1. Background:

1.1 The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2. Estimates of Capital Expenditure:

2.1 The Authority's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure	2017/2018	2018/2019	2019/20	2020/21	Future years
	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Total	111.0	127.1	121.8	77.2	0.0

Source: Cheshire East Finance

2.2 Capital expenditure will be financed or funded as follows:

Capital Financing	2017/2018	2018/2019	2019/20	2020/21	Future years
	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Capital receipts	2.2	4.3	4.3	10.0	0.0
Government Grants	34.9	57.3	93.3	19.1	0.0
External Contributions	6.3	7.5	9.9	32.4	0.0
Revenue Contributions	0.5	2.7	0.0	0.0	0.0
Total Financing	43.9	71.8	107.5	61.5	0.0
Prudential Borrowing	67.1	55.3	14.3	15.7	-
Total Funding	67.1	55.3	14.3	15.7	0.0
Total Financing and Funding	111.0	127.1	121.8	77.2	0.0

Source: Cheshire East Finance

3. Estimates of Capital Financing Requirement:

3.1 The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

- 3.2 The CFR is forecast to rise over the next three years as capital expenditure financed by debt is outweighed by resources put aside for debt repayment.

Capital Financing Requirement	2017/2018 Estimate £m	2018/2019 Estimate £m	2019/2020 Estimate £m	2020/21 Estimate £m
Total	347	390	393	403

Source: Cheshire East Finance

4. Gross Debt and the Capital Financing Requirement:

- 4.1 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.

- 4.2 Total debt is expected to remain below the CFR during the forecast period.

Debt	31/03/18 Revised £m	31/03/19 Revised £m	31/03/20 Revised £m	31/03/21 Revised £m
Borrowing	183	240	270	318
Finance Leases	3	2	2	1
PFI Liabilities	24	23	22	22
Total Debt	210	265	294	341

Source: Cheshire East Finance

5. Authorised Limit and Operational Boundary for External Debt:

- 5.1 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.
- 5.2 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.
- 5.3 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).
- 5.4 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.
- 5.5 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.

	2017/2018 Estimate £m	2018/2019 Estimate £m	2019/2020 Estimate £m	2020/21 Estimate £m
Authorised Limit for Borrowing	360	400	405	415
Authorised Limit for Other Long- Term Liabilities	27	25	24	23
Authorised Limit for External Debt	387	425	429	438
Operational Boundary for Borrowing	350	390	395	405
Operational Boundary for Other Long-Term Liabilities	27	25	24	23
Operational Boundary for External Debt	377	415	419	428

Source: Cheshire East Finance

6. Ratio of Financing Costs to Net Revenue Stream:

6.1 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 net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2017/2018 Estimate %	2018/2019 Estimate %	2019/2020 Estimate %	2020/21 Estimate %
Total	3.24	3.91	4.70	5.36

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 £	2019/2020 Estimate £
Band D Council Tax	11.50	22.26	20.46

Source: Cheshire East Finance

8. Adoption of the CIPFA Treasury Management Code:

8.1 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.

Annex D - MRP Statement 2018/19

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be charged at 2% annuity rate over a 50 year period.

For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, as the principal repayment on an annuity rate of 2%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

(Option 3 in England and Wales)

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

Capital expenditure incurred during 2018/19 will not be subject to a MRP charge until 2019/20.

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Mark Palethorpe, Acting Executive Director of People
Subject/Title:	Update on Schools Funding and the Local Schools Funding Formula for 2018/19
Portfolio Holder:	Cllr Jos Saunders, Children and Families

1. Report Summary

- 1.1. This report provides an update for Cabinet Members on schools funding in Cheshire East.
- 1.2. It provides a summary of the announcements in relation to the National Funding Formula (NFF) for schools and their local impact.
- 1.3. It also details the process to determine the local schools funding formula for 2018/19. The formula is being submitted for approval by Cabinet following consideration of the options and a recommendation by the Cheshire East Schools Forum meeting on 7th December 2017.

2. Recommendation

- 2.1. This report asks Cabinet to consider and approve the proposed schools funding formula for 2018/19 following a recommendation by Schools Forum.
- 2.2. That Cabinet approve:
 - 2.2.1. The use of the existing Cheshire East schools funding formula.
 - 2.2.2. The allocation of the additional growth provided (£2.8m) using the basic per pupil element of the formula in the current ratios.
 - 2.2.3. The use of -1.5% as the minimum funding guarantee. Meaning that no school can lose more than 1.5% per annum excluding pupil number changes.
 - 2.2.4. The transfer of 0.5% of funding from the schools block to the high needs block to address pressures in that area and fund projects to achieve sustainability.
- 2.3. The recommendation to Cabinet is that we continue to use the current Cheshire East formula as this will protect our small and rural primary schools over the next two years. The schools finance team will monitor and challenge the plans from maintained schools to ensure they prepare for and manage implications of change when NFF is introduced.

3. Reasons for Recommendation

- 3.1. The annual review of the schools funding formula helps to address issues and pressures schools are experiencing. The formula needs to be considered and approved each year.

4. Other Options Considered

- 4.1. A sub group of the Schools Forum entitled the Schools Block Formula Working Group considered the issues.
- 4.2. As a result a series of local models were developed. They included:
 - The Cheshire East local formula.
 - Half way between Cheshire East formula and NFF.
 - A more gradual move to NFF (30%, 30% and 40% over three years).
 - The Cheshire East local formula but introducing the new NFF factors (around free school meals for example).
 - The NFF.

With three Minimum Funding Guarantee options for each one.

- 4.3. Formula Working Group and the Finance Team consulted with schools in November 2017 on the most suitable options.

5. Background

- 5.1. The Council receives Dedicated Schools Grant (DSG) funding as a ring-fenced grant to pay for education. This is received in blocks and local decisions are made over use of the blocks, transfers between them and the basis for allocation to schools.
- 5.2. The NFF announcements mean that each DSG block is determined through its own national funding formula.
- 5.3. Further details are provided below.

NATIONAL FUNDING FORMULA UPDATE

- 5.4. In September 2017 the Government released the final outcome of the consultation processes to introduce a NFF for schools, high needs and central schools services from 2018/19.
- 5.5. The announcement followed a two stage consultation process running to March 2016 and March 2017 respectively.
- 5.6. It covered figures for the above funding blocks and example data was provided at council and school level where appropriate. In headline terms, the following figures were published for Cheshire East Council and further commentary is provided for each block:

Cheshire East September 2017	2017/18 Baseline £m	NFF in full £m	Change £m	Change %
Schools Block	202.2	206.2	+4.0	+2.0%
High Needs block	33.5	33.8	+0.3	+1.1%
Central Schools Services Block	2.88	2.95	+0.07	2.4%

(The early years block already has a national funding formula and was not part of the Sept 2017 announcements)

- 5.7. These figures will be updated by the release of information for 2018/19 that takes account of the October 2017 pupil numbers and characteristics.

NFF - Schools Block

- 5.8. The September 2017 NFF headlines for the schools block were:

- An additional £2.8m of funding in 2018/19 for Cheshire East compared to 2017/18 followed by a further £1.2m in 2019/20 which is positive news.
- The introduction of minimum total per pupil funding levels:
 - o £3,300 Primary, £4,600 Secondary in 2018/19.
 - o £3,500 Primary, £4,800 Secondary in 2019/20.
- Greater flexibility over the minimum funding guarantee.
- The option to transfer funding to high needs.
- Little change to the NFF itself which continues to allocate additional funding for pupil characteristics by reducing the basic per pupil allocation.

- 5.9. The NFF will be used to determine total allocations to local authorities for 2018/19 and 2019/20. For those two years a local formula can still be used by local authorities to allocate funding to schools. From 2020/21 the NFF will be used by the DfE to determine funding at school level. It is expected that maintained schools will continue to receive funding via the local authority using the NFF. The exact details of NFF implementation have yet to be confirmed along with some aspects of the formula and further work is expected.

- 5.10. The second stage NFF consultation (December 2016 to March 2017) indicated a reduction in funding of -£4.1m (-2.1%) for Cheshire East schools therefore the announcement reflects an improved position as a result of additional funding being provided nationally.

- 5.11. Cheshire East was an outlier at stage 2 in terms of losing relatively more funding than councils in the standard comparator groups. This was a result of the NFF:

- Providing more funding to pupil characteristics such as deprivation (so areas of relatively low deprivation lost funding).
- Providing less as a basic per-pupil amount.
- Not taking account of the local top-up to the schools block from high needs and this being lost in a revised national allocation.

- 5.12. Stage 2 prompted a significant adverse reaction from councils and schools in many areas.
- 5.13. The Cheshire East response was that a reduction in the basic per pupil amount was acceptable, as long as it provided enough funding to run a school where no other funding was triggered, and that previous block transfers needed to be considered. Local representatives met with a minister to make these points.
- 5.14. The additional funding provided and minimum per pupil funding levels are recognition that the first point has been listened to by the Government. However, the final NFF formula has not changed significantly from stage 2 meaning Cheshire East remains an outlier when compared to other areas for the same reasons as above.
- 5.15. Significant variations in per pupil funding across the country remain in place reflecting the different characteristics of pupils in schools with more funding linked to vulnerability. As such it is still not clear that the original aims of having a single national formula have been met.

NFF - High Needs Block

- 5.16. The NFF for High Needs will determine how much funding the Council receives for students with special educational needs and disabilities and placed in special schools, with independent providers etc.
- 5.17. The stage 2 consultation set out a 7.5% reduction for the Council that was temporarily protected to no change. This has improved to an increase of 1.1% under the final NFF.
- 5.18. The specific issues raised by the Council under the stage 2 regarding the replacement of a formula regarded as unfair with one that has 50% based on historic spend have not been addressed in the latest announcements.
- 5.19. The High Needs Funding block is currently overspending due to increased demand hence Schools Forum has recommended a transfer of 0.5% from the Schools block to the High Needs block.
- 5.20. A number of projects are being taken forward to manage pressures in high needs including development of increased local provision and a review of the high needs allocation methodology through a sub group of Schools Forum.

NFF - Central Schools Services Block

- 5.21. The stage 2 NFF consultation set out similar figures for this block. It has been created to hold costs relating to historic commitments such as prudential borrowing, ICT and performance system costs and Education Services Grant funded functions.

DETERMINING THE LOCAL FUNDING FORMULA

- 5.22. As part of the annual budget setting process, the Schools Forum have considered options for the local formula through a sub group called Formula Working Group (FWG). The recommendation to Cabinet is that we continue to use the current Cheshire East formula as this will protect our small and rural primary schools over the next two years.

5.23. The FWG held three meetings on 11th October, 6th November and 21st November 2017.

5.24. They considered several issues:

- How to allocate the additional growth.
- What percentage should be used for the minimum funding guarantee.
- The changes between the current Cheshire East formula and the NFF and the options available.
- The option to transfer funding from the schools block to the high needs block.

5.25. The Council and FWG undertook a consultation exercise with all schools to seek their views on these issues. The consultation ran from Monday 13th November to Thursday 30th November.

5.26. Three formula options were consulted on:

- The Cheshire East Local Formula
- Half-way between the Local Formula and the NFF.
- The NFF.

5.27. A series of briefing events were held to help schools respond to the consultation. The meeting details were:

Date	Event
16/11/17	Governors' Forum
20/11/17	Primary Schools
21/11/17	Primary Schools
23/11/17	East Cheshire Association of Primary Heads
30/11/17	Cheshire East Association of Secondary Heads

5.28. The consultation received a 60% response rate from schools. The responses were checked to ensure that only one response per school was counted and any anonymous responses were disregarded. An analysis of the consultation results is summarised below:

Question	Percentage Vote
1. Use of the Age Weighted Pupil Unit (AWPU) to allocate additional funding	82.6% in favour
2. Use of -1.5% minimum funding guarantee	83.7% in favour
3. The funding formula model to be used	59.8% Current Local Formula 16.3% Half-way between current formula and NFF 22.8% NFF 1.1% Don't know
4. The transfer of 0.5% from schools to high needs	59.8% in favour

- 5.29. The results of the consultation and the FWG meetings were reported to the Schools Forum on 7th December 2017. They considered the issues raised and voted in accordance with the above results. Therefore, the current local formula with additional AWPU is being recommended to Cabinet for approval.
- 5.30. On receipt of the final DSG announcements and Cabinet approval of the local formula, the standard processes will operate to notify the DfE, Schools Forum and all schools of their budget levels by the end of February 2018.

Addressing Special Education Needs Spending Pressures

- 5.31. A key issue is the scope to transfer funding (up to 0.5%, equivalent to £1m, can be locally agreed) from the schools block to high needs. This is essential from the service provision perspective as increasing demand is causing the high needs block to significantly overspend. A £2.2m pressure is forecast for 2017/18.
- 5.32. This is continuing to use up the Council's DSG reserve and there are a number of projects being taken forward to help manage demand. This transfer would need to be agreed for 2018/19 and 2019/20. It is not clear what will happen beyond that in terms of block transfers.
- 5.33. This adjustment can be achieved without significant impact on individual school budgets due to the increase in overall funding.
- 5.34. Schools Forum agreed to this transfer taking place in 2018/19.

EARLY YEARS NATIONAL FUNDING FORMULA

- 5.35. When the national funding formula for Early Years was being introduced from April 2017, Cabinet considered a paper on 7th February 2017 and agreed a two year approach to the hourly rates for providers that aligned to the updated Government guidance. This included a set of rates for 2018/19 which included the average hourly rate of £4.09 from April 2018.
- 5.36. Given that the hourly rates were agreed by Cabinet it is not necessary to seek further approval at this stage and those rates will take effect from April 2018.

6. Wards Affected and Local Ward Members

- 6.1. All wards are affected by the changes to the schools' funding formula.

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. The Council is supporting the introduction of NFF over the medium term.

7.2. Legal Implications

- 7.2.1. The local authority currently receives funding for schools through the Dedicated Schools Grant. The local authority has the statutory responsibility under the Schools and Early Years Finance Regulations for allocating this

funding to schools and must consult with the Schools Forum to determine the individual schools budget for all schools in the area.

- 7.2.2. The local authority must also determine a local funding formula which is used to distribute the individual schools budget between local schools. The new national funding formula for schools and high needs will determine how much each local authority in England receives in future in the DSG and the local authority will still have the statutory responsibility for distributing this to individual schools in consultation with the Schools Forum.

7.3. Financial Implications

- 7.3.1. The schools funding formula is the mechanism through which the Dedicated Schools Grant schools block is provided to schools. The NFF arrangements mean that all schools block funding will be delegated except for the transfer to the High Needs Block of 0.5%.
- 7.3.2. The recommendation to approve the current local formula means that schools in the Borough are delaying the impact of reduced basic funding levels and therefore need to plan appropriately over the next two years for the introduction of NFF.
- 7.3.3. Finance will be working closely with maintained schools who will be expected to demonstrate how they are managing and preparing for the change.

7.4. Equality Implications

- 7.4.1. The Government NFF announcements include an equality statement. The local schools funding formula applies to all schools based on pupil characteristics. The NFF provides more funding to such characteristics so will help more vulnerable groups in due course.

7.5. Rural Community Implications

- 7.5.1. All maintained and academy schools in the Borough are affected by decisions over total funding levels and the local formula used to allocate it to schools.
- 7.5.2. The NFF introduces recognition and potential funding for remote schools meeting certain criteria. However, those schools may lose funding if the pupils are from areas that are less deprived than elsewhere.
- 7.5.3. A workshop is being set up with small and rural schools to discuss the challenges they face and develop a plan for supporting those schools through the changes.

7.6. Human Resources Implications

- 7.6.1. Changes to funding levels may result in staffing changes at schools requiring HR support. Each school will need to consider the impact of using the existing local formula as opposed to NFF on their three year financial plans and review their staffing establishment accordingly.

7.7. Health and Wellbeing Implications

7.7.1. N/A

7.8. Implications for Children and Young People

7.8.1. All maintained and academy schools in the Borough are affected by decisions over funding levels and the local formula to allocate funding.

7.9. Overview and Scrutiny Committee Implications

7.9.1. N/A.

7.10. Other Implications (Please Specify)

7.10.1. N/A

8. Risk Management

8.1. Prompt agreement of the local allocation formula allows schools to receive their budget allocations in advance of the financial year. They can ensure their expenditure plans are in line with their available budget.

9. Access to Information

9.1. Cabinet papers are available at:

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieDocHome.aspx?bcr=1>

9.2. Schools Forum papers for 2017 are held at:

<http://www.cheshireeast.gov.uk/schoolsforum>

10. Contact Information

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2017
Report of:	Frank Jordan, Executive Director of Place Mark Palethorpe, Acting Executive Director of People
Subject/Title:	Sustainable Modes of Travel to Schools (SMOTS) Strategy
Portfolio Holder:	Cllr Don Stockton, Environment Cllr Jos Saunders, Children and Families

1. Report Summary

- 1.1 Travel to schools within Cheshire East is an essential aspect of daily life. The Council is working to promote more physical activity, improve our environment and create safer and more vibrant communities. This approach is underpinned by the Council's corporate objectives and our commitment to improve quality of place. This report summarises progress on producing a new Sustainable Modes of Travel to School (SMOTS) strategy which will provide a framework to support schools when they are implementing their School Travel Plans.
- 1.2 The Council recognise that to achieve an increase in sustainable travel to school there needs to be coordinated action by a wide range of stakeholders. School communities are best placed to identify those particular measures which will enable more sustainable journeys to their location. Schools will be encouraged to update their School Travel Plans and implement appropriate measures. The Council and our delivery partners will, in turn, provide a range of advice and resources to schools undertaking to update and implement School Travel Plans.
- 1.3 During 2017, an evidence base relating to sustainable travel to schools has been compiled through conducting surveys to understand:
 - Current travel patterns to schools in the Borough
 - The views of parents regarding sustainable travel to school
 - The implementation of School Travel Plans by individual schools
- 1.4 A draft SMOTS strategy (see Appendix 1) has been prepared which identifies travel patterns and the barriers to uptake of sustainable travel for these journeys. The evidence base has aided identification of

opportunities to address a range of barriers, which can further increase the number of children using sustainable modes to travel to school.

- 1.5 A range of measures are already being implemented by the Council and partners to improve options for walking, cycling, public transport and travel by car. These include improving walking and cycling routes, training in road safety, Bikeability and personal safety, and travel information.
- 1.6 In addition to these existing measures, the draft SMOTS strategy sets out a range of new measures including:
- Funding the provision of the Modeshift STARS online system (approximately £1,000 per annum) to enable schools to efficiently update and implement School Travel Plans. Modeshift STARS has been established with funding from the Department for Transport to provide a national framework and supporting resources for use by schools.
 - Officer resource to promote and administer the Modeshift STARS system, in addition to providing more bespoke advice to schools in instances where the STARS system does not answer a specific query.
 - The SMOTS supports the previous recommendation approved by Cabinet on 10th October 2017 to 'allocate resources and funding from the 2018/19 Local Transport Plan (LTP) budget to support a Safer Routes to Schools programme and review this for subsequent years'. This would provide infrastructure to underpin implementation of recently updated School Travel Plans.
- 1.7 As part of the Council's updated LTP, a Safer Routes to School Programme will be developed to implement a range of capital measures to provide safer routes to school. Examples of the types of schemes in the vicinity of schools which could be funded are outlined below:
- Improvements to walking and cycling routes such as footpath or cycleway improvements;
 - New access points to schools sites which give more convenient and safer access for pedestrian and cyclists;
 - Improved or new safe crossing points on routes to schools;
 - Small scale traffic management schemes e.g. lining, signing and traffic calming;
 - Improvements to parking in the vicinity of schools to provide a safer highway environment.
- 1.8 Schools with up-to-date School Travel Plans which can evidence the need for local infrastructure measures will be invited to submit requests for capital funding through the LTP programme. An annual Safer Routes to

School Programme will comprise schemes which are requested by schools and are prioritised through the following two-stage appraisal process.

Stage One

Stage one of the assessment will screen scheme requests against the following criteria, which is consistent with the approach developed for the updated Local Transport Plan:

- **Deliverability** – are schemes deliverable in terms of timescales, taking account of planning, consents, 3rd party issues etc?
- **Feasibility** – are schemes feasible in terms of physical constraints and design?
- **Value-for-money** – will schemes deliver high levels of benefits relative to scheme costs?

Stage Two

Stage Two will assess how proposed schemes meet the following criteria:

Criteria	Description
Mode shift	The scheme must encourage and enable pupils to travel sustainably to and from school, leading to a reduced reliance on travel by car.
Safer routes	The scheme must improve safety on routes in the vicinity of schools.
Wider commitment to sustainable travel	Schemes should be an integral part of delivering the school's wider commitment to encouraging sustainable travel. Each school submitting an application should have a current School Travel Plan (reviewed and updated within the previous 12 month period). The quality of the School Travel Plan and the capacity of the school to implement proposed measures will be considered.
Strategic fit	The proposed scheme must fit with the wider transport policies adopted by the Council, including the 'Education Travel Policy' and the 'Sustainable Modes of Travel to Schools' Strategy.

- 2.1 Subject to approval, the draft SMOTS strategy would go to consultation commencing in early 2018, in parallel with Local Transport Plan consultation. A proposed Feedback Form has been drafted as a basis for this consultation (Appendix 2). The outcomes of the consultation will inform the finalised SMOTS, which is expected to be reported to Cabinet in Summer 2018.

2. Recommendations

It is recommended that the Cabinet

- 1) Approves the draft Sustainable Modes of Travel to Schools strategy (Appendix 1).
- 2) Notes the costs associated with implementation of the strategy will be outlined in detail when the final strategy is presented to Cabinet for approval.
- 3) Agrees that a borough-wide public consultation takes place seeking views on the draft SMOTS Strategy, with the decision on all final consultation materials being delegated to the Executive Director of Place in consultation with the Executive Director for People.
- 4) Notes that the outcomes of the consultation and any resultant changes to the draft Strategy will be reported to and approved by Cabinet in due course.

3. Reasons for Recommendation

- 3.1. Cheshire East is committed to encouraging more sustainable travel to and from schools. This supports healthier and more active lifestyles for school communities, whilst also reducing congestion on local roads around schools, with associated improvements in air quality, road safety and residential areas surrounding schools.
- 3.2. Under the Education and Inspections Act 1996, Cheshire East Council has a legal duty to:
 - Assess the travel and transport needs of children, and young people within the authority's area;
 - Audit the sustainable travel and transport infrastructure within the authority's area that may be used when travelling to and from, or between schools/institutions;
 - Develop a strategy to improve the sustainable travel and transport infrastructure within the authority so that the travel and transport needs of children and young people are best catered for;
 - Promote sustainable travel and transport modes on the journey to, from, and between schools and other institutions; and
 - Publish a Sustainable Modes of Travel to School strategy.
- 3.3. The production and implementation of this draft SMOTS will discharge the Council's legal duties in this respect.

4. Other Options Considered

- 4.1. As the SMOTS strategy is a statutory document, no options other than to develop the strategy were considered. The approach adopted is considered to be a proportionate means of fulfilling this requirement.
- 4.2. An alternative approach of supporting schools to update and implement School Travel Plans has been considered. This option consisted of not funding the Modeshift STARS online system and utilising more officer resource to support schools to update and implement School Travel Plans. This option was not pursued due to Modeshift STARS offering a cost effective option which provides a good level of service to schools.

5. Background

- 5.1. The 2010/11 School Census reveals that 21% of high school pupils are driven to school, with the figure for primary schools, which are principally in residential areas, being significantly higher at 45%. Since this Census a number of issues have been highlighted including the impacts of parking around schools owing to the pressure it places on communities, residents and the local highway infrastructure.
- 5.2. The Corporate Overview and Scrutiny Committee set up a Task and Finish Group to review Safer Parking for Communities around Schools in November 2015. The Group's remit was to review the approach to safer parking for communities and identify initiatives the Council could consider to improve the outcomes for local communities around schools.
- 5.3. The Group's findings and recommendations were presented to Cabinet on 11 July 2017. This SMOTS strategy provides a complementary framework for these recommendations whilst also discharging the Council's obligations under the Education and Inspections Act 1996 to publish a SMOTS strategy.
- 5.4. The current Local Transport Plan is in the process of being updated and this SMOTS strategy has been developed in parallel with the new Local Transport Plan 4 to ensure alignment across these strategies.

6. Wards Affected and Local Ward Members

- 6.1. All Wards in Cheshire East

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. Producing the SMOTS will ensure that the Council discharges obligations under the Education and Inspections Act 1996 to publish and implement a SMOTS.

- 7.1.2. Development of the draft SMOTS has been undertaken to ensure there is a consistent policy-fit with all relevant adopted and emerging policies including the Compulsory School Age Education Travel Policy, Local Transport Plan 4 and car parking strategy.

7.2. Legal Implications

- 7.2.1. As noted in the report, the Council is required under section 508A of the Education and Inspections Act 1996 to produce and implement a SMOTS.
- 7.2.2. The report refers to the draft SMOTS strategy going out to consultation. There is no statutory duty to consult on proposals to change the way in which a local authority carries out its duties but there is an expectation enshrined in case law that any local authority making decisions affecting the public will do so fairly and in a way that cannot be said to be an abuse of power.
- 7.2.3. It is therefore important to test the fairness of the Council's approach by way of consultation on any changes which would have the effect of withdrawing existing benefits or advantages available to its residents. Such consultation should involve those directly affected by such changes together with the relevant representative groups. The responses to the consultation will need to be conscientiously taken into account when Cabinet makes any future decisions.
- 7.2.4. It should be noted that breach of a duty to consult would risk the Council being subjected to legal challenge by way of judicial review.
- 7.2.5. Any Consultation must be conducted with adherence to the following:
- (a) the consultation must take place at a time when the proposals are still at a formative stage;
 - (b) the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response;
 - (c) adequate time must be given for consideration and response;
 - (d) the product of the consultation must be conscientiously taken into account in finalising the proposals.

7.3. Financial Implications

- 7.3.1. It is proposed that budget allocations are made as part of each annual Local Transport Plan delivery programme, with resources to support the implementation of the SMOTS.
- 7.3.2. Funding for the provision of the Modeshift STARS online system is estimated to require approximately £1,000 per annum, to assist schools in efficiently updating and implementing School Travel Plans. This will be funded from the Council's Strategic Infrastructure revenue budget.

7.4. Equality Implications

7.4.1. An Equalities Impact Assessment (EqIA) has been prepared (Appendix 3) to ensure that the needs and impacts on all residents are understood, especially individuals or groups at risk as a result of health, age, gender, race or lifestyle. The EqIA is an evolving document and will be updated following public consultation.

7.5. Rural Community Implications

7.5.1. 57% of the Cheshire East highway network is classed as rural, serving over half of our population. The quality and availability of the rural transport network is vital to the wellbeing and life chances of residents in these rural areas. Support will be offered to all schools across the Borough in both rural and urban locations.

7.5.2. Rural schools often present particular challenges associated with rural highway networks such as limited provision of footpaths. These issues will need to be assessed in School Travel Plans with measures proposed to improve routes where feasible.

7.5.3. The approach outlined above will be further strengthened by work conducted as part of developing a refreshed Local Transport Plan 4 which will include consideration of transport issues in rural areas throughout the Borough. This is aided by the place-based approach to the updated Local Transport Plan process, so that the emphasis afforded to rural issues can reflect the diverse nature of different parts of Cheshire East.

7.6. Human Resources Implications

7.6.1. None

7.7. Health and Wellbeing Implications

7.7.1. The SMOTS and Local Transport Plan considers the impact of transport on issues affecting public health, most notably Air Quality and the contribution that Active Travel – walking and cycling – can make to health and wellbeing.

7.7.2. Walking and cycling to and from school helps children achieve the recommended government targets of physical activity. Successful initiatives to increase activity rates for walking and cycling to school are expected to make a meaningful contribution to reducing childhood obesity and other health conditions.

7.8. Implications for Children and Young People

7.8.1 Specific transport issues relating to children and young people are incorporated into the updated SMOTS document. Increasing the number of children using sustainable modes of travel should result in a

reduction in vehicle emissions, an improvement to local air quality, and improved road safety.

The increase in children undertaking active travel on a daily basis will improve health and wellbeing, and could result in increased educational attainment.

7.9. Overview and Scrutiny Committee Implications

7.9.1. As noted above the Corporate Overview and Scrutiny Committee set up a Task and Finish Group to review Safer Parking for Communities around Schools in November 2015. The Group's remit was to review the approach to safer parking for communities and identify initiatives the Council could consider to improve the outcomes for local communities around schools. The Group's findings and recommendations were presented to Cabinet in July 2017. The draft SMOTS provides a complementary framework for these recommendations.

7.9.2. A draft Sustainable Modes of Travel to Schools strategy was reported to the Children and Young People Overview and Scrutiny Committee meeting on 27th November 2017. The committee's comments on the approach have informed the version of the pre-consultation strategy which accompanies this report.

7.10. Other Implications (Please Specify)

7.10.1. None

8. Risk Management

8.1. Production of the draft SMOTS strategy is being governed by the Education Travel Project Board and the Local Transport Plan Project Board, with key issues and decisions taken in these forums. A risk register is maintained for the project detailing key risks and mitigation measures.

8.2. The subsequent Safer Routes to School Programme will report to the Strategic Infrastructure Programme Board, chaired by the Director of Infrastructure and Highways to ensure appropriate project governance and strategic direction.

9. Access to Information

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

10. Contact Information

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Appendices to the report:

- 1) Sustainable Modes of Travel to Schools strategy (Draft for consultation)
- 2) Consultation Feedback Form
- 3) Equalities Impact Assessment

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Sustainable Modes of Travel to School Strategy

January 2018

Sustainable Modes of Travel to School Strategy

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Foreword

Travel to schools within Cheshire East is a fundamental part of daily life and alternatives are available for many journeys, including walking, scooting, cycling, public transport and car sharing. We know that walking and cycling are good for our physical and mental health and Cheshire East is working to promote more physical activity, helping to create stronger, healthier and more vibrant communities.

Simple measures to build activity into daily routines can help combat increasing levels of obesity in children. Cheshire East Council is encouraging more sustainable travel to schools. This supports healthier and more active lifestyles for staff, students and parents, whilst also reducing congestion on local roads around schools with associated improvements in air quality and road safety.

We are therefore delighted to introduce Cheshire East's 'Sustainable Modes of Travel to School Strategy'.

This document sets out the measures Cheshire East Council and partners could bring forward to achieve an increase in sustainable travel. We, together with the schools and other delivery partners, will work together to implement measures that will provide opportunities for sustainable travel to school. We have a plan in place to deliver these actions and are pleased to confirm funding and support to help implement this strategy.

Overall, we believe that for those schools that are able to work with us to implement this strategy, we can achieve benefits for all members of both school and neighbouring residential communities.

Councillor Jos Saunders, Children and Families Portfolio Holder
Councillor Don Stockton, Environment Portfolio Holder

1

Introduction

Cheshire East Council (CEC) is committed to encouraging more sustainable travel to and from schools. This strategy establishes a framework which supports schools, pupils and parents/carers to travel more sustainably for the journey to school. It will enable healthier and more active lifestyles for staff, students and parents/carers, whilst reducing congestion on local roads around schools with associated improvements in air quality and road safety.

This strategy can make a contribution to the achievement of key outcomes the Council are working towards as set out in the Corporate Plan, namely:

- Our local communities are strong and supportive
- People have the life skills and education they need in order to thrive
- Cheshire East is a green and sustainable place

Cheshire East Council also recognises that the quality of our built and natural environment and its interaction with our residents plays a key role in providing good quality of life in the Borough. Providing options to travel sustainably to schools can contribute to improving 'Quality of Place', both through offering high quality infrastructure and also addressing environmental issues associated with motorised traffic.

We recognise that walking and cycling are good for our physical and mental health. Walking and cycling to school helps children achieve recommended government targets of physical activity. Physically active children can be more alert and ready to learn than children who are driven to school.

This strategy sets out how the Council in collaboration with key partners will support delivery of the key outcomes outlined above. Cheshire East Council, in conjunction with a range of partners, already provides a range of initiatives to enable and encourage sustainable travel to and from schools. We aim to continue to offer this support and a range of new measures, resources and funding to schools, and ultimately enable more sustainable journeys to schools.

2

Legislation and Policy Framework

2.1 Key Policies and Strategies

There are a range of national and local policies and strategies which inform this Sustainable Modes of Travel to School strategy. These are referenced below, with further detail available in Appendix B.

2.1.1 Sustainable Travel

The government is committed to promoting sustainable travel, as outlined in the '*Sustainable Schools Alliance*' (2006) and the *Department for Transport 'Cycling and Walking Investment Strategy'* (2017) which aims to provide support and set targets for schools regarding sustainability. Both policies provide a framework to improve the number of people using sustainable modes and identify the importance of providing support to schools in order to achieve this.

The importance of sustainable travel is identified in a range of local policies and guidance produced by CEC. The key policies related to sustainable travel include the emerging '*Local Transport Plan*', the '*Cycling Strategy 2017-2027*' (2017) and the '*Corporate Plan*' (2017).

These policies set out the overall vision and approach to delivering improvements to sustainable travel in Cheshire East, alongside a framework to prioritise and deliver improvements.

2.1.2 Public Health and Wellbeing

The Government has produced a range of policies and guidance identifying the importance of public health and wellbeing. The key policies and strategies include the Public Health England '*Everybody Active, Every Day*' strategy (2014) and '*Active Travel – A briefing for local authorities*' (2016).

The benefits of increasing physical activity through active travel are outlined and how people can be encouraged to increase their use of active travel modes (i.e. walking and/or cycling).

At a local level, CEC has produced a '*Joint Health and Wellbeing Strategy for the Population of Cheshire East 2014 – 2017*' (2014). This provides an overarching framework that will influence the commissioning plans of the local NHS, the Council and other organisations in Cheshire East.

2.1.3 Local Authority Education Travel Duty

Local authorities have a duty to promote sustainable travel and make transport arrangements for all 'eligible children'. This is further identified in the '*Home to School Travel and Transport Guidance 2014*'.

CEC identify their responsibility to adhere to this guidance in the emerging '*Compulsory School Age Education Travel Policy*' which sets out how CEC can assist children of statutory school age with travel between home and school.



There are a number of key requirements on Local Authorities which apply to education travel and sustainable travel. Further information regarding current legalisation and policies can be found in Appendix B.

2.2 Legislative Framework

Section 508A of the *'Education and Inspections Act 1996'* *"places a general duty on local authorities to promote the use of sustainable travel and transport. The duty applies to children and young people of compulsory school age who travel to receive education or training in a local authority's area. The duty relates to journeys to and from institutions where education or training is delivered."*¹

Under the Education and Inspections Act 1996, Cheshire East Council also has a legal duty to:

- Assess the travel and transport needs of children, and young people within the authority's area;
- Audit the sustainable travel and transport infrastructure within the authority's area that may be used when travelling to and from, or between schools/institutions;
- Develop a strategy to improve the sustainable travel and transport infrastructure within the authority so that the travel and transport needs of children and young people are best catered for;
- Promote sustainable travel and transport modes on the journey to, from, and between schools and other institutions; and
- Publish a 'Sustainable Modes of Travel to School' (SMOTS) Strategy.

Local Authorities also have a duty to provide travel assistance to 'eligible children' travelling to and from school. To qualify as an 'eligible child', the child must satisfy the criteria outlined in the *'Education and Inspections Act 2006'* which is further outlined in Appendix B.

¹ Department for Education, 2014. Home to school travel and transport statutory guidance. <https://www.gov.uk/government/publications/home-to-school-travel-and-transport-guidance>

3

Baseline Data and Analysis**3.1 Current Status of School Travel Plans in Cheshire East**

A Travel Plan is a document which sets out the measures and initiatives a school or college (for the remainder of the document referred to as schools) will use to reduce car journeys and promote other ways of getting to school in safer, healthier and more environmentally sustainable ways. Successful Travel Plans will be supported by the educational community (pupils/students, teachers, parents/carers, governors and support staff), the local community and the local authority. To be effective, a Travel Plan should be monitored regularly and at least on a yearly basis.

As of March 2010, all primary, secondary and special educational needs schools in Cheshire East had completed a Travel Plan. CEC recently conducted online Travel Plan surveys with schools in Cheshire East. The results were then collected and analysed by CEC.

The number of returned responses to the survey (38%) gives an indication of the current state of travel plans within an education context; however, a significant number of schools did not respond to the survey. Although the returned data was limited, the surveys demonstrated that not all schools are regularly updating their Travel Plans. CEC will continue to encourage all schools to continually review and refresh their Travel Plans and policies.

A review of a sample of Travel Plans was undertaken. The review identified that each school has typically defined a list of specific improvements required to encourage more frequent sustainable travel and improve access to the school.

3.1.1 Primary Schools**(a) Current Travel Plan Compliance**

Of the 49 primary schools who responded to the survey, 16 have a Travel Plan in place (33%). Three of these reported they had undertaken a review of their Travel Plan within the last 12 months, while 13 had not done so for over one year. Of those primary schools with a Travel Plan in place, six reported they have a School Travel Plan Co-ordinator.

(b) Travel Plan Concerns

The review identified that similar concerns for not travelling to school through sustainable modes were recorded at the majority schools. These include:

- Cars parking on both sides of the road outside the school, limiting visibility for pedestrians;
- Inappropriate vehicle speeds outside school and in the surrounding area; and
- Limited footpaths on non-designated available walking routes to school.



3.1.2 Secondary Schools

(a) Current Travel Plan Compliance

Of the six secondary schools who responded to the survey, three have a Travel Plan in place (50%). One of the schools reported they had undertaken a review of their Travel Plan within the last 3-6 months, while the remaining two had not done so for over a year. One school reported that they have a School Travel Plan Co-ordinator.

(b) Travel Plan Concerns

The review identified that the reasons for not using sustainable modes of travel to school were consistent with those identified by primary schools. These include:

- Cars parking on both sides of the road outside the school, limiting visibility for pedestrians;
- Inappropriate vehicle speeds and traffic volumes outside school and in the surrounding area; and
- Limited footpaths on non-designated available walking routes to school.

3.1.3 Further Education Colleges

(a) Current Travel Plan Compliance

One further education college responded to the survey. It reported that it has a Travel Plan in place, as well as a Travel Plan Co-ordinator. A review of their Travel Plan was last undertaken within the last 3-6 months.

(b) Travel Plan Concerns

Following a review of the further education college Travel Plan, the following concerns were identified as reasons for not travelling by sustainable modes:

- Lack of suitable, secure cycle parking spaces; and
- Timetable of college bus services not compliant with course timetables.

3.2 Current Travel Patterns

3.2.1 Introduction

To increase the uptake of sustainable modes of travel for the journey to school, it is important to undertake an assessment of current school travel patterns. This will be used to inform future schemes and initiatives to ensure that they are correctly and efficiently targeted. CEC recently conducted Mode of Travel surveys for a sample of schools in Cheshire East. A review of the data has been undertaken below, including a comparison to the 2011 Census data for primary and secondary schools. A comparison could not be completed for further education colleges as this data was not recorded in the 2011 census.

Safer Routes to Schools surveys have also been undertaken and completed by pupils and parents/carers at primary schools, secondary schools and further education colleges. The surveys were designed to identify any barriers to the uptake of sustainable travel.

The number of responses received from the surveys undertaken in 2017 are listed below.

- CEC Primary Schools – 681 responses from 124 primary schools;
- CEC Secondary Schools – 726 responses from 24 secondary schools; and
- CEC Further Education Colleges – 39 responses from 17 further education colleges.

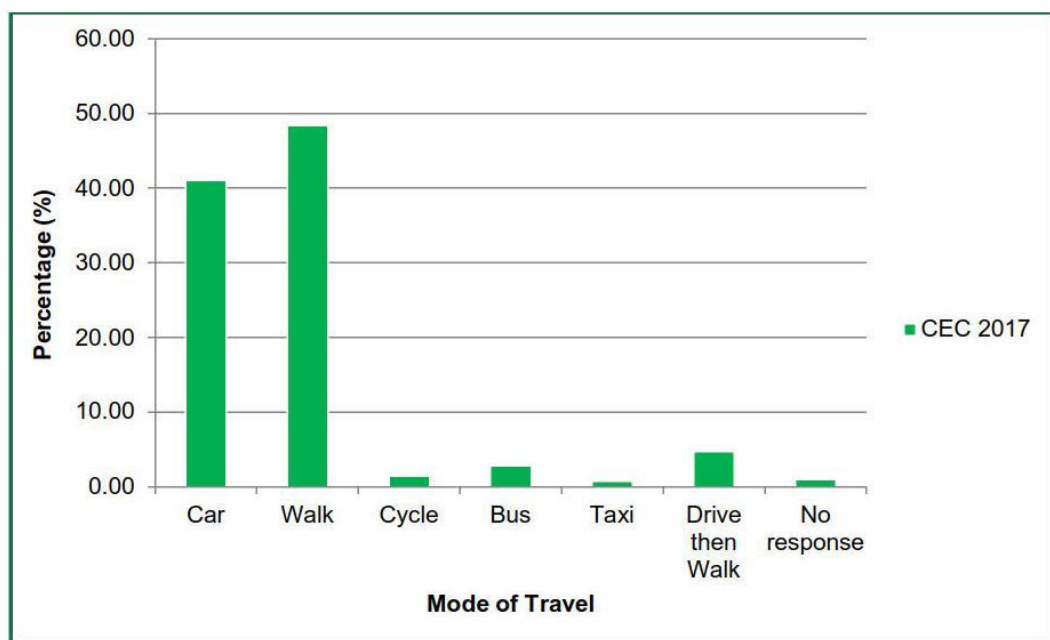
The number of returned responses gives an indication of the current travel patterns; however, a significant number of parents/carers and pupils/students did not respond to the survey.

Data from Cheshire East has been assessed to determine any patterns in travel behaviour over time. It is however recognised that different methodologies have been used over time (2011 and 2017) and between datasets (CEC and National Travel Survey 2016) and so no direct comparison is fully appropriate. In addition, the surveys in Cheshire East are more likely to have been completed by parents/carers that have a greater awareness of travel issues for their children and so this may impact on the results. Therefore, patterns in travel behaviour can be identified however caution should be exercised when comparing the data sets.

3.2.2 Primary Schools

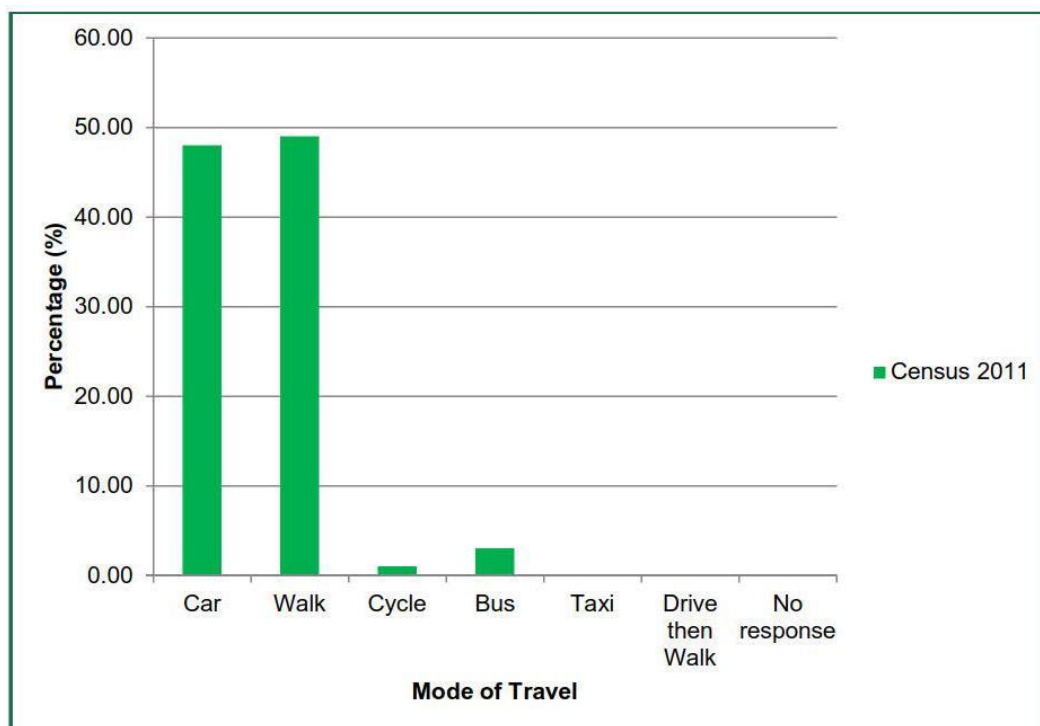
Cheshire East's school travel modal split (Figure 3-A) identifies that almost 50% of primary age children walk to school and just over 40% travel by car. This is the reverse of the 2016 National Travel Survey (NTS) data, which has higher car use (56%) than walking (38%). This in part can be explained by the different methodologies (NTS includes children up to 16 years). Travel by bus is lower than the NTS data, however other options such as 'drive and stride' are popular in Cheshire East at 5%.

Figure 3-A Primary School Mode of Travel Patterns – 2017



Cheshire East's school travel modal split has also been compared with the percentage of pupils recorded in the 2011 national school census (Figure 3-B) (noting the differing methodologies). It was identified that the percentage of pupils driven to school has decreased significantly from 2011 to 2017. However, the percentage of pupils that are driven part of the route and then walk the remaining distance to school has increased. The other modes of travel that were included in the national census do not indicate a significant change over the period. As noted previously, due to survey methodological differences, undue prominence should not be placed on direct comparisons between 2011 and 2017 surveys.

Figure 3-B Primary School Mode of Travel Patterns – 2011



The trends above can be further understood by considering the reasons why pupils travel to and from school by car, in favour of more sustainable methods of travel, such as walking, cycling and public transport.

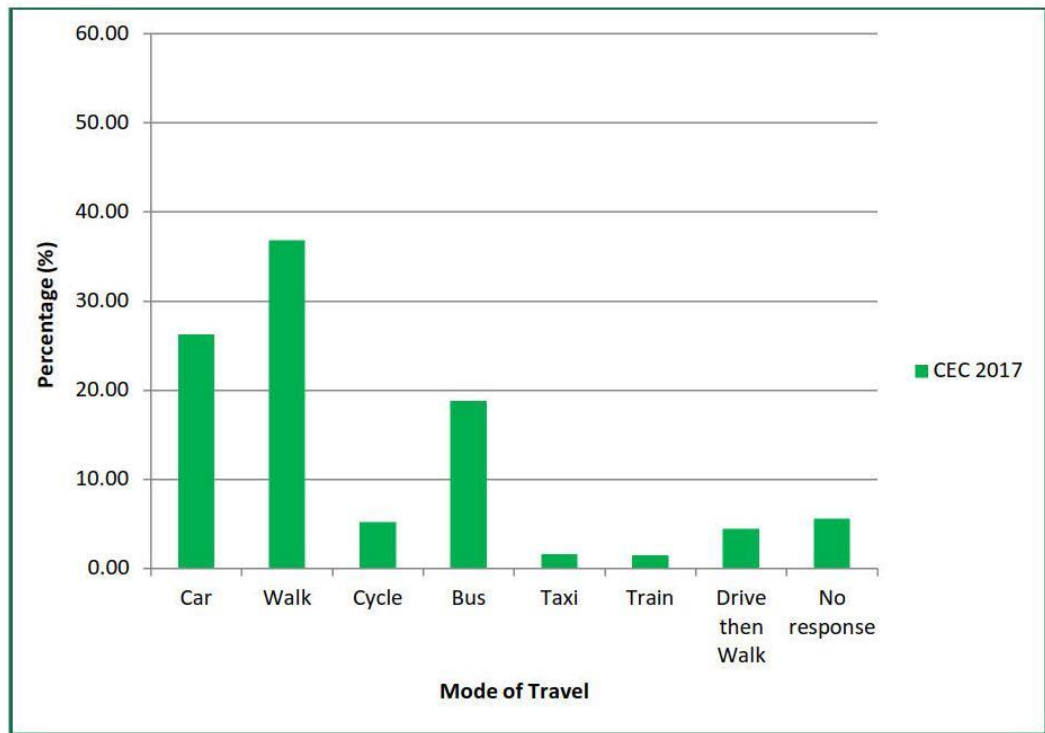
Analysis shows that 44% of respondents who drove their children to school did so due to the distance required to travel to school. To address distance as being one of the main considerations for driving, a number of options are available to encourage more sustainable journeys. Firstly, 'park and stride' schemes could be encouraged to increase walking to school, and reduce the number using the car to travel the whole distance to school. Encouraging car share schemes and bus travel would also reduce the number of cars travelling to schools.

57% of pupils travel less than one mile to school, which is considered to be a suitable distance to walk or cycle. A common issue reported as preventing sustainable travel includes safety concerns associated with walking and cycling. In order to address this, the Council aims to improve the safety of routes where appropriate, so as to further encourage pupils walking and cycling alongside their parents/carers, or as a group.

3.2.3 Secondary Schools

A review of Cheshire East's secondary school travel modal split (Figure 3-C), has a low car modal split (26%), particularly if compared to the national statistics (56%). Whilst the percentage of those walking is broadly similar to national figures, cycle and bus usage are higher than may be expected, noting the different methodologies.

Figure 3-C Secondary School Mode of Travel Patterns – 2017

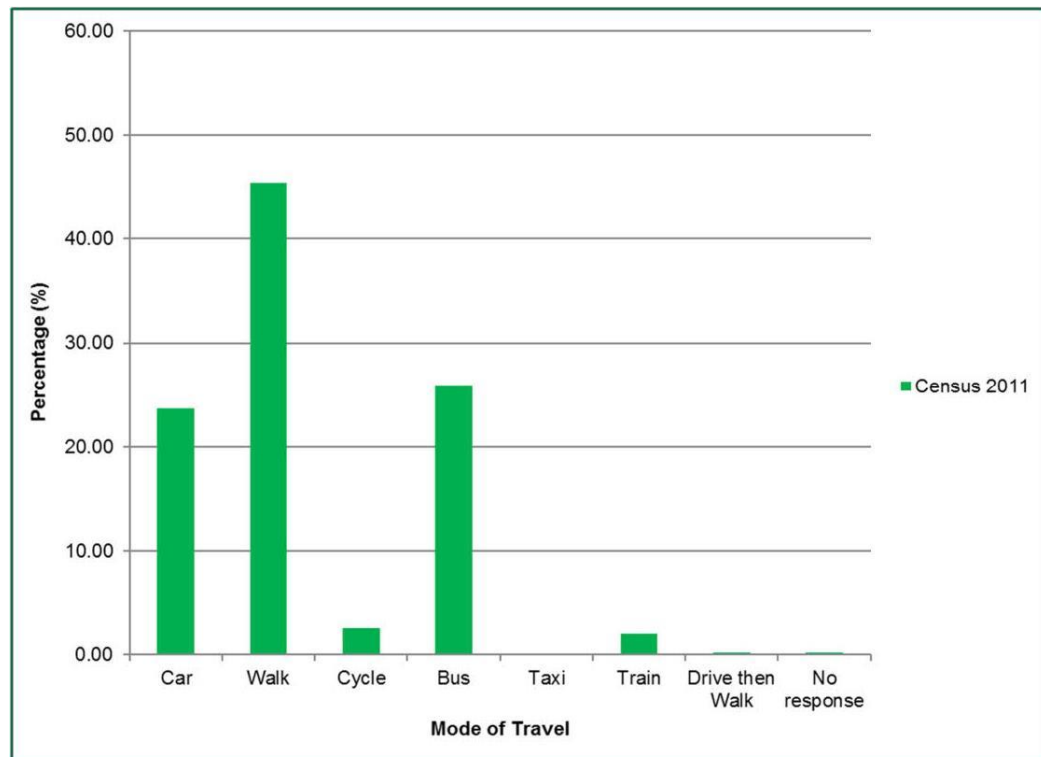


Cheshire East's school travel modal split has been compared with the percentage of students recorded in the 2011 national census (



Figure 3-D), again noting the different methodologies. It was identified that the percentage of children using the bus and walking to school has decreased between 2011 and 2017. The percentage of pupils that are driven to school is approximately similar to 2011 data but more pupils are reported to be driven part of the route and then walk the remaining distance to school. The number of students that cycle to school has also increased between 2011 and 2017, suggesting some modal shift to cycling.

Figure 3-D Secondary School Mode of Travel Patterns – 2011



The trends shown above can be further understood by considering the reasons why pupils travel to and from school by car, rather than sustainable methods of travel, such as walking, cycling and public transport.

The survey indicates that 55% of parents/carers who dropped their children off at secondary school did so due to the distance travelled. In order to address this reliance on the car for secondary school travel, the Council will consider a number of opportunities to improve sustainable and public transport modes of travel to school that are suitable for long distances, such as bus or train. The Council will also encourage schools to develop car share schemes for parents/carers.

A common issue identified was safety concerns associated with walking or cycling to school. In order to address this, the Council plans to maintain and implement safer routes where appropriate that can be walked and/or cycled by pupils either on their own, or as part of a group. Between 2011 and 2017, cycling has almost doubled in popularity, noting methodology differences in the surveys. The Council aims to further increase cycling in the borough, in line with its Cycling Strategy.

3.2.4 Further Education

Cheshire East's further education modal split (Figure 3-E) suggests very different trends to those identified in national statistics. However, it is important to note that only one further education college responded to the survey, which is likely to have influenced the results, as well as the different methodologies used. Data for Cheshire East suggests a lower car modal share (34%) and much higher bus usage (39%) than the national averages, which are 56% and 6% respectively. However, there is a lower percentage of people walking to school (18%) compared to the national average (37%), which shows scope for improvement.

Figure 3-E Further Education Mode of Travel Patterns – 2017

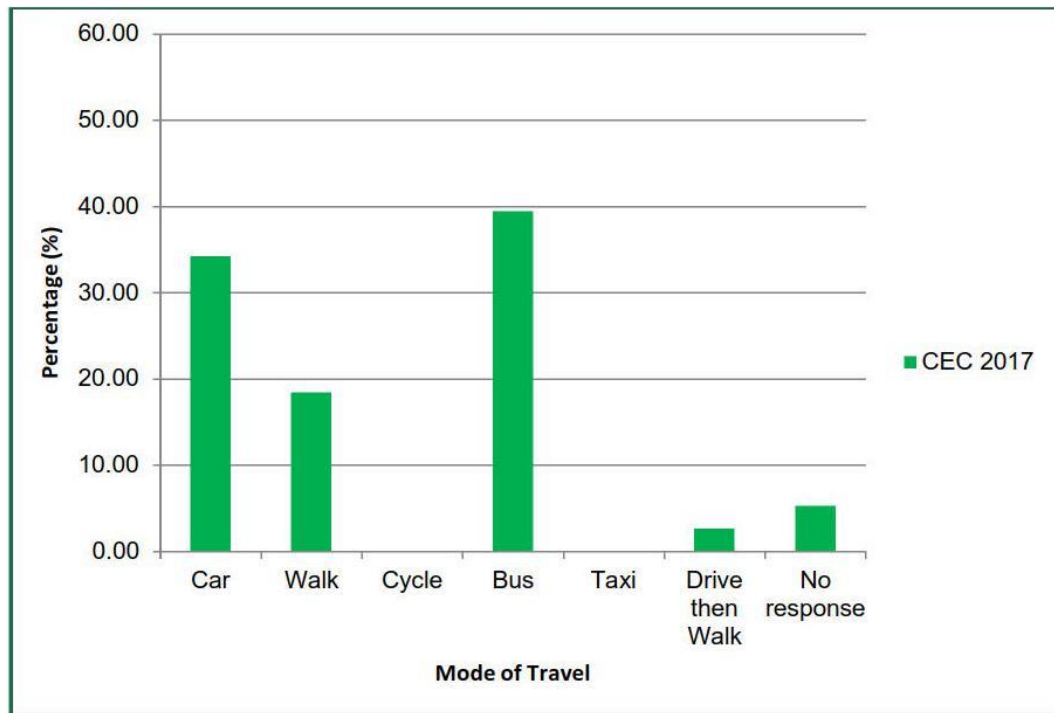
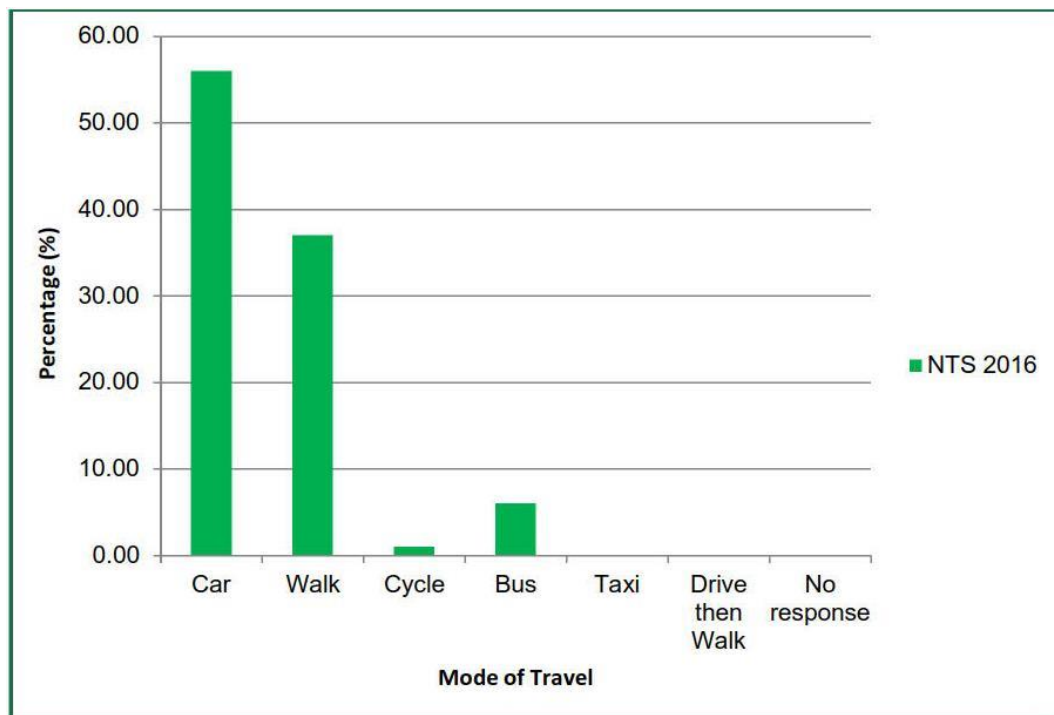


Figure 3-F Further Education Mode of Travel Patterns – 2016



Survey results show that 61% of respondents thought that it was too far to walk to college, and therefore chose modes such as driving or bus. Public transport usage could be further encouraged, including travel by train, where this is a viable option.

It was identified that 33% of respondents who travel to college by car did so as they have perceived safety concerns associated with walking or cycling. Where appropriate, the Council aims to maintain and improve routes in order to improve safety and encourage walking and cycling.

4

Measures

4.1 Introduction

The review of the survey data clearly identifies opportunities to address a range of barriers to further increase the number of children using sustainable modes to travel to school.

Cheshire East Council plans to work collaboratively with schools and delivery partners to address these barriers with key measures outlined below.

4.2 Walking

Walking is environmentally friendly, cost-effective and sustainable. CEC is keen to encourage and increase the number of young people walking to and from school and college.

4.2.1 Walking Routes

CEC intends to continue to identify potential improvements to walking infrastructure which will increase the safety, and the perception of safety, of routes to school.

Recent examples of improvements to the walking infrastructure in Cheshire East include:

- Rope Lane Pedestrian Crossing Installation – The scheme was implemented in October 2016 and included the installation of a new pedestrian crossing and improvements to the surrounding footways. The crossing gives pupils from the nearby Shavington Academy a safe place to cross when walking to and from school.
- Brooklands Avenue/Crewe Road Signal Junction Refurbishment – The scheme was implemented in March 2017 and included improved pedestrian crossing facilities. These measures assist pupils on their journey to and from the nearby Wistaston Church Lane Primary School and the Berkley Primary School.
- A523 Silk Road Toucan Crossing – The scheme was implemented during the summer of 2017 and involved the installation of a Toucan crossing on a dual carriageway route. This location falls on an alternative walking route for pupils between Bollington and Tytherington School and also forms part of both the National Cycle Route 70 and the Cheshire Cycleway.

4.2.2 Walking Buses

A walking bus is defined as a group of children walking to/from school with at least two adult volunteers. Parents/carers take it in turns, on a rota basis, to walk with the children. There is always a 'driver' who leads the bus, and a 'conductor' who walks at the back. The more children there are on the bus, the more adults that walk with them. Walking buses are an important initiative enabling pupils to safely walk to/from school, as well as supporting young children in becoming independent pedestrians.



A number of schools already operate walking buses and are supported by CEC who have provided risk assessments of the route on request. CEC plans to continue to provide this support to schools where requested.

4.2.3 Road Safety Training

CEC is currently working in partnership with Cheshire Fire and Rescue Service (CFRS) to implement road safety education programmes for children and young people, such as 'Let's Walk' and the 'Road Safety Roadshow'.

'Let's Walk' is a child pedestrian training programme for Year 3 and Year 4 pupils. The programme aims to increase children's knowledge and understanding through practical experience and training and to prepare them to become independent road users.

The 'Road Safety Roadshow' is a presentation, aimed at Year 11 pupils, exploring the circumstances leading to and consequences of a road traffic collision involving a group of young people. The presentation focuses on the role and responsibility of being a passenger in a vehicle and the consequences their choices and behaviour can have. It is presented in partnership with CFRS, Cheshire Police and the Health Authority.

As well as these programmes, the CFRS currently offers a day of road safety training for all CEC schools annually.

4.2.4 School Crossing Patrol

Transport Service Solutions (TSS) are responsible for the appointment, training, supervision and administration of Cheshire' East's School Crossing Patrol Service. The Service ensures the safety of school children crossing roads at 20 points across the borough. Although this service is provided by CEC, parents/carers remain responsible for ensuring their children's safety whilst using this service.

4.2.5 Parking Enforcement

Civil enforcement officers (traffic wardens) and the Police undertake patrols at schools where there is an identified issue. Both also work together to address parents' or schools' concerns regarding inappropriate or inconsiderate parking.

CEC and CFRS are jointly funding a range of signage/bollards to be used outside schools during drop off/pick up times to encourage parents/carers to park more considerately.

4.3 Cycling

4.3.1 'Bikeability'

'Bikeability' is a National Standard for Cycle Training currently being delivered to Year 5 and Year 6 children in schools across the UK. It covers basic cycle control skills, the use of safety equipment, road safety knowledge and cycling manoeuvres with a view to trainees having the skills and confidence to make their everyday journeys by bike. Part of the training takes place on quiet roads to enable trainees to apply their learning in a real environment.

CEC is working in partnership with Everybody Sport and Recreation, to offer Levels 1, 2 and 3 core Bikeability modules, as well as Bikeability Plus modules, from



Reception through to Year 7+ children across Cheshire East. The scheme is provided subject to continuing funding from the Department for Transport.

4.3.2 Cycleway Improvements

As part of the Local Transport Plan and the '*Cycle Strategy 2017-2027*' (2017), CEC is seeking to provide appropriate improvements to make cycling a safe and attractive alternative to car use. Examples of recent cycling infrastructure schemes include:

- A538 Altringham Road Cycle Links;
- Vernon Way Cycleway Improvements; and
- Installation of cycle parking in Crewe, Alsager and Nantwich town centres.

CEC allocates investment into cycling infrastructure each year from the annual Local Transport Plan funding. CEC intends to continue to identify improvements to cycling infrastructure in line with the Local Transport Plan and Cycling Strategy.

4.4 Bus Travel

As part of the LTP, CEC has been supporting improvements to the quality and safety of bus stops, including the provision of raised kerbs and dropped crossings, lighting, CCTV, shelter, seating and litter bins.

CEC is also encouraging the use of low energy, hybrid and electric vehicles by creating incentives and disincentives into the procurement process, particularly in Air Quality Management Areas.

CEC, through Transport Service Solutions Ltd (TSS), manages Home to School transport arrangements for students travelling to 222 establishments. It monitors all transport contracts being used to provide school transport, including public bus services. It also plans travel for all students and establishments, in conjunction with Children's Services. It also has responsibility for the production and distribution of student travel permits, the purchase and distribution of travel tickets for students on local bus services and manages the parental travel grants process.

CEC currently offers to sell surplus capacity seats on school transport routes to offer a service to families who may wish to make use of this scheme.

4.5 Car Travel

A reduction in the number of young people travelling to school by car is supported by CEC; however, it is recognised that in some circumstances travel by car is necessary and the most appropriate option. CEC's initiatives below assist enabling journeys to be undertaken in a safe and sustainable manner.

4.5.1 Car sharing

CEC will provide support and advice to schools so that they are able to establish their own car share schemes for parents/carers and will continue to encourage car sharing for the journey to school on its Travel Cheshire website (<http://www.travelcheshire.co.uk/>).



4.6 Road and Footway Maintenance

CEC is responsible for highway maintenance on local roads (i.e. excluding motorways and trunk roads) and Public Rights of Way. The condition of the road and footway will affect safety and the number of potential collisions. CEC has an annual highway maintenance programme and monitors road conditions on an annual basis. Members of the public are also able to provide feedback on road safety concerns i.e. overgrown hedges etc. via CEC's website using the following link:

http://www.cheshireeast.gov.uk/highways_and_roads/highway-services/highway-services.aspx.

In an emergency, road and footway issues can also be reported by calling 0300 123 5020.

4.7 Traffic Calming

CEC is committed to reducing the number of casualties on our roads and work closely with the Police to investigate locations where there are a high proportion of incidents. Where analysis indicates that it is appropriate, engineering measures will be implemented.

CEC is currently in the final year of a three-year programme to implement advisory 20mph zones near all schools in Cheshire East. This scheme aims to change the culture and behaviour of motorists around schools. Following implementation, the results will be monitored to identify any further areas for improvement.

The traffic calming measures in the vicinity of schools should be considered as part of highways investment programmes and area highways area groups.

4.8 Parking Measures

Since the 2011 School Census, the impacts of parking around primary schools has been highlighted as an issue by some residents and communities, due to the pressure it places on the local highway infrastructure². To reduce the impact of congestion, improve road safety and reduce impacts on local communities in areas surrounding schools, CEC is currently considering its approach across the borough. It will consider the findings of a pilot off-highway drop-off point and will monitor effectiveness.

4.9 Personal Safety

Although CEC currently does and will continue to actively encourage measures to educate children regarding their personal safety (i.e. road safety training and independent travel training for SEND pupils) it is noted that children's safety is ultimately the responsibility of parents/carers, who should take an active role in decisions surrounding children's routes to school. For older pupils/students (16+), pupils typically tend to take more responsibility, although this is at the discretion of parents/carers.

² D. Brown, 2017. Cabinet Report: Safer Routes to Primary Schools.
<http://moderngov.cheshireeast.gov.uk/documents/s57710/Safer%20Routes%20to%20Primary%20Schools%20-%20report%20final.pdf>



4.10 Travel Information and Awareness

Information regarding school and college travel is provided through a range of online links from the CEC website which can be accessed by parents/carers, young people, local residents and educational establishments. This information highlights travel choices that are available, as well as the benefits of using more sustainable options.

4.10.1 Travel Cheshire

CEC provides travel advice and information through its Travel Cheshire website (<http://www.travelcheshire.co.uk/>). This includes information on the following:

- Walking/Cycle Maps;
- Walking/Cycling Groups;
- Bus Route Maps;
- Bus Timetables;
- Journey Planner; and
- Independent Car Share Schemes.

CEC plans to review and update this resource as appropriate.

4.11 Modeshift STARS

To improve the number of schools/colleges reviewing and updating their Travel Plans, CEC will fund a licence for the Modeshift STARS (Sustainable Travel Accreditation and Recognition for Schools) Online System.

Modeshift STARS provides a national framework for the implementation of sustainable and active school travel activities, and is the only national accreditation scheme for rewarding sustainable School Travel Plans. It is an easy to use online system that significantly reduces the amount of time and work schools/colleges are required to undertake on travel planning, therefore freeing them up to focus on delivering actions that really make a difference to travel patterns on the journey to and from school.

Modeshift STARS offers three levels of accreditation:

- **Modeshift STARS Bronze** – “*For schools that demonstrate a commitment to promoting sustainable travel by conducting an annual survey, identifying travel issues and solutions and delivering a range of travel initiatives*” (Modeshift, 2017)³.
- **Modeshift STARS Silver** – “*For schools that achieve a reduction in car use on the journey to school, deliver a whole-school approach and deliver above and beyond what is normally expected of a school*” (Modeshift 2017)⁴.

³ Modeshift, 2017. Resources for Local Authorities. <https://www.modeshiftstars.org/laResources.php>

⁴ Modeshift, 2017. Resources for Local Authorities. <https://www.modeshiftstars.org/laResources.php>



- **Modeshift STARS Gold** – *“For schools that have excelled with promoting sustainable travel and achieved a noticeable reduction in car use on the journey to school by fully embracing sustainable travel as the norm throughout the entire school community” (Modeshift, 2017)⁵.*

CEC plans to establish officer resource to promote the system and help schools with additional technical advice when this is not provided by Modeshift STARS.

⁵ Modeshift, 2017. Resources for Local Authorities. <https://www.modeshiftstars.org/laResources.php>

5 Targets & Outcomes

5.1 Targets

To ensure we are achieving our objectives and vision, we have identified targets set out below:

Target Description	2017	Five Year Target
Increase the number of schools participating in promotional campaigns e.g. Walk Once a Week (WOW)	Not available	30
No. of schools/colleges with bronze level accreditation (Modeshift STARS)	0	20

Each individual school will be expected to define targets, including modal shift, in their own School Travel Plans.

5.2 Outcomes

If the above targets are achieved, this will result in a range of improvements related to public health and the environment. If Cheshire East schools improve the quality of their Travel Plans through the usage of the Modeshift STARS system, the implementation of measures will increase the number of children using sustainable modes of travel to school.

By increasing the number of children using sustainable modes of travel, this should result in a reduction in vehicle emissions, and an overall improvement to air quality, as well as improved road safety.

Furthermore, the increase in children undertaking active travel (on a daily basis or through promotional campaigns) will increase their health and wellbeing, which could also result in increased educational attainment.

6 Action Plan

6.1 Strategic Approach

The Council recognise that to achieve the targets set out previously there needs to be coordinated action by a wide range of stakeholders. School communities are best placed to identify the particular measures which will enable more sustainable journeys to their location. Schools will therefore be encouraged to update their School Travel Plans and implement appropriate measures. The Council and our delivery partners will in turn provide a range of advice, resources and funding to support schools that update and implement School Travel Plans, as detailed below. It is recognised that funding for measures may need to be prioritised if the funding is oversubscribed depending upon demand.

6.2 Action Plan

CEC will continue to improve and develop the initiatives surrounding sustainable travel to school. The table below sets out the actions which CEC, schools and delivery partners should take and summarises how progress will be measured.

Action	Responsibility	Measure of Progress	Timescale
CHESHIRE EAST COUNCIL ACTIONS			
Funding of Modeshift STARS to encourage more schools to review and update their own Travel Plans.	Cheshire East Council (CEC)	Number of schools/colleges with up-to-date Travel Plans using the system.	Ongoing
Establishment of CEC officer resource to promote the system and help schools with additional technical advice when this is not provided by Modeshift STARS.	CEC	Number of schools/colleges with up-to-date Travel Plans on the system.	Spring 2018

Action	Responsibility	Measure of Progress	Timescale
Establishment of a Safer Routes to School Programme, with appropriate funding, whereby schools whom produce up to date School Travel Plans can submit requests to fund infrastructure measures (capital funding only), which may be subject to prioritisation if the fund is oversubscribed.	CEC	Establishment of the system.	Summer 2018
Ongoing day to day CEC Highways officer support i.e. road safety officers/highways engineers where issues have been identified in School Travel Plans.	CEC	Number of schools supported by CEC Highway officers.	Ongoing
ENGAGEMENT WITH SCHOOLS/CEC SUPPORT TO SCHOOLS			
Increase support for main sustainable travel awareness events.	Schools to organise student participation in promotional campaigns. CEC/Cheshire Fire and Rescue Service (CFRS) to encourage schools to participate by providing information regarding upcoming promotional campaigns to schools in advance of event dates.	Number of schools participating in promotional campaigns.	Ongoing
Keep sustainable school travel information on CEC website up to date.	CEC to review and update information as appropriate.	Information provided on sustainable travel choices up to date.	Ongoing

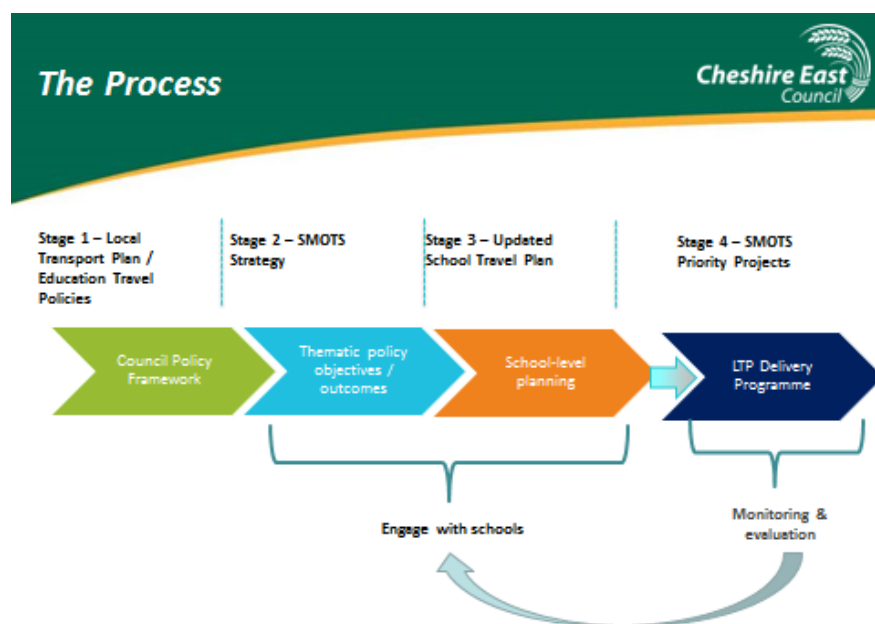
Action	Responsibility	Measure of Progress	Timescale
Increase the number of schools/colleges with up-to-date Travel Plans.	Schools to participate in Modeshift STARS and conduct annual reviews of their Travel Plans.	Number of schools/colleges with up-to-date Travel Plans	Ongoing (to be reviewed annually)
Road safety training.	Schools to provide opportunity for CFRS to deliver presentations within schools. CFRS to continue to deliver presentations within schools.	Number of schools taking up the offer of Road Safety Training.	Ongoing
ENGINEERING			
Traffic calming – ‘advisory’ 20mph zones.	CEC Highways to monitor ‘advisory’ 20mph zones implemented through recent programme.	Number of schools with an ‘advisory’ 20mph zone implemented. Results of the ‘advisory’ 20mph zones to be monitored.	2018 Ongoing
Improve cycle routes to school.	Schools, CEC and partners to identify potential improvements to cycle routes to school as part of Town Cycle Plans, School Travel Plans or ongoing infrastructure planning. CEC Highways/Public Rights of Way departments to support the improvement of cycle routes to school, as funding allows.	Continued development of CEC’s cycle route network, as funds allow.	Ongoing
Improve walking routes to school and upgrade to pedestrian/cycle crossings	Schools, CEC and partners to identify potential improvements to walking routes to school and pedestrian/cycle crossings. CEC Highways/Public Rights of Way	Continued development of CEC’s walking network, as funds allow.	Ongoing

Action	Responsibility	Measure of Progress	Timescale
	departments to support the improvement of walking routes to school and pedestrian/cycle crossings as funds allow.		
Routine maintenance/street lighting	<p>Schools, CEC and partners to identify potential maintenance improvements and communicate these to CEC.</p> <p>CEC Highways department to support the routine maintenance of routes to school as part of Highways Asset Management Plan.</p>	Continued Highways routine maintenance.	Ongoing

7 Proposed Approach to Implementation

7.1 Proposed Process

The following diagram sets out how the SMOTS strategy will be implemented in order to achieve Council priorities.



Schools will be expected to update their own travel plans, with support for delivery measures as set out in Section 4.

7.2 Appraisal Process

Schools with up-to-date School Travel Plans which can evidence the need for local infrastructure measures will be invited to submit requests for capital funding through the LTP programme. An annual Safer Routes to School Programme will comprise schemes which are requested by schools and are prioritised through the following two-stage appraisal process.

Appraisal Stage One

Stage one of the assessment will screen scheme requests against the following criteria, which is consistent with the approach developed for the updated Local Transport Plan:

- Deliverability – are schemes deliverable in terms of timescales, taking account of planning, consents, 3rd party issues etc?
- Feasibility – are schemes feasible in terms of physical constraints and design?
- Value-for-money – will schemes deliver high levels of benefits relative to scheme costs?



Appraisal Stage Two

Stage Two will assess how proposed schemes meet the following criteria:

Criteria	Description
Mode shift	The scheme must encourage and enable pupils to travel sustainably to and from school, leading to a reduced reliance on travel by car.
Safer routes	The scheme must improve safety on routes in the vicinity of schools.
Wider commitment to sustainable travel	Schemes should be an integral part of delivering the school's wider commitment to encouraging sustainable travel. Each school submitting an application should have a current School Travel Plan (reviewed and updated within the previous 12 month period). The quality of the School Travel Plan and the capacity of the school to implement proposed measures will be considered.
Strategic fit	The proposed scheme must fit with the wider transport policies adopted by the Council, including the 'Education Travel Policy' and the 'Sustainable Modes of Travel to Schools' Strategy.

Following the appraisal process, a prioritised list of schemes will be included in the Local Transport Plan capital funding delivery programme.

Appendix A Glossary

Term	Definition
Car Sharing	Car sharing is the practice of two people or more sharing a car, to limit the number of car trips undertaken.
Everybody Sport and Recreation	Everybody Sport and Recreation is an independent non-profit distributing organisation responsible for delivering leisure services in partnership with Cheshire East Council.
Modeshift STARS	Modeshift STARS is an online system that provides a national framework for the implementation of sustainable and active school travel activities, and is the only national accreditation scheme for rewarding sustainable School Travel Plans.
Scootering	Scootering involves using a scooter, which is a vehicle that typically has two wheels with a low footboard between them. It is steered by a handlebar, and is propelled by pushing one foot against the ground while resting the other on the footboard.
Special Schools	A school catering for children with special educational needs.
Sustainable Modes of Travel	Sustainable modes of travel are defined as walking, cycling, public transport or car sharing. However, a sustainable mode of transport can be any mode of transport which improves the physical well-being of the user and/or are beneficial to the environment due to a reduced level of congestion.
Sustainable	A method of travelling which meets the needs of current generations without compromising the ability of future generations to meet their own needs.

Appendix B Policy and Legislation

B.1.1 Legislation

The Education and Inspections Act 1996

Section 508A of the Education Act 1996 “places a general duty on local authorities to promote the use of sustainable travel and transport. The duty applies to children and young people of compulsory school age who travel to receive education or training in a local authority’s area. The duty relates to journeys to and from institutions where education or training is delivered.”

“There are five main elements to the duty which local authorities must undertake:

- An assessment of the travel and transport needs of children, and young people within the authority’s area;*
- An audit of the sustainable travel and transport infrastructure within the authority’s area that may be used when travelling to and from, or between schools/institutions;*
- A strategy to develop the sustainable travel and transport infrastructure within the authority so that the travel and transport needs of children and young people are best catered for;*
- The promotion of sustainable travel and transport modes on the journey to, from, and between schools and other institutions; and*
- The publication of Sustainable Modes of Travel to School Strategy” (Home to School Travel and Transport Guidance, 2014⁶).*

Education and Inspections Act 2006

Local authorities have a duty to provide travel assistance to ‘eligible children’ travelling to and from school. To qualify as an ‘eligible child’, the child must be of compulsory school age (5-16) and must be attending a qualifying school and fulfil one of the criteria listed below:

1. The child is living outside of the statutory walking distance of the nearest suitable school, which is,
 - Beyond 2 miles for children below the age of 8; and
 - Beyond 3 miles for children aged 8–16.
2. The child cannot reasonably be expected to walk to school because of their mobility problems or because of associated health and safety concerns related to their Special Educational Needs or disability (SEND).

⁶ Department for Education, 2014. Home to school travel and transport statutory guidance. <https://www.gov.uk/government/publications/home-to-school-travel-and-transport-guidance>



3. The child cannot reasonably be expected to walk the route to school because the nature of the route is unsafe to walk.
4. Children from low-income groups or families are defined in legislation as those entitled to free school meals, or whose families receive the maximum level of Working Tax Credit. A child in these circumstances has extended rights to free travel if:
 - The child is aged 8-11 and the nearest suitable school is beyond two miles; or
 - The child is aged 11-16 and the nearest suitable school is between 2-6 miles and there are not three or more suitable nearer schools/colleges; or
 - The child is aged 11-16 and the school is between 2-15 miles and is the nearest school preferred on the grounds of religion or belief. Religion or belief includes a lack of religion or belief and so also applies to an atheist parent's wish for their child to attend a non-faith school.

To qualify under the extended rights eligibility, the child will need to be entitled to free school meals or their parents are in receipt of maximum Working Tax Credit.

B.1.2 National Policy Guidance

Home to School Travel and Transport Guidance

The Home to School Travel and Transport Guidance is statutory guidance published in 2014 under duties placed on the Secretary of State by sections 508A and 508D of the Education Act 1996. The guidance places local authorities under the duty to promote sustainable travel and transport and make transport arrangements for all 'eligible children'⁷.

Department for Transport 'Cycling and Walking Investment Strategy'

The Department for Transport have published a draft 'Cycling and Walking Investment Strategy'. This sets the strategy for long-term transformational change and aims for a nation in which cycling and walking are the natural choice for all people, whatever their background, for shorter journeys or as part of a longer journey. The strategy has set targets for an overall increase in cycling activity and an increase in the number of children aged five to 10 that usually walk to school.

Sustainable Schools Alliance

The Sustainable Schools Alliance aims to provide support to schools regarding sustainability as outlined in the Sustainable Schools National Framework which states, *"By 2020 the Government would like all schools to be models of sustainable travel, where vehicles are used only when absolutely necessary and where there are exemplary facilities for healthier, less polluting*

⁷ Department for Education, 2014. Home to school travel and transport statutory guidance. <https://www.gov.uk/government/publications/home-to-school-travel-and-transport-guidance>



or less dangerous modes of transport. The National Framework introduces eight doorways through which schools may choose to initiate or extend their sustainable school activity. It focuses on ways in which sustainable development can be embedded into whole-school management practices and provides practical guidance to help schools operate in a more sustainable way.” (Department for Children, Schools and Families, 2006⁸).

Equality Act 2010

The Equality Act 2010 outlines disability provisions that replicate those in the former Disability Discrimination Act 1995. Local Authorities and schools are required to remove the barriers disabled children face because of their disability so that they have equal opportunities to access and participate in education in the same way, as far as possible, as someone who is not disabled. The Equality Act calls this the duty to make ‘reasonable adjustments’.

Public Health England ‘Everybody Active, Every Day’ strategy

The Public Health England ‘Everybody Active, Every Day’ strategy recognises that walking and cycling are good for our physical and mental health and the many ways the built and natural environment impacts on the choices people are able to make. It emphasises that by developing ‘active environments’ that promote walking and cycling, we can help to create active, healthier and more liveable communities.

Walking to and from school helps children achieve the recommended government targets of physical activity. Physically active children are more alert, ready to learn, do better in tests and achieve better grades than children who are driven to school.

Active Travel – A briefing for local authorities

Public Health England has written an Active Travel briefing for local authorities. The document looks at the impact of current transport systems and sets out the many benefits of increasing physical activity through active travel. It sets out key steps for transport and public health practitioners, and lists a number of key messages to include when developing a healthy local transport strategy.

Physical Activity: Walking and Cycling 2012

The National Institute for Health and Care Excellence published a public health guideline on Physical Activity: Walking and Cycling in 2012. It sets out how people can be encouraged to increase the amount they walk or cycle for travel or recreation purposes. This will help meet public health and other goals (for instance, to reduce traffic congestion, air pollution and greenhouse gas emissions). The recommendations cover:

- Policy and planning;
- Local programmes; and

⁸ Department for Children, Schools and Families, 2006. Sustainable Schools – A brief introduction. <http://sustainable-schools-alliance.org.uk/sustainable-schools-framework/>



- Schools, workplaces and the NHS.

Physical Activity and Children: Children and Active Travel 2008

The National Institute for Health and Care Excellence published a public health guideline on Physical Activity and Children: Children and Active Travel. It examines the evidence for the effectiveness of active travel interventions in increasing use of active travel modes (i.e. walking and/or cycling).

The UK Government 'Sporting Future: A New Strategy for an Active Nation' strategy considers which key measures are needed to encourage greater participation in sport. The strategy will be delivered alongside the broadening of Sport England's remit, providing the necessary resources to support activities around cycling and walking which had previously been an area that was restricted.

B.1.3 Cheshire East Council Policy Guidance

Cheshire East Corporate Plan 2017-2020

The Corporate Plan sets out six outcomes:

- Outcome 1 – Our local communities are strong and supportive;
- Outcome 2 – Cheshire East has a strong and resilient economy;
- Outcome 3 – People have the life skills and education they need in order to thrive;
- Outcome 4 – Cheshire East is a green and sustainable place;
- Outcome 5 – People live well and for longer; and
- Outcome 6 – A responsible, effective and efficient organisation.

As part of our Corporate Plan, the Council has adopted the principles that relate to Quality of Place which is a measure that focuses on the connection of environment and place. It deals with the quality of the built and natural environment, its interaction with people living in the area, the ability of individuals to make a life there and the vibrancy of the area and its cultural.

Cheshire East Local Transport Plan

The Council is currently in the process of refreshing its Local Transport Plan (LTP). The LTP will address travel to school and ensure that the policy incorporates an integrated approach to walking and cycling that also reflects the needs of journeys to schools. Results and feedback from the Mode of Travel, Safer Routes to Schools School Travel Plans surveys undertaken as part of this SMOTS report will also inform the LTP. The refresh will also provide the platform to engage with schools, it is proposed that a consultation takes place to invite primary schools to submit proposals to CEC that would improve sustainable travel and reduce the school impact on its local community.



Cheshire East Local Plan Strategy 2010 - 2030

The Cheshire East Local Plan Strategy is a key component in the Cheshire East Local Plan and was adopted in July 2017. It sets out the overall vision and planning strategy for development in the borough and contains planning policies to ensure that new development addresses the economic, environmental and social needs of the area.

The Strategy includes the following Policies and Strategic Priorities which directly relate to SMOTS:

- Policy Y1 Travel to Education: *“The Council will work with schools and colleges to enable sustainable travel to education, including appropriate provision for those eligible for free or assisted transport.”*
- Policy CO 1 Sustainable Travel and Transport: *“ii. Ensuring development gives priority to walking, cycling and public transport....”*
- Policy SD1: Sustainable Development in Cheshire East: *“Point 4. Provide appropriate infrastructure to meet the needs of the local community including: education; health and social care; transport....”*
- Strategic Priority 4: *“Reducing the need to travel, managing car use and promoting more sustainable modes of transport and improving the road network.”*

Compulsory School Age Education Travel Policy

CEC’s Compulsory School Age Education Travel Policy was updated in 2018 and sets out how CEC can assist children of statutory school age with travel between home and school.

Cheshire East Post 16 Travel Policy Statement 2017-18

“Local authorities have a statutory duty to prepare and publish an annual Travel Policy Statement. This needs to specify the arrangements for the provision of transport or otherwise that the Local Authority considers necessary to facilitate attendance of persons of sixth form age (16-18) as well as the 19-25 range to include learners with specific learning difficulties and/or disabilities receiving education or training.” (Cheshire East Post 16 Travel Policy Statement 2017-18, 2017⁹).

CEC currently provides support with transport and for post 16 learners who have been formally assessed regarding special education needs and are carrying on into post 16 education. For all other post 16 students (16-18 & 19-25 SEN or disability), each sixth form and further education college may determine what support they can provide, taking into account both the needs of the students and the establishments themselves.

⁹Cheshire East Council, 2017. Cheshire East Post 16 Travel Policy Statement 2017-18.
http://www.cheshireeast.gov.uk/public_transport/school_transport/school_transport.aspx#TransportforPost16Students



Cheshire East Council Cycling Strategy 2017

Cheshire East Council continues to invest in cycling and have produced a strategy to provide a framework to guide future investment in cycling, working collaboratively with partner organisations and local cycling groups. This strategy which covers the period 2017 – 2027 sets out a plan for guiding investment with an ambitious target of doubling the number of people cycling once per week for any journey purpose in Cheshire East by 2027 from a 2014 baseline.

Town Cycling Plans are also being developed; schools will be engaged to see how we can improve cycle routes to school.

Joint Health and Wellbeing Strategy for the Population of Cheshire East 2014 – 2017

The Joint Health and Wellbeing Strategy was produced by the Cheshire East Health and Wellbeing Board and adopted in 2014. The Health and Wellbeing Strategy provides an overarching framework that will influence the commissioning plans of the local NHS, the Council and other organisations in Cheshire East. It will be a driver for change, focussing upon those key areas that will make a real impact upon improving the health and wellbeing of all our communities.

Cheshire East Council Rights of Way Improvement Plan 2011 – 2026

The CEC Rights of Way Improvement Plan was adopted in 2011 and outlines the strategy for improving the Cheshire East rights of way network from 2011 – 2026. It provides an assessment of the network of public rights of way and wider countryside access that is currently offered within Cheshire East as well as an assessment of the level of demand. Following this the strategy outlines the objectives, policies and initiatives by which gaps between the demand and the existing network can be bridged.

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APPENDIX 2

Cheshire East Sustainable Modes of Travel to School Strategy

FEEDBACK QUESTIONNAIRE

Cheshire East Council is encouraging more sustainable travel to school. This will support healthier and more active lifestyles; whilst contributing towards reducing congestion on local roads, improving air quality and road safety.

Under the Education and Inspections Act 1996, Cheshire East Council has a legal duty to publish a 'Sustainable Modes of Travel to School' (SMOTS) Strategy. This SMOTS Strategy provides a framework to support schools to implement their own School Travel Plan. The Council and our delivery partners will provide a range of advice and resources to help schools update and implement School Travel Plans. An action plan is included so that our stakeholders and delivery partners can understand what the Council is doing to support the aims and objectives of the Strategy.

Before adopting the SMOTS Strategy, the Council is seeking comments and feedback from Cheshire East schools, residents and partners on the approach proposed in the strategy.

Please read through the accompanying SMOTS Strategy before answering this questionnaire ([insert web link](#)).

How you can tell us your views:

- **Talk to us.** We have a number of public events across Cheshire East:
 - [Date, time, place \(same as LTP/Education Travel policy events\)](#)
- **Complete a feedback form by:**
 - Visiting our events and using the drop box
 - Returning by post in the pre paid reply envelope available from staff at the events or from the library or Council Contact Centre ([contact details](#))
 - Visiting our website to complete the online version ([web address](#))
- **Email us** on SMOTS@cheshireeast.gov.uk

The consultation will close [on \(date to be confirmed\)](#).

The results of the consultation and further information will be available at ([insert web address](#))

Data protection

Your confidentiality is assured: Any personal information you supply will remain strictly confidential and anonymous and will be held and used in line with the Data Protection Act 1998. The information you provide will only be used by Cheshire East Council to analyse the results of this survey and inform decision making. We will not pass on your personal information to other departments within the Council, or to any other third parties, without your prior consent.

1. Do you agree that the Council should support schools in encouraging sustainable travel (tick one box) ?

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

2. Do you agree that the Council should fund the provision of Modeshift STARS online system to enable schools to update and their School Travel Plans? (tick one box).

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

3. Do you agree that the Council should provide resources to promote and administer the Modeshift STARS system (tick one box) ?

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

4. Do you agree with implementing a Safer Routes to School programme (tick one box)?

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

5. Do you agree that only schools with up-to-date Travel Plans be eligible to bid for funding through the Safer Routes to School programme (tick one box)?

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

6. Do you agree that a two-stage assessment process to prioritise Safer Routes to School schemes is appropriate? (tick one box)

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

7. Do you agree that the Council allocate funding from the Local Transport Plan (LTP) to fund access improvements at schools (tick one box)?

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

8. Do you have any other comments on the SMOTS Strategy? Yes/No.
If yes, please tell us in the space below

The following questions will help us to analyse and understand your feedback. We do not ask for personal details like names and addresses.

9. Are you responding as (or on behalf of), please tick one box:

A Parent or a carer	
A pupil/student	
A school	
A Local resident	
Other (please specify)	

10. Do you regularly make journeys to school? Yes/No

If yes, please name the school(insert school name)

11. Which of the following travel issues exist at this school?
(tick all that apply)

Poor pedestrian safety		Unsafe parking	
Poor safety for cyclists		Difficulty loading buses	
Lack of public transport		Other (please specify)	
Speeding traffic			

If you are responding as a parent / carer / pupil / resident, please tell us about yourself.

12. What is your home postcode?

--

13. Are you:

Male	
Female	
Prefer not to say	

14. How old are you?

Under 18		55-64	
18-24		65-74	
25-34		75+	
35-44		Prefer not to say	
45-54			

15. What is your ethnic origin?

White British / English / Welsh / Scottish / Northern Irish / Irish	
Any other White background	
Mixed: White and Black Caribbean / African / Asian	
Asian / Asian British	
Black African / Caribbean / Black British	
Prefer not to say	
Any other ethnic group, please specify:	

16. Do you have a disability?

Yes	
No	
Prefer not to say	

17. Which of the following best describes your religious belief / faith?

Buddhist	
Christian	
Hindu	
Jewish	
Muslim	
Sikh	
None	
Prefer not to say	
Other religious belief/faith (please specify)	

Thank you for taking the time to complete this form.

EQUALITY IMPACT ASSESSMENT FORM - APPENDIX 3

Equality impact assessment is a legal requirement for all strategies, plans, functions, policies, procedures and services under the Equalities Act 2010. We are also legally required to publish assessments.

Section 1: Description

Department	Place		Lead officer responsible for assessment		John Davies	
Service	Strategic Infrastructure		Other members of team undertaking assessment		Clair Visco	
Date	23-11-2017		Version		0.1	
Type of document (mark as appropriate)	Strategy	Plan	Function	Policy	Procedure	Service
Is this a new/existing/revision of an existing document (mark as appropriate)	New		Existing		Revision	
<p>Title and subject of the impact assessment (include a brief description of the aims, outcomes, operational issues as appropriate and how it fits in with the wider aims of the organisation)</p> <p>Please attach a copy of the strategy/plan/function/policy/procedure/service</p>	<p>Sustainable Modes of Transport to School Strategy</p> <p>Background</p> <p>The SMOTS will provide detail on how the Council will work together with partners to:</p> <ul style="list-style-type: none"> • Support schools, pupils and parents/carers to travel more sustainably for the journey to school; • Enable healthier and more active lifestyles for staff, students and parents/carers; • Reduce congestion on local roads around schools, with associated improvements in air quality and road safety; and • Meet the Council's legal duty under the Education and Inspections Act 1996. <p>SMOTS has been developed in line with the emerging Local Transport Plan (LTP). The LTP has been guided by the Council's Corporate Plan¹ which identifies six outcomes to improve the lives of all residents:</p> <ol style="list-style-type: none"> 1. Our local communities are strong and supportive 2. Cheshire East has a strong and resilient economy 					

¹ Cheshire East Council, *Corporate Plan 2016 - 2020*

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	<ol style="list-style-type: none"> 3. People have the life skills and education they need in order to thrive 4. Cheshire East is a green and sustainable place 5. People live well and for longer 6. A responsible, effective and efficient organisation <p>The LTP also focuses on the Council's objective to improve the 'quality of place' and demonstrates the importance of transport as a fundamental contributor to the wider success of Cheshire East.</p> <p>A range of measures are already being delivered by the Council and partners to improve options for walking and cycling routes, training in road safety, Bikeability and personal safety, and travel information. A range of new measures is also proposed, including:</p> <ul style="list-style-type: none"> • Funding the provision of the Modeshift STARS online system to enable schools to efficiently update and implement School Travel Plans. Modeshift STARS has been established with funding from the Department for Transport to provide a national framework and supporting resources for use by schools; • Officer resource to promote and administer the Modeshift STARS system, in addition to providing more bespoke advice to schools in instances where the STARS system does not answer a specific query; and • The SMOTS supports the previous recommendation approved by Cabinet on 10th October 2017 to 'allocate resources and funding from the 2018/19 Local Transport Plan (LTP) budget to support a Safer Routes to Schools programme and review this for subsequent years'. This would provide infrastructure, identified by schools, to underpin implementation of recently updated School Travel Plans.
<p>Who are the main stakeholders? (e.g. general public, employees, Councillors, partners, specific audiences)</p>	<p>The identified main stakeholders are as follows:</p> <ul style="list-style-type: none"> • Cheshire East Council stakeholders; • Primary and secondary schools in Cheshire East, including staff, pupils and parents/carers; • The general public (specifically residents close to school sites); • Public transport operators; • Local businesses/organisations.

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Section 2: Initial screening

Who is affected? (This may or may not include the stakeholders listed above)	Many residents of Cheshire East (parents/carers or residents living near school communities) may be impacted by the projects which are eventually delivered as part of the SMOTS strategy. The strategy provides a framework to guide the Safer Routes to School Programme for future investment. As such future work will be conducted to implement specific schemes, as identified by local school communities. Further Equality Impact Assessments should be conducted for schemes and investment programmes as they come forward.
Who is intended to benefit and how?	<p>The SMOTS has been developed in line with the Borough's objectives described above. The SMOTS is intended to benefit staff, pupils and parents/carers on their journeys to school. Benefits include healthier and more active lifestyles, safer routes to schools, reduced congestion and associated improved air quality. Communities close to schools will also benefit from any infrastructure developments.</p> <p>Public consultation will provide opportunities for school communities and residents to respond and fully engage with the Council, influencing the SMOTS strategy.</p>
Could there be a different impact or outcome for some groups?	There is potential for varying impacts on some groups, however further EqlAs would need to be developed for specific projects to ensure positive outcomes for all groups.
Does it include making decisions based on individual characteristics, needs or circumstances?	Yes. Locations of schools may influence the choice and effectiveness of sustainable modes available for the journeys to school. School communities will have different needs from their school travel plan (STP) and their approach to developing their STP should reflect this.
Are relations between different groups or communities likely to be affected? (eg will it favour one particular group or deny opportunities for others?)	Yes, at implementation of the strategy. The SMOTS is aiming to support the Council's corporate outcomes. The support from the Council and partners will be available to all government funded primary and secondary schools. EqlAs would need to be developed for specific projects to ensure positive outcomes for all groups.
Is there any specific targeted action to promote equality? Is there a history of unequal outcomes (do you have enough evidence to prove otherwise)?	The SMOTS strategy is applicable for all primary and secondary schools across the Borough. The consultation process for the SMOTS strategy will specifically seek to engage with various protected characteristics groups to understand specific needs across the borough. Through this consultation we will also engage with the Council's Equality Champions.

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EQUALITY IMPACT ASSESSMENT FORM - APPENDIX 3

Is there an actual or potential negative impact on these specific characteristics? (Please tick)											
Age		No	Marriage & civil partnership		No	Religion & belief		No			
Disability		No	Pregnancy & maternity		No	Sex		No			
Gender reassignment		No	Race		No	Sexual orientation		No			
What evidence do you have to support your findings? (quantitative and qualitative) Please provide additional information that you wish to include as appendices to this document, i.e., graphs, tables, charts									Consultation/involvement carried out		
<p>In order to develop an evidence base for the SMOTS, the following exercises have been carried out to date:</p> <ul style="list-style-type: none"> • Travel Plan surveys conducted with schools; • Mode of Travel surveys conducted with schools; and • A review of a sample of school travel plans. <p>As part of the public consultation on the SMOTS, further information will be gathered during this stage. The final SMOTS will be available in Summer 2018, following a review of the consultation outcomes and updating the strategy in light of comments received.</p>									Public consultation to be undertaken in 2018		
Age	No negative impacts are envisaged at this stage of strategy development, as the SMOTS will be applicable to all primary and secondary schools. Further EqlAs will need to be developed for specific projects, identified by schools and prioritised by Cheshire East, which may be taken forward for implementations. This will ensure that particular groups are not negatively impacted.								Public consultation to be conducted in 2018, including seeking comments from schools and specific groups listed in this table.		
Disability											
Gender reassignment											
Marriage & civil partnership											

EQUALITY IMPACT ASSESSMENT FORM - APPENDIX 3

Pregnancy & maternity						
Race						
Religion & belief						
Sex						
Sexual orientation						
<table border="1"> <tr> <td>Proceed to full impact assessment? (Please tick)</td> <td>No</td> <td></td> <td>Date 23-11-17</td> </tr> </table>			Proceed to full impact assessment? (Please tick)	No		Date 23-11-17
Proceed to full impact assessment? (Please tick)	No		Date 23-11-17			

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

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Section 3: Identifying impacts and evidence

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

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

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EQUALITY IMPACT ASSESSMENT FORM - APPENDIX 3

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

Section 4: Review and conclusion

Summary: provide a brief overview including impact, changes, improvement, any gaps in evidence and additional data that is needed			
<p>The SMOTS strategy sets the framework of support available for primary and secondary schools in Cheshire East to encourage more sustainable and active journeys to schools. It will enable schools to achieve a modal shift in travel behaviour. The SMOTS also guides the Safer Routes to School Programme, which will invest in transport infrastructure projects as identified by schools. Further Equality Impact Assessments should be conducted for these projects as they come forward.</p> <p>As part of the consultation, further evidence will be gathered in order to maximise the potential benefits to particular groups of school communities. The consultation for this project is currently being prepared.</p>			
Specific actions to be taken to reduce, justify or remove any adverse impacts	How will this be monitored?	Officer responsible	Target date
Undertake consultation to further determine the impacts on residents and protected characteristic groups.	Results of consultation	Clair Visco	Winter / Spring 2018
When will this assessment be reviewed?	After public consultation, and as part of drafting the final strategy.		
Are there any additional assessments that need to be undertaken in relation to this assessment?	Further EqlAs will need to be conducted for specific projects.		
Lead officer signoff		Date	
Head of service signoff		Date	

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Mark Palethorpe, Acting Executive Director of People
Subject/Title:	Early Help Framework
Portfolio Holder:	Cllr Janet Clowes (Adults Social Care and Integration) Cllr Jos Saunders (Children and Families) Cllr Liz Wardlaw (Health)

1. Report Summary

- 1.1 The purpose of this report is to seek agreement for setting up an Early Help Framework across the People Directorate in order to streamline the procurement of early help services.

2. Recommendation

- 2.1 That Cabinet:
- Endorses the co-production of the Early Help Framework with statutory partners, Voluntary Community Faith Sector organisations, and other providers.
 - Approves the procurement of a Dynamic Purchasing System in order to award contracts for services provided through the Early Help Framework.
 - Delegate authority to award contracts to the Executive Director of People.

3. Reasons for Recommendation

- 3.1 Currently, Adults, Children's, Communities and Public Health all commission early help services. This takes place using either a contract or a grant, with services managed and monitored within individual departments. This can lead to duplication of services and effort. The approach aims to prevent duplication as a whole organisation approach. Similar commissions are also undertaken by the two Clinical Commissioning Groups.
- 3.2 Implementing a framework negates the requirement to undertake a full procurement each time a service needs commissioning, meaning a contract can either be awarded directly (if criteria allows) or awarded via a mini-competition (allowing bids using a questionnaire and service specification).
- 3.3 The framework offers an exciting opportunity to commission services that fit

within the 'triangle of prevention' (see figure 1) and to achieve improved outcomes for local people. This means anticipating and responding to health and wellbeing needs as early as possible to ensure that local people are helped to 'live well and for longer' at scale. Building resilience, so that people are empowered to recognise and address their own health and wellbeing needs and to make the most of assets within communities (such as by connecting people with local groups/ voluntary services), which is a core part of this approach.

- 3.4 The Council therefore aims to work in partnership with both Clinical Commissioning Groups, the Voluntary, Community and Faith Sector, local communities and residents to ensure that we are able to improve outcomes for local people at a community level (universal), with early intervention and prevention services targeted at those who need it (targeted). Working in this way will help to prevent or delay local people from moving up the triangle and needing 'Long Term Care and Support' (specialist).

- 3.5 This will ultimately reduce demand for long-term care and health treatment which will remain available for the smaller number of individuals who need it most as a result of this preventative strategy. This approach is a direct requirement of the Care Act 2014, is a key principle of the Commissioning Strategy "People Live Well, For Longer" and also supports the achievement of Outcome 5 within our Corporate Plan (2017-2020): 'People Live Well and for Longer'.

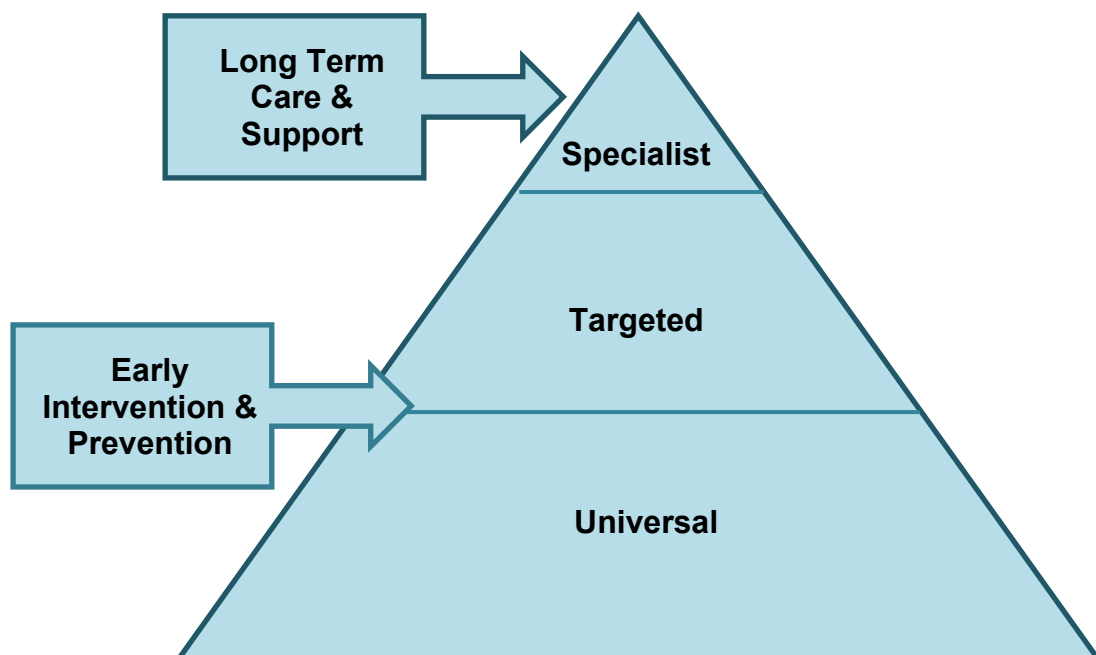


Figure 1: Triangle of Prevention

4. Other Options Considered

- 4.1 Remaining with the current delivery and commissioning model will make it more difficult to implement an integrated preventative approach, targeted at helping our population to live more healthily and independently.

5. Background

- 5.1 The advantage of a Framework is that it negates the requirement to undertake a full procurement each time a service needs commissioning. Instead a contract can either be awarded directly (if criteria allows) or awarded via mini-competition (allowing bids using a questionnaire and service specification).
- 5.2 A Dynamic Purchasing System will be used within the Framework which enables the need for a particular service to be met for a period of time, in order to obviate the need to undertake a wider competitive process in relation to each individual procurement. It complies with EU requirements and the Council's procurement rules. A mini-competition will be held between the suppliers appointed to the Dynamic Purchasing System in order to make contract awards.
- 5.3 This model will allow small organisations (or new start-ups) to bid for lower value/risk commissions more easily, and will allow them to work with a simpler contract and lighter performance management regime. Procurement has developed a risk matrix for grading potential contracts before they are tendered. This will ensure an auditable consistency across commissioning teams whilst also ensuring full compliance with procurement regulations.
- 5.4 Use of this model will also allow existing members to 'upgrade' their status by proving their ability to take on higher risk contracts through supplying further evidence and additional questionnaire responses.
- 5.5 Initial co-production of the framework has taken place via two engagement events with residents and Voluntary Community Faith Sector organisations in order to look at how this might be implemented in practice. Feedback from these informative events has been summarised in Appendix A. Continued dialogue will help communicate the advantages of the new integrated approach and will also assist in mitigating impacts.
- 5.6 Engagement with the Voluntary, Community and Faith sector (see Appendix A) has resulted in a greater understanding of where existing services in Cheshire East are currently supporting local people, aligned to the triangle of prevention in Figure 1. For example, one provider who is delivering friendship drop-in within the community (universal), a provider delivering mental health advocacy (targeted), and another palliative care (specialist).
- 5.7 The Early Help Framework will be implemented as a holistic approach. This will include all Grants across the whole Council.
- 5.8 Discussions have also been held with both NHS Eastern Cheshire Clinical Commissioning Group and NHS South Cheshire Clinical Commissioning Group, with a view to incorporating their contracts into a single Cheshire East Early Help framework.
- 5.9 This will mean alignment with the local transformation programmes which aim to achieve integration between health and social care, remove duplication and promote the wellbeing of all.

5.10 The intention is that all current early help contracts or grants will be reviewed once they reach the end of their contract term (or within the next twelve months). This is likely to mean significant change in service delivery, in order to implement the requirements. However, the outcome will be the ability to meet population need more effectively by providing targeted support to individuals and communities at the point in time it is needed most. This will address the strategic outcomes of the Local Authority including:

- Outcome 1 'our local communities are strong and supportive'
- Outcome 3 'people have the life skills and education they need in order to thrive'
- Outcome 5 'helping people live well and for longer'

5.11 This will ultimately mean a new relationship is built with the Voluntary Community and Faith Sector, and improved outcomes for local people through support for them to lead healthy and fulfilling lives.

It is proposed that the new Early Help Framework will go Live from October 2018.

5.12

6. Wards Affected and Local Ward Members

6.1 All wards and all ward members

7. Implications of Recommendation

7.1 Policy Implications

7.1.1 A core requirement of the Care Act is that local authorities must take steps to prevent, reduce or delay the need for care and support for all local people

7.2 Legal Implications

7.2.1 The Public Contracts Regulations 2015 (PCR 2015) allows local authorities to create a Dynamic Purchasing System with a number of service providers, following a competitive tendering process. Once providers have been included on the Dynamic Purchasing System the Council can select from (call off) those providers to provide particular services as and when required.

7.2.2 A Dynamic Purchasing System under the PCR 2015 only relates to the award of contracts. The Early Help Framework proposed

will also include the award of grants. The process for awarding grants is not the same as for contracts but will involve the allocation of funding following a competitive process. There are limited conditions that can be applied to any grant funding but a grant agreement should be entered into to enable use of funding and outcomes to be monitored. Any proposed grants will need to be made in accordance with the Council's Constitution.

7.2.3 Development of the Early Help Framework has included engagement with stakeholders organisations (such as from the voluntary sector) The framework will replace current service provision and the current early help contracts form part of the budget consultation process for 2018/19.

7.2.4 The Council must have due regard to the Public Sector Equality Duty. The Public Sector Equality Duty as set out at S149 of the Equality Act 2010, states:

“(1) A public authority must, in the exercise of its functions , have due regard to the need to—

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2.5 An Equality Impact Assessment (EIA) has been completed to assist in meeting the Council's equality duties and to inform Cabinet's decision.

7.2.6 It has been made clear that the proposed changes will not impact upon the exercise of statutory functions but upon functions that are discretionary. Nevertheless, when proposing to make changes that reduce service delivery it is important to consult with providers and service users to ensure that this process fully engages them directly.

7.3 **Financial Implications**

7.3.1 Pending decisions following the Cheshire East Council budget consultation, it is proposed that circa £651K (Adults, Childrens, Public Health and Communities) will be allocated within the Early Help Framework for 18/19. This does not currently include the Clinical Commissioning Groups budget contribution at this stage.

7.3.2 The budget consultation includes a proposal to make £2m of New Homes Bonus funding available over the next two years (£1m in 2018/19 and a further £1m in 2019/20) for community priorities. Subject to the outcome of budget consultation and recommendations from Corporate Overview and Scrutiny for a detailed process for allocating the funding, this could provide a

further opportunity for approval of community bids that support the Early Help Framework.

- 7.3.3 The overall proposals aim to achieve greater value for money (including through integration) whilst seeking to maximise the opportunities that the framework offers. This will include ensuring that expenditure will not exceed allocated budgets for these services. Note: the precise value of the framework going forward is subject to the budget consultation process.

Relevant organisations have been informed of the budget consultation proposals via a letter/ face to face contact.

7.3.4

7.4 **Equality Implications**

- 7.4.1 Equality Impact Assessments have been completed and will be updated as a result of engagement processes (see appendix A for initial comments received).

7.5 **Rural Community Implications**

- 7.5.1 Access by rural communities to services will be an underlying principle of development of the Early Help Framework and relevant procurement processes.

7.6 **Human Resource Implications**

- 7.6.1 Introduction of the framework will be managed through existing resources within Commissioning.

7.7 **Health and Wellbeing Implications**

- 7.7.1 Public Health principles of reducing premature death and improving disability free life expectancy are fundamental to the preventative approach of this initiative.

7.8 **Implications for Children and Young People**

- 7.8.1 The initiative offers strong opportunities to embed prevention across the life-course including for young people and children. This will maximise the effectiveness of available resources targeted at young people.

7.9 **Overview and Scrutiny Committee Implications**

- 7.9.1 The committee will be updated on progress with the framework as required.

7.10 **Other Implications (Please Specify)**

- 7.10.1 None

8. Risk Management

- 8.1 Transfer to the new Early Help framework will be managed according to standard contract management processes.

9. Access to Information

- 9.1 Background papers to this report include:
- The Joint Strategic Needs Assessment,
 - The Commissioning Strategy – ‘People Live Well, For Longer’
 - Cheshire East Corporate Plan (2017-2020),
 - Clinical Commissioning Group Operational Plans: Connecting Care and Caring Together.

To inspect these reports, please contact the report writers: Shelley Brough, Head of Integrated Commissioning and Nik Darwin, Senior Commissioning Manager.

10. Contact Information

- 10.1 Contact details for this report are as follows:

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VCF Commissioning Framework Workshop - 11th August 2017 Sandbach Town Hall

Activity Outcomes, Discussion Points, Evaluation and Feedback

‘Plotting the Pyramid’ - An activity which asked organisations to plot where they saw their services against the tiers in the triangle showing levels of need, and for each of 4 key themes. Health and Wellbeing, Early Help and Prevention, Reducing Dependency, and Skills & Education

Theme: Health and Wellbeing			
Organisation Name	Services		
	Few	Some	Many
South Cheshire CLASP	Family Support	CLASP Counselling - Adults and Children: Parenting Courses: Back to Work Courses: Group work for children and young people	
Friends for Leisure	Families with disabled children who have multiple challenges	Families of disabled children and young people	
		Supporting schools providing group work around emotional health: Parenting - supporting parents of troubled children: Creative action team - therapeutic services supporting children and young people's emotional health and wellbeing	Family Ties: Tools for Schools
The Lighthouse Centre, Crewe		Mental health issues: health and wellbeing: alcohol/drug rehabilitation programme	Clothing: Bedding: Advice on support services: signposting to other services: Food/water/drinks/balanced diet: Shelter during the cold weather
Cheshire Without Abuse	Complex needs	Abuse recovery programmes: 1-1 support	Wellbeing Group: Survivor Voices
Diocese of Chester	Specialist support for people in hospitals, hospices & funerals etc from clergy	People engage with churches for specialist services/projects (loneliness, mental health): St Marys PC	General congregation and local communities
ADCA		Up to 200 people over 50 years in a population of 4,100	
Cheshire Community Action		Community Agents	
CVSCE		Community JSNA projects - H & W of carers, perinatal mental health support, peer support: Signposting to voluntary and statutory support making connections between organisations	
Age UK Cheshire	Wellbeing service: Wear Purple Arts Project: Dementia Advice Service	Statutory Advocacy: Brokerage: Men in Sheds: Falls Prevention Service: Supporting You: Money Matters: Day Services - Health/Fitness/Skills etc	Dementia Advice Service: Information and Advice Service
ChALC			Through parish councils
EC NHS Trust		PRG	
Citizens Advice	Welfare Benefit sources for cancer patients or people living with life limiting illnesses	Mental Health Advocacy (General)	Universal Information and Advice: Information and Advice relating to the Care Act: Money Advice Services
Home Start East Cheshire			Offers support to parents with young children, friendship and help with improving confidence and wellbeing. Supporting parents with mental health issues
Carers Trust 4 All	Palliative/complex need - carers	Volunteer befriending: Carers 'In Time' carer breaks: Aspergers young carers (+ young adults)	
The Welcome			Offering support and help: Collecting residents to attend various classes
Bridgend Centre, Bollington	Young people aged 12 - 25 support moving from acute services to community services	Counselling services for young people 12 - 25: Partnership with CAMHS to provide service in community rather than 'medical model' funded by CECCG: Buddying scheme	Just Drop In - universal drop in for anyone needing friendship and support aged 12 - 25: Contribution to emotionally healthy schools project: Walks: Activities: Volunteering:
Age UK Cheshire East		Art Group: Craft Group	
Caudwell Children	Family support for families who have a child with a disability: early help - prevention - improved emotional wellbeing: Activities for children - improved health and emotional benefits		
Cheshire and Warrington Carers Trust	Relive project service for Carers in Crisis - encouraging them to look after own health and take regular breaks	Targeted breaks i.e. overnight residential to encourage carers to take a break/relax and reassure them the cared for is OK	Breaks and support groups for carers
YMCA		Provide some basic activities and activity programmes with children	Provide health and sports activities for homeless people in different programmes

Theme: Early Help and Prevention			
Organisation Name	Services		
	Few	Some	Many
Friends for Leisure		Disabled children and young people	
Cheshire Without Abuse	Safeguarding Adults and Children	One to One Services	Awareness Advice
Cheshire Community Action		Community Agents	
Audlem and District Community Action		Luncheon Clubs and Coffee Mornings etc	
Diocese of Chester			Church based groups, Parent and Toddler etc
Cheshire East CVS		Community JSNA projects: Perinatal mental health peer support research: signposting to voluntary and statutory support: making connections and supporting collaboration	
AGE UK Cheshire	Wellbeing Service	Statutory Advocacy: Brokerage: Falls Prevention Service: Money Matters	Dementia Advice Service: Information and Advice Service
Deafness Support Network (DSN)	Mental Health: Deafness and Dementia: Residential/Hosp Care	Social Care/Health Assessments and Specialist Equipment	Youth Services: British Sign Language/Interpreting: Drop In Sessions: Deaf Community Deaf Clubs: DSN Projects (various funders) Child and Families, Deafness and Dementia, Positive Hearing
Citizen's Advice	Welfare Benefits Service for cancer patients and people living with life limiting illness	Mental Health Advocacy (General)	Universal Information and Advice: Social Care information and advice: Money Advice Service
The Lighthouse Centre, Crewe			Signposting Service: CAP (Christians Against Poverty) Course; Health and Wellbeing Course
Home Start East Cheshire			Volunteer help with families to contain possibilities of situations escalating
ChALC			Parish Councils
Bridgend Centre, Bollington	Buddy Scheme for the very frail and isolated and those with limited mobility to provide social contact and a means to have a more active life	Services for young people experiencing emotional and mental health difficulties (Just Drop In) - counselling - running/physical activity: Foundations early help and friendship groups (seeks to intervene earlier with 12 - 16 year olds to prevent them entering other services at a more acute level funded by Children in Need): - In school counselling	Universal Drop In for young people aged 12 - 25 (Just Drop In) for information and support any issue: My Pad Kitchen: Emotionally Healthy Schools Project
Age UK Cheshire East - over 50's		Information and Advice - Free Service: Dementia Day Support Service (paid for service) early stage dementia	
Cheshire and Warrington Carers Trust	Relive Project service for Carers in Crisis		Carers Support Groups: Caring with Confidence Course
YMCA		Homeless people who could otherwise place a demand on social care	After School Clubs; Parenting Clubs
Caudwell Children	Empowering parents to know their options and have the info they need for their long term needs potentially helps to prevent families needing long term social care support		
Cheshire Young Carers		Cheshire Young Carers - based on references	



Theme: Reducing Dependency			
Organisation Name	Services		
	Few	Some	Many
AGE UK Cheshire	Wellbeing Service: Dementia Advice Service	Brokerage: Falls Prevention Service: Supporting You: Money Matters	Information and Advice Service
Cheshire Without Abuse	Complex needs; effective multi-agency working & pathways	Step down intensive crisis recovery	Advice clinics: Wellbeing Group
ADCA		Up to 20 people supported in a small population	
Cheshire Community Action		Via Community Agents	
Diocese of Chester			General meetings and social activities/home visiting from churches - keeping people at home
Caudwell Children	Families getting early intervention and support promoted less dependency on statutory social care provision		
Cheshire and Warrington Carers Trust	Relive service for Carers in Crisis	Helpline for Carers	Drop in sessions for Carers
Cheshire Young Carers		Supporting young carers - hold East contract	
YMCA			We work with children from LSOA areas (100 per week): Homeless people in accommodation (up to 90 at any one time): Provide floating support for 62 people at any one time. Client groups - people with MH problems; substance misusers; offenders
Age UK Cheshire East		Men in Sheds: Help at Home service (paid for service) shopping, cleaning, transport to appointment	
Carers Trust 4 All	Palliative care - keeping and supporting people at home: complex needs -children and adults	Social groups and home based services; advice, advocacy and practical care for carers reduced need for long term services and H+ S care services; Carers 'in time'	Aspergers - independence and coping
The Welcome			Advice and practical help
The Bridgend Centre, Bollington	Bridgend Buddies - enables very frail people or with limited mobility to have a more active life	1-1 support for people experiencing mental health issues or crises. Information and advice service avoids people accessing other services: Just Drop In - partnership with CAMHS to divert young people from CAMHS medical model to more community interventions and person centred counselling	
Citizens Advice			
Home Start East Cheshire			Provides volunteer support for families with young children. Home visiting, family network days enabling families to learn and feel supported in order to move on.
The Lighthouse Centre, Crewe			Provide clothing and shower facilities to improve self-esteem: Job Centre sign posting service: Digital Inclusion Course



Theme: Skills and Employment			
Organisation Name	Services		
	Few	Some	Many
Friends for Leisure		Volunteering	
ChALC			Through Parish Councils
ADCA	ADCA coordinators/volunteers		
Cheshire Community Action	Community Agents		
Cheshire Without Abuse		Life skills coaches: Volunteering	Volunteering Peer Mentors: Court Support
Diocese of Chester			Pastoral workers, volunteers who would move from this into employment
CVSCE	GRIPP assurance	Young Trustees Project: New Leaf Project: Volunteer Managers Network: Trustees Network: Chief Exec's Network: Trainihg Programme (including volunteer management, grant writing, trustee roles, safeguarding etc): Development supprt for viluntray organisations (governance, funding, volunteers, training)	Supported volunteer recruitment (for organisations and individuals)
Deafness Support Network		New Leaf Programme	
Citizens Advice	Employment opportunities for experienced volunteers	New Leaf Financial inclusion: Universal Credit Budgeting Support	Volunteering opportunities to improve confidence and basic skills
The Lighthouse Centre, Crewe			Community/Social cohesion; Self esteem issues: Digital inclusion: Food/clothing needs: CV: Support with family
Home Start East Cheshire			Offers volunteers a training that can be used to support job application or a CV
The Bridgend Centre, Bollington		Just Drop In - support to young people who are unemployed CV's, computers, phones, practice interviews, interview clothes etc	Just Drop In - volunteer scheme for community volunteers including young people. Includes volunteering qualifications for young people Vinspired. We increase employability for volunteers. Participative approaches at Just Drop In, meaningful involvement of young people in services. Helping young people to improve emotional health helps them to continue or start to access educational services. IT tutoring and support
Carers Trust 4 All	Complex need - reducing escalation of need	Carers in employment; skills and confidence building - young carers and young adult carers: Aspergers social skills	
Age UK Cheshire East		ICT service - drop in service run by volunteers	Volunteering - giving people the skills needed for employment
Cheshire and Warrington Carers Trust	Relive programe for Carers in Crisis - looking at employment/volunteering opportunities	Specific training for carers - e.g. safer handling	Traning for Carers - work closely with Carers Connect
Caudwell Children	Use of volunteers to help deliver services improves skills and employment. Activities for children with a disability can help them to build up skills and employment skills		
YMCA		We provide training programmes for homeless young people	



World Café Discussions - key observations

NETWORKING AND COMMUNICATION

- Simplify language to make it more inclusive for smaller organisations that wouldn't normally engage with commissioning. Glossary of abbreviations and acronyms
- Commissioning documents are putting off smaller organisations and quality of tender documents could be improved
- Could documents be proof-read, précised, made relevant? Maybe use a Readers Panel to reduce jargon, repetition etc
- Needs to be appropriate to the audience it is aimed at. Pre-tender provider events useful
- Need to challenge cooperative working within Voluntary Community and Faith (VCF) Sector – in order of sorts 'who's mates with who'. Focus on loss of identity within VCF when working in partnership (consider) Larger Vs small organisations when it comes to discussion
- Cheshire East Council (CEC) to be more self critical and look at internally before blaming VCF sector
- VCF sector needs to be looked at as a family in terms of work and clients with them
- Different levels of contracts and consultation depends on value and risk of tenures
- Long specifications etc take time to go through for smaller groups and organisations
- VCF Family – can be dysfunctional but stick together in the heart of the community

ENGAGEMENT AND CONSULTATION

- Recommend commissioners coming out and going into services and engaging with users. How serious is CEC re: getting the voice of the sector?
- How to reach the disengaged – targeting where people go e.g. GP surgeries. Disconnected groups – need a targeted approach to 'get the voice'
- Groups e.g. faith – how to capture thoughts and get consistency? Could feed into one source e.g. via a website
- Give people a clear offer and a choice of options to respond. What is the value of the consultation – who is it for? What will it change?
- Emulate housing associations – use technology e.g. Ipads to support questioning. Could an app be developed to make it easy? Use social media to gather points of view. Use of facebook and analysis which ranks responses – better engagement – multi media, adapt to audience e.g. young people
- Multi channels to funding e.g. Participatory Budgeting (PB) approach which engages residents
- Feedback is crucial – what happened?
- Consider power dynamic – balance between commissioners and VCF sector
- Consider cost of consultation to the organisation – should be reflected in price of the contract? – or have the ability to take a collective approach. Recognise engagement requires resources
- Quarterly meetings between VCF sector and CEC to get a collective consensus – provide a forum to share
- Need to ask the right questions – understand the framework/perimeter – manage expectations – consider the alternatives
- Careful with terminology – not 'service users' but 'influencers' of service planning/developments/design – they are centre of process and not an add-on
- Engagement through journey – differing opportunities/levels – different ways – recognise levels of vulnerability and voice of individuals
- Commissioning process should be a golden thread throughout – horizontal process pre-consultation
- Need to ensure feedback – especially CEC – to explain why should be 360 degree approach
- Faith sector recognises challenge – bridge to be built – where can we partner? Where it works is very good. Challenge to engage with multi-faith e.g. Muslim community. VCF have trusted relationships with their people

- Ensure methods of consultation are easy, fair and accessible

MONITORING AND EVALUATION

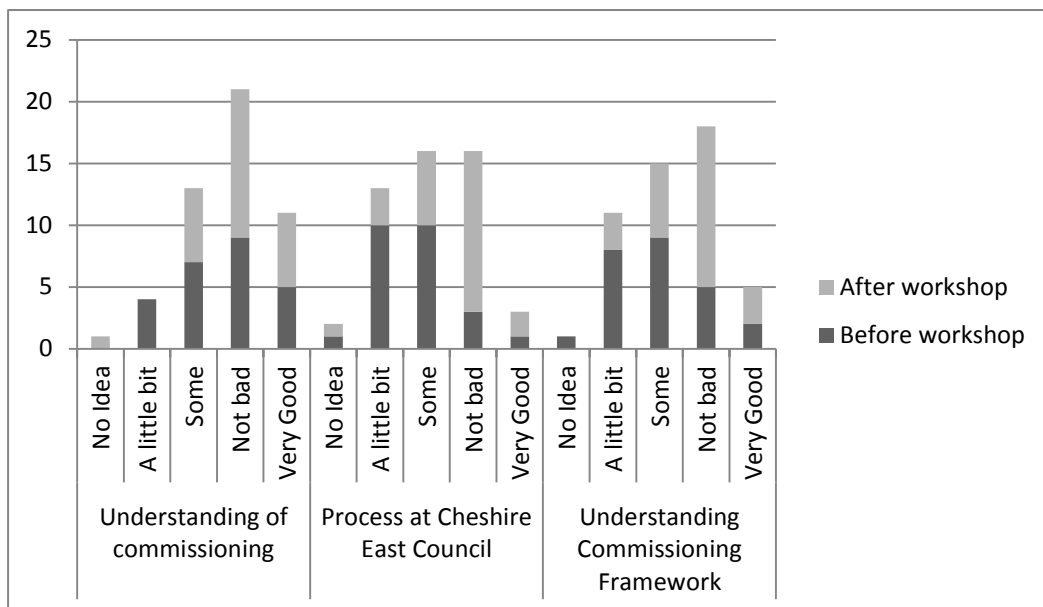
- Increase number of workshops and communication
- Proportionate. Monitoring needs to be appropriate to the level of the contract
- Room to celebrate what we are doing well and reflect on what is not working well
- Feedback from monitoring useful - Feel like no one ever looks at the data that takes so long to collate and submit
- Point of contact for monitoring moved on and org was not told for months. Communication/relationships need to be 2 way
- Formatted monitoring so you only add info once and calculations made for gender/age etc.
- Idea – standard database system (central monitoring system?) all commissioned groups use to submit Key Performance Indicators (KPI's) + data centrally
- Flexibility to provide additional data with monitoring proving value e.g. pictorial quarterly publications, extra feedback and outcomes
- Use monitoring to help identify where there is duplication and where there are gaps?
- Standardisation between adults and children – some organisations provide services across both and monitoring can be confusing
- Doesn't allow you to take risks with your service in order to trial innovation to develop services
- Use monitoring to help other organisations learn e.g. if some groups are doing some things very strongly pass on what works to others. Mentoring/sharing ideas
- Digital – self populating. Simple/streamlined. If new technology is advised /implemented there would need to be training provided
- Room to write about where organisations have signposted to other organisations who?/why? - to record where collaborations have taken place
- Case studies SO valuable, need the rich data for impact purposes and tell the story not just the statistics. Flexibility to add rich qualitative data to prove massive impact and possible outcomes. Organisations collect more information than monitoring requirements which can give a fuller picture

COMMISSIONING FRAMEWORK

- Transparency can be an issue
- Chest – user unfriendly & quite difficult to use
- Sub contractors to be in Framework?
- Look at the timescales for tenders in terms of increasing them
- Commissioners need to be less tardy. Commitment to respond within 48 hours
- Ensure new groups can join the 'Framework' – is this right name? More detail regarding Framework to be provided by CE
- Clearer direction and continuation of way forward in terms of Framework Practical demands create a barrier – Indemnity for 12 years - £1million contract insurance – payment in arrears/partnership – PO pay details 15/30 days
- Make sure people can get onto the framework – be supported to get on to the Framework and Communicate WHEN this is going to happen. Ensure all providers are kept up to date with developments

WORKSHOP EVALUATION

Levels of understanding



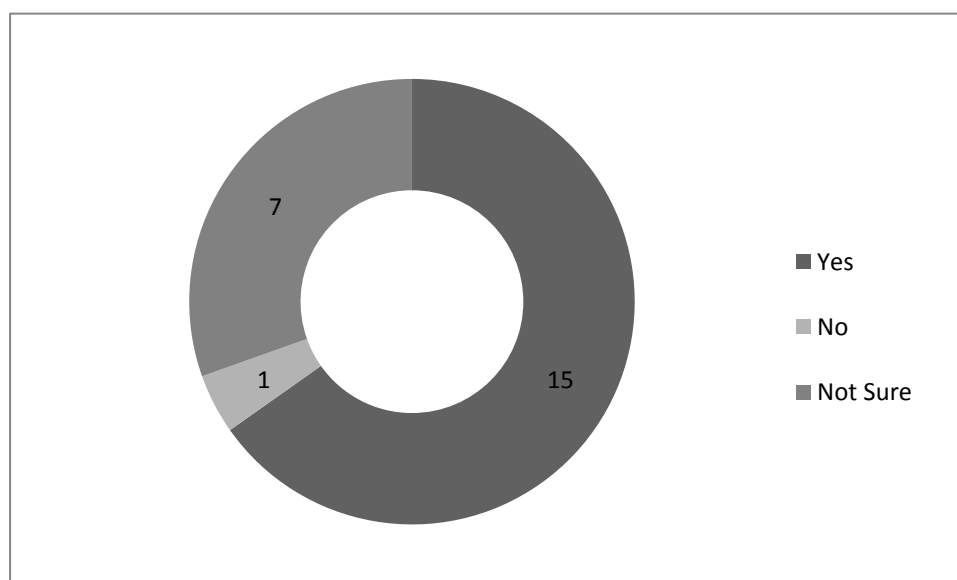
What were the expectations?

More confidence that CEC are continuing to respond to the VCF sector and genuinely working in partnership with us and action properly what we agree!

An understanding of the commissioning intentions going forward and any intended changes in the commissioning framework.
Also to start working collaboratively with other third sector orgs

A better understanding of what commissioning is about and how CE wants to work with partners in the process

Did the workshop meet expectations?



1 = No, 7 = Not Sure, 15 = Yes

What additional information was required?

I'm not sure if the event was aimed at informing me or supporting CE's understanding of the groups attending and their relationships with each other

Don't think the purpose of the workshop was clear in the invitation

Really felt more time needed to answer Q's in detail

Other Comments

Great opportunity to be part of the developing framework

Looking forward to feedback after the September workshop and being able to engage with the process in the future

Really useful in understanding where CEC are up to with regard to redesigning commissioning

I welcome the conversation and future conversations and better clarity. The future does feel bright but confusing

Very useful to feedback issues directly to CEC, some really good ideas and suggestions

VCF Commissioning Framework Workshop - 29th September 2017 Macclesfield Town Hall
Activity Outcomes, Discussion Points, Evaluation and Feedback

‘Plotting the Pyramid’ - Organisations were asked to plot where they saw their services against the tiers in the triangle showing levels of need and for each of 4 key themes.

Health and Wellbeing: Early Help & Prevention: Reducing Dependency: Skills & Education:

Theme: Health and Wellbeing	Services		
Organisation Name	Few	Some	Many
CarersTrust4all	Carer Breaks, Young Carers, Young Adult Carers, Carers Support Groups		
HOPE	Night Shelter		Street Angels, HOPE Centre
Arch North Staffs	Support in accessing Health services for Homeless & Refugees, Domestic Violence Refugees	Holistic support planning with all customers, MH Supported Housing & Floating support, Healthy Relationship programmes, Health Literacy friendly to support Health and attendance to A&E and hospital admittance	
CRE8	Referrals/Support for individuals to access services as needed/wanted.	Healthy Eating Programme	New projects
Space4autism	Adult Social Group	Yoga, Mindfulness, Parent/Carer workshops	
CAB-North	Your Voice - for Adults with Mental Health problems	Mental Health Advocacy, IACE Services	Financial capability skills, Universal Information and Advice
Alzheimers Society	Dementia Advice and Support, Support with progression of dementia	Dementia Adviser, Dementia Support, Side by Side & Singing for the Brain groups and cafes	Dementia friendly communities, Raising awareness and understanding of dementia, Raising awareness and support available for carers, Pre-diagnostic advice & support
Disability Information Bureau	Wheelchair loans, RADAR keys, Shopmobility services, Specialist employment support(visual impairment), 1to1 learning support with adaptive technology, Voluntary opportunities	Learning opportunities, Drop in IT centre, Employment support people with learning disabilities, Mental Health, Low basis skills, Welfare rights form filling	Information and Advice, Volunteering opportunities, Employment support, Hate crime advice centre, Learning Centre, Drop in IT centre
Age UK Cheshire East	Dementia Support Service	Help at Home	Information & Advice, Volunteering
Neuromuscular Centre	Physiotherapy with hydrotherapy, Specially adapted gym	Psychological/emotional wellbeing support, Mindfulness, Carers activities	
Home-Start East Cheshire			Emotional and practical support to families with Mental Health issues
Methodist Homes			Live at Home - Promotes health/falls prevention/emotional wellbeing
Deafness Support Network	Deafness & Dementia - proven links between hearing loss and cognitive decline (Impact on social isolation, physical and mental health)	Health promotion in accessible communication format	Accessibility to Health/Social Care-barriers presented by increasing telephone access/111 service etc.

Theme: Early Help and Prevention		Services	
Oranisation Name	Few	Some	Many
CarersTrust4all		Carer Breaks, Young carers, Young Adult carers, Signposting to Carer Services	
Arch North Staffs		Domestic Violence Sevices, Mental Health floating support for tenancy sustainment, PRS Mediation & Prevention of Homlessness(providing a voice for young people), Supported Housing	Work in schools surrounding Homelessness and Healthy Relationships. PRS Advice & Accessibility
CRE8	Alternative Education(Preventing escalation through Social Care), Sexual Health/Exploitation	Clubs (Activities, Restorative justice, Informal Education)	Community events (Empowering decision making in communities), Food giveaways
Space4autism	Pre-school Group	Clubs for Children/ Young People	
CAB-North		Mental Health Advocacy, IACE Services	Universal Information and Advice
Alzheimers Society	Side by Side (People with dementia), Advisers and Support Worker Intervention, Crisis prevention and management(CriSP), Live Well with dementia (Self management for people with dementia)	Dementia Adviser/Support, Post diagnostic support for all types of dementia	Dementia Awareness and Support, Combating stigma around dementia, Campaigning for Services/ Support to "Have the conversation" - pre diagnostic
Disability Information Bureau	Wheelchair loans, RADAR keys, Shopmobility Services, Specialist Employment Support(Visual Impairment), 1to1 learning support with adaptive technology	Learning opps with adaptive technology, Employment support people with learning disabilities, Mental Health, Low basis skills, Welfare rights form filling	Information and Advice, Volunteering opportunities, Employment support, Hate crime advice centre, Learning Centre, Drop in IT centre
Age UK Cheshire East	Dementia Support	Help at Home, Men in Sheds	Information & Advice
Neuromuscular Centre	Early Help for all- Opportunities to achieve training and develop new skills	Physiotherapy for management of condition	Crisis Avoidance -Support of family
Home-Start East Cheshire		Support to Families to prevent breakdown at home and going into Child Protection or Child in Need.	Supporting Parents to feel in control
Methodist Homes			Live at Home - Social activities/Falls Prevention/ Preventing social isolation
Deafness Support Network		Youth services, British Sign Lanuage/Interpreting, Drop in sessions, Deaf community Deaf clubs, DSN projectschild and families, Deafness and dementia, Positive hearing, Technological advances in communication support	1in 6 of Chechire East population experience significant hearing loss/deafness. As the population ages this will move to 1 in 5 and impact on the 'Many' or 'Some' definition

Theme: Reducing Dependency		Services	
Oranisation Name	Few	Some	Many
CarersTrust4all	Palliative care, End of life care at home, Young carers, Young Adult carers, Complex Needs care	Carer Breaks, Support Groups, Signposting to Carer Services	
Arch North Staffs	Housing First, Domestic Violence Services, Supported housing for homeless, Housing for refugees and asylum seekers, 24hr DV Helpline	Mental Health accommodation for Recovery & Independence, Resettlement support for homeless & refugees, Equipping with skills, Healthy relationship course, Supported housing for homelessness & resettlement	Private rented sector advice with support to tenants and landlords, Money & Debt advice, Prevention & Education services (LD reality of independent living delivered in schools), Tenancy training
CRE8	Alternative Education, Life skills, Practical skills development.	Music clubs (tuition, drop in, concerts), Clubs YP 8-16, Employment experience for young adults.	Role modelling in community/ neighbourhood
Space4autism	Signposting to other services	Social skills groups, Educational workshops, Employment training, Parent carer support	Early Intervention support
CAB-North	Your Voice - for adults with mental health problems	Mental Health Advocacy, IACE Services	Financial capability skills, Universal Information and Advice
Alzheimers Society	Post hospital discharge advice	Dementia adviser, Delaying move to LT care, Preventing hospital admissions, Carer support, Dementia cafes and groups	
Disability Information Bureau	Wheelchair loans, RADAR keys, Shopmobility services	Information and Advice (specialist), Welfare rights, Employment support, Specialist adaptive technology (to combat digital inclusion)	Information and Advice, Volunteering opportunities, Employment support, Hate Crime advice centre, Learning Centre, Drop in IT centre
Age UK Cheshire East	Dementia support	Help at Home, Men in Sheds	Information & Advice, Volunteering opportunities
Peaks and Plains	Falls prevention, Frailty discharge support, Specialist DFG adaptations	Talking therapies, Trustlink	One You Cheshire East
Neuromuscular Centre	Support individuals and their families to manage their neuromuscular condition	Support people to evaluate their own needs and increase their confidence	Reduce dependency on statutory services (forward planning of Health/Social/Work needs)
Home-Start East Cheshire		Focused support for families on CAF/CIN plan.	Support for all families with children under 5
Methodist Homes			Live at Home - Reduces reliance on families/carers

Theme: Skills and Employment		Services	
Organisation Name	Few	Some	Many
Arch North Staffs		Support for individuals as an holistic approach to improving Income & Independence, Links with JCP, Remploy & PM Training	Volunteering opportunities, Apprenticeships
CRE8	Employment experience for young adults at risk through CRE8 social enterprise	Skill development in group activities at clubs/residentials eg gardening, cooking, construction, performance	Information /Process/Good Practice sharing with other organisations.
Space4autism	IT Help, form filling, PIPs advice, EHCP advice, Cygnet course	Employment training, Educational workshops, Social skill clubs	
CAB-North		Financial capability skills	Employment caseworker support (Info & Advice), Small business start up(Info & Advice)
Alzheimers Society		Dementia awareness & understanding for communities, Voluntering opportunities	
Disability Information Bureau	Specialist work placements & Voluntary opportunities for disabled people, Adaptive Technology, 1 to 1 learning support, Specialist support for Visually Impaired & Disability	Learning opportunities, Drop in, Employment support	Volunteering opportunities, Employment support, Learning Centre, Drop in IT centre, Work placements
Age UK Cheshire East		Men in Sheds	Info & Advice, Volunteering opportunities
Neuromuscular Centre	Training on site and distance learning - graphic design, animation, photography	Employment opportunity in design & print social enterprise, Volunteering opportunities	Skills for carers, Mindfulness sessions, Peer group support with activities
Home-Start East Cheshire			Group support for parents to make healthy choices and improve knowledge
Methodist Homes			Live at Home - Volunteering opportunities
Deafness Support Network		Youth clubs-D/deaf led but open to all young people- Encourages integration and reduces isolation and loneliness	

Table Discussions - Key Observations

NETWORKING AND COMMUNICATION

- Clarity around titles – better publication of services
- Pre notification to give time to build partnerships
- Linked to more timely and effective communication with sector before a tender is released
- Don't want to be called family as we are distinct organisations that come together
- Want to be trusted and respected seen as a professional organisation
- Ensure that social value is built into the framework and it has a local element to it
- Ensure that contracts are resourced adequately – “volunteers aren't free”
- Can't afford to run contracts at a loss or subsidised from charity funds
- Need to have the discussions about real cost of services
- Glossary provided – explanations more complicated than the terms themselves! Who is it written for?
Make it local – ref the HM Treasury
- What does that mean in Cheshire East?
- Consistency of approach – communication. Important that communication continues after consultation – ongoing communication
- Commissioning team doing a “road trip” of selected organisations to speak with groups and 2-way communication

ENGAGEMENT AND CONSULTATION

- Partnership working to be encouraged – more of these type of network events
- Lip-service only often given to consultation, need proper market/customer engagement. E.g. spec already written, how are trends fed back?
- Early warning of tenders/grants that may be coming
- Longer notice periods would help
- Can tenders be commissioned e.g. 1 year before contract end dates
- Longer contract periods if possible
- Learning from other LAs – find out what's worked well – possible to pool resources
- More clarity on desired outcomes – better specs
- Existing involvement groups – self selected, tend to be older, with particular views = polarised view all the time.
- Creativity in social media, existing community groups e.g. schools, parents etc.
- Use local Healthwatch to gather views
- Groups engage with their service users very well, ask for those views.
- Charity shops used at hubs?
- Commissioners going out and seeing the services etc. in situ rather than holding events
- If information doesn't connect or trigger, it can pass you by and you won't engage.
- Use many routes to access ranges of people.
- Faith sector – may not even consider bidding for a contract or consider themselves as a contracted service.
- Difficulties in connecting with different denominations e.g. Methodist group connecting with another denomination.
- Housing group meetings have had involvement with churches.
- Recognising that there are many organisations/groups who provide extensive support in the “many” area of triangle that are not contracted services.
- Are we using all assets/routes we have as effectively as we can to engage and provide services? Broad commitment for groups to work together.

- Death by email? Phone calls/conversations much more productive.

MONITORING AND EVALUATION

- Specific dates advised at start of year (only told quarterly)
- Need time/lack of notice
- Meaningful data needs to be requested and tell us WHY data is wanted, what will be done with it, will it be acted upon – not convinced it'll be put to good use
- Staffordshire have quarterly forums and working groups e.g. homelessness partners meet in Newcastle and Stoke – need structured agenda's issued ahead of meetings
- On-line is OK but still need face-to-face meetings
- IMPACT – it has on people – they should always be at the centre.
- If contracts aren't working well, ability to go back and say = co-production should not just be at the start of the commissioning process but all the way through. Continuous improvement.
- Numbers vs impact sometimes – individual impact can be huge.
- You can say you've helped 100 people but might not have had much impact, as opposed to life-changing support to 10 people. Ability to capture that.
- Numbers don't necessarily tell the story. One intervention can be the start of a relationship which is ongoing (and possibly preventative)
- "Capturing the journey" of people rather than numbers.
- Why are the commissioners asking for that particular information? An the commissioner justify if – is it needed? E.g. rather than the number of PA's involved, how many sick hours have been taken? Are they asking the right questions to discover value? Ask provider what information they can give to give the fullest picture.
- Does anyone read the contract monitoring submissions? Limited feedback.
- AS long as you know what is needed and why/who for?
- Prime opportunity before procurement starts to speak to providers – pre-procurement consultation. Get it right at the start – do it once and properly.
- Have terms and conditions littered with typos and referring to non-existent clauses. Contracts and monitoring forms etc. should all the be checked.
- CCIL don't like the term "co-production"
- Use of info graphics can be very powerful (complexity of contract taken into account)
- Also learn from process where case studies don't have happy endings – "near misses" idea, where service developments can adapt and encourage innovation.
- Period of allowing groups to learn and evaluate – allow to test service delivery without fear of failure.
- Reflection on contracts at the end of the contract.

COMMISSIONING FRAMEWORK

- Will obtain further feedback re. CHEST
- Like messaging area
- More notice/longer contracts to give stability
- Trusted/preferred supplier list then makes it easier and quicker over time
- Larger single contracts
 - Want conditions around the contract to ensure range of providers and choice rather than having single provider e.g. % on management, % delivery for lead
- Role of lead to provide the outcomes/ reporting process for small organisations to be able to be involved
- Discussion around should it be split between 4 areas or all, some, few – all have challenges as services cross cut all of them

- Type issues if any CEC staff have to transfer within any contracts e.g. pension costs.
- If lead and subcontractor - need to have time to develop the contract between them
- Lead should lead with limited delivery in contract history of doing that well
- Lead respect, understand and utilise skills of the partners
- Time of the sector to choose it's Lead
- Transparent what the management fee is
- Transparent what all contractors get
- Council needs to pass on any savings made by fewer contracts e.g. fewer contract management staff
- Transparency around who scores and how they analyse the bids
 - do they know the service?
 - Do they know how to assess?
- Is there a way to stop them being over impressed with "glossy vs quality"
- Participatory Budget process not effective way of spending money "popularity contest" rather than spending based on real need. Small organisations put off by having to do public speaking
- How to decide what services in framework
- Task and finish group pull together and then carry out full consultation – VCFS on this not just council!
- Lack of understanding of what some charities do sometimes
- Lack of realisation of how much time and effort the bid writing can take
- Before new contracts etc., map what is already going on in the region, be aware of existing partnerships/interfaces
- Having lighter touch terms and conditions – proportional to the contract
- Response time is key – 100s of pages of terms and conditions, post issues on CHEST etc. Onerous process. Terms and conditions tailored to the contract and value.
- Really clear about set up if encouraging partnerships. Partnership agreements key rather than main provider and sub-contractors.
- TUPE – lots of issues. Expectation that people transfer from NHS, Council, potential risk re. pensions etc is massive. Plus impact of heightened terms and conditions. Being realistic about ring-fenced money for TUPE process.
- Clear that when process starts, have TUPE information sheets attached to the contract to be fully aware of implications to organisations
- Takes time to build partnerships and to do it well
- Payment in arrears – could be a deal breaker for smaller groups. Larger charities can manage it better, Can be compounded by delays in management process.

WORKSHOP EVALUATION

Levels of understanding

Organisations were asked to indicate their level of understanding against the following questions before and after the workshop.

- How would you rate your understanding of commissioning and what it entails?
- How would you rate your understanding of the commissioning process at Cheshire East Council?
- What level of understanding do you have of the term 'Commissioning Framework'?

There were 16 feedback forms completed and 15 of these identified the same or improved understanding in relation to the above questions following the event.

What were the expectations?

A clear understanding of what the framework may look and feel like

To hopefully understand more and influence change

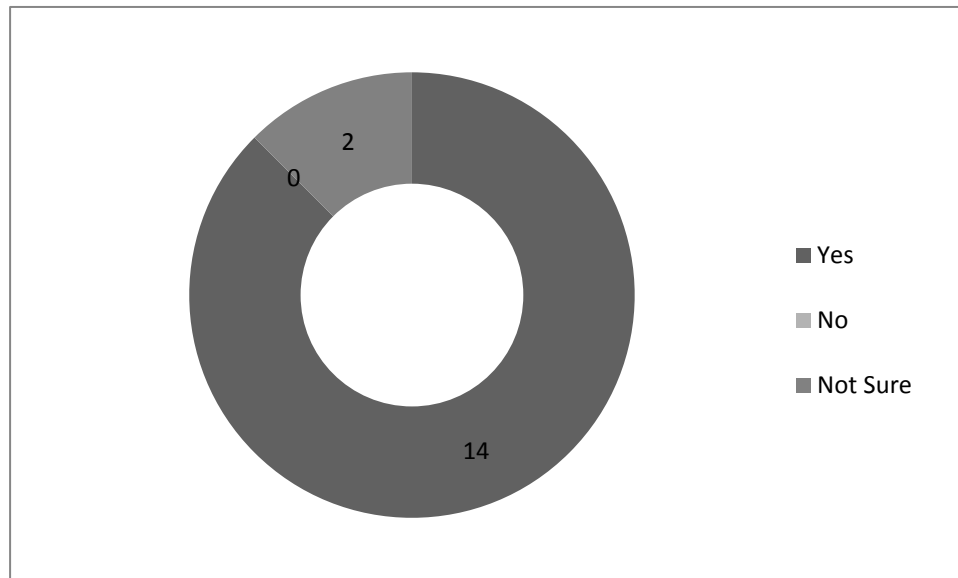
To get an understanding of where we are moving to in the CEC commissioning process and how we can improve partnerships and monitoring outcomes

More knowledge of how to get involved

An understanding of the new commissioning direction and process

An idea of what Cheshire East might commission next year

Did the workshop meet expectations?



0 = No, 2 = Not Sure, 14 = Yes

What additional information was required?

No requests for additional
information received

Other Comments

Well organised,
thanks!

Great opportunity to learn and
meet some useful contacts

Good networking event and
some really rich valuable
conversations on our table

Very welcoming with a real
desire to pull together and
improve the offering across the
sector

I don't think my level of understanding
has changed because the focus was on
questions and developing the process

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Frank Jordan, Executive Director of Place
Subject/Title:	Building an Investment Portfolio
Portfolio Holder:	Cllr Ainsley Arnold, Housing, Planning and Regeneration

1. Report Summary

- 1.1. The development of a strategy to enable the Council to invest in commercial property is included in the Council's Medium Term Financial Strategy (MTFS).
- 1.2. This report sets out the practical steps required to implement this.

2. Recommendation

- 2.1. It is recommended that Cabinet:
 - 2.1.1. Authorises the Interim Executive Director of Corporate Services to set (and amend from time to time) the investment criteria in consultation with the Executive Director of Place, the Portfolio Holder for Finance and Communications, and the Portfolio Holder for Housing, Planning and Regeneration.
 - 2.1.2. Authorises the Executive Director of Place to commission commercial agents with the required skills and expertise to actively search for investment properties.
 - 2.1.3. Authorises the Executive Director of Place to commission external commercial advisors with the required skills and expertise to prepare detailed business cases to support any future decision regarding the acquisition of investment properties that are identified.
 - 2.1.4. Authorises the Portfolio Holder for Housing, Planning and Regeneration in consultation with The Director of Legal Services, the Interim Executive Director of Corporate Services and the Executive Director of Place to take any action considered necessary or desirable to establish and/or utilise an alternative service delivery vehicle (or vehicles) to deliver the investment portfolio.

2.1.5. Authorises the Executive Director of Place in consultation with the Portfolio Holder for Housing Planning and Regeneration, the Portfolio Holder for Finance and Communications, the Director of Legal Services and the Interim Executive Director of Corporate Services to acquire the freehold or leasehold interest in commercial property identified in accordance with the investment criteria approved by virtue of paragraph 2.1.1 above and the advice received by virtue of 2.1.3 above.

2.1.6. Authorises the Executive Director of Place in consultation with the Portfolio Holder for Housing Planning and Regeneration and the Portfolio Holder for Finance and Communications to establish management arrangements for any newly acquired assets.

3. Reasons for Recommendation

- 3.1. Developing the council's property investment portfolio is a component of the Council's plan to achieve a balanced budget and has already been accounted for in the Council's budget plan.
- 3.2. This decision would broaden and diversify the Council's investments which would enable the Council to better deal with its budget challenges.
- 3.3. The approach taken is to give preference to assets within the Borough as these have the potential to create additional regenerative opportunities or otherwise assist the Council in delivering its functions.
- 3.4. This paper recommends that the Council should commission an agent to conduct an active search for assets that would enable the council to make a return on its investment. In addition, it is recommended that the Council commissions appropriate external commercial advisors to prepare detailed business cases to support any decision to acquire an investment property in the future. This approach will ensure that the Council is acting upon appropriate external professional advice.
- 3.5. This proposal focuses on investing in existing commercial property in the industrial, office, retail and leisure sectors. It does not consider investing in residential property. However, the Council is looking through other initiatives to consider investment in the residential property this sector.
- 3.6. In delegating the decision to invest in specific assets the Council will be able to act decisively and operate successfully in the property investment market. Investment decisions will be made in accordance with the investment criteria and budget from time to time without further limitation on the powers delegated. It should be noted that that the individual transactions involved are likely to exceed £1m.

4. Other Options Considered

- 4.1. During the development of this proposal, a number of alternative options have been considered and discounted. The principal point considered when assessing these alternatives was the Council's desire to develop an additional income stream as part of its prudent investment strategy spreading and diversifying the risk to the Council. However, investment activity within the Borough is considered likely to realise other objectives such as regeneration or facilitating the delivery of other council functions. Investments will be fully evaluated on a case by case basis, but the opportunity to realise other such benefits would enhance the rationale for making a particular investment. Therefore there is a preference to acquire assets within the Borough but that is not to exclude investment in assets outside the Borough where there is a compelling case to do so.
- 4.2. Option 1 - Do nothing. It is entirely possible that the Council could choose not to invest in incoming producing assets. However the Council would lose the opportunity to develop an additional revenue stream.
- 4.3. Option 2- Investment in assets with income as a secondary objective. The primary scope of the agreed business case is clear - to develop an income stream generated by acquiring investment property. Should the investment opportunity also present other opportunities to achieve the Council's objectives this would be a positive consideration factored in to the evaluation of a business case. However, the primary objective is to realise a return on investments to increase the resilience of the Council's funding base. It is also clear that the Council would not want to invest in assets that were not aligned to its corporate and social values and objectives.
- 4.4. Option 3 - Development of property to be held for investment income purposes. The Council could look to maximise investment returns by focusing on the acquisition of properties with development potential, and then undertaking the development of the same. However, that entails a degree of increased risk and as such, at this stage, it is proposed to concentrate on "market ready" developed assets. Once a degree of investment maturity has been established through what is currently proposed, the Council can consider adding a development portfolio. Cabinet authority will be sought prior to expanding the strategy to embrace a development portfolio.
- 4.5. Option 4 The Council could look to different delivery models such as investment in property funds. This has been discounted at this time, preferring a straight forward approach of utilising the existing Assets Team supported, when necessary, by specialist advisors.
- 4.6. Option 5 The Council could look to other sources of revenue, such as increasing its holdings of other investments. This would reduce the opportunity to diversify the Council's investments and would also lose the opportunity created by the Council investing in borough in physical assets,

which in the long term can generate strategic opportunities for the Council and contribute to the delivery of other council functions.

5. Background

- 5.1. The Council is currently faced with financial challenges over the next three years. This proposal would reduce current and future financial pressure by increasing the revenue income stream to the Council by increasing rental income from property assets and, to a lesser extent, through capital appreciation.
- 5.2. There are two broad routes that the Council could use to increase its income in this area:
 - Route 1 - Acquire property and receive a revenue stream from the asset. This is the simplest way for the Council to start to invest in property. This is the approach that has been submitted in the Business Case and is presented in this Cabinet Paper;
 - Route 2- Acquire then enhance an asset and release value by onward sale or receiving a revenue stream from the asset. This is a more complex type of investment strategy reliant on revenue income and capital appreciation, and is more sensitive to the economic cycle. This requires a more mature investment skill set which may be an opportunity for the Council in the future. This approach does not always generate an immediate stable income and is better suited to an investor with a greater degree of investment maturity.
- 5.3. The principal focus of this paper is on the acquisition of property assets and receiving a revenue stream (rent) from such assets. This requires capital funding to purchase property investment assets on the open market. The business case, which has been agreed as part of the Council's budget setting process, proposed to set up a property investment fund to deliver an investment return for the Council.
- 5.4. The Council has engaged an experienced commercial consultant team to develop a recommended approach to investment. Through workshop activity it was very clear that the Council's requirements are primarily:
 - Security of income
 - Obtaining best value in transactions
 - Stable long term investment balancing risk and yield
 - Where possible to acquire within the borough
- 5.5. This overall approach was supported by the consultant's advice. Given that the Council's primary objective is to generate an income from investment in property assets, they confirmed that the approach set out above was appropriate and that the best opportunities would be obtained through investment in the Borough where the Council would have a better

understanding of the local property market. However to maximise potential investment returns, it may also be necessary to acquire assets outside of the Borough. In the case of every individual proposed acquisition, due diligence will be undertaken to ensure the strategy is implemented prudentially and in accordance with relevant statutory requirements.

- 5.6. The Consultants also confirmed that when undertaking property investment acquisitions it is vital to be able to act quickly and decisively.
- 5.7. Therefore the proposed structure of the decision making process delegates the specific investment decision. This would enable the council to act decisively in a competitive and fluid market whilst providing appropriate Member oversight on acquisitions.
- 5.8. It should also be noted that Central Government has recently produced updated guidance on local government investments which is proposed to take effect from 1 April 2018.
- 5.9. The approach outlined in this paper takes account of this guidance as follows.
 - It is proposed to commission an agent (or agents) and commercial advisors to work on behalf of the Council, with the relevant professional knowledge and understanding of the Council's investment requirements, that can search the market, prepare detailed business cases and then advise the Council on potential investment opportunities.
 - Following acquisition, there will be a requirement to manage the asset and comply with statutory requirements. It is proposed to do this utilising, in the short term, the existing commercial arrangements in place for the asset in question. The Council would subsequently put appropriate management arrangements in place.
 - The Council will always obtain appropriate professional advice, from external sources if need be, to identify and evaluate potential acquisitions and to support the acquisition process.
 - In order to support the decision, an investment decision matrix will be developed to ensure that any proposed investment would be aligned to the objectives of the Council and that risks can be identified and evaluated during the decision making process.
 - The funding for the proposal is contained within the Addendum to the Capital Programme and to gain access to this funding a full and robust business plan will be developed and considered by the Central Finance Group (CFG).
- 5.10. The governance arrangements for the acquisition process are set out in the recommendations. Acquisition decisions will be made on the basis of professional advice. In order to make the decision on a specific acquisition

this will be initially recommended by property professionals. Although preference would be given to assets within the Borough as this could create additional benefits to the Council investments outside the borough will also be considered.

6. Wards Affected and Local Ward Members

6.1. All Wards.

7. Implications of Recommendation

7.1. Policy Implications

7.1.1. This implementation of this proposal underpins elements of the Council's budget. Not achieving the level of investment income identified through this proposal would result in an additional challenge being placed on the Council in achieving a balanced budget.

7.2. Legal Implications

7.2.1 There are powers to borrow, invest, incur expenditure, acquire and dispose of property in the Local Government Act 1972, the Local Government Act 2003 and the Localism act 2011.

7.2.2 Where the Council proposed to acquire an asset solely for commercial purposes, that is to say that acquisition and operation of the property will not serve or assist in the discharge of any of its statutory functions, then it must operate through one of its companies (or establish another one for that purpose).

7.2.3 There are other specific duties to be mindful of, such as the rules around achieving best consideration for the disposal of property assets, and the rules on "state aid". In addition, the Council is under a duty to ensure that public funds are not exposed to unnecessary risk.

7.2.4 All of these issues must be managed appropriately on a case by case basis through appropriate due diligence in the process of identifying, acquiring and managing individual assets in accordance with the strategy proposed.

7.3. Financial Implications

7.3.1. The MTFS provides for a fund of £5m in the first instance, however this will be reviewed depending on the type of opportunities that are presented to the Council in any detailed business case that would follow. This funding is in the capital addendum and therefore to draw on this funding approval from the Central Finance Group is required. It is noted that the guide yield at this stage would be 5% net. However, this is dependent on a number of factors including investment type, location, general performance of the market and the Council's appetite for risk. As assets for investment are brought forward

these risks and the likely performance of the asset will be considered and tested based on due diligence information known at the time.

7.4. Equality Implications

7.4.1. None identified at this stage. It should be noted that any investment would be in line with the Council's corporate objectives.

7.5. Rural Community Implications

7.5.1. None identified at this stage, however investment opportunities in rural areas may present.

7.6. Human Resources Implications

7.6.1. It is expected that any property investment acquired would be managed in the longer term by commercial agents minimising the potential burden on existing resources.

7.6.2. Resources will also be required from the Council's Assets and Legal teams. Impacts on those teams will have to be carefully monitored and any adverse effects addressed to ensure that baseline deliver of statutory functions in not impacted.

7.7. Health and Wellbeing Implications

7.7.1. None identified at this stage.

7.8. Implications for Children and Young People

7.8.1. None identified at this stage.

8. Risk Management

8.1. The risks have been identified and evaluated alongside mitigation measures in the main body of the report.

9. Access to Information

No Background papers

10. Contact Information

Contact details for this report are as follows:

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Cheshire East Council

Cabinet

Date of Meeting:	6 th February 2018
Report of:	Sara Barker – Head of Strategic HR
Subject/Title:	Mutually Agreed Resignation Scheme (MARS)
Portfolio Holder:	Cllr Paul Findlow, Corporate Policy and Legal Services

1. Report Summary

- 1.1 The purpose of this report is to seek approval for the introduction of a Mutually Agreed Resignation Scheme (MARS) policy and guidance.

2. Recommendations

That :-

- 2.1 The MARS policy, guidance and payment schedule are approved (Appendices 1 and 2).
- 2.2 The scheme is offered to Council employees from April 2018 for a specific period of time as required.
- 2.3 It is noted the Pay Policy Statement (PPS) 2018/19 progressing to Council on 22nd February, will be amended to include the MARS Policy subject to approval.

3. Reasons for Recommendation

- 3.1 The Council has already consulted on its pre-budget report (2018/21 MTFS Budget Proposal Summary) that it will aim to develop a local Mutually Agreed Resignation Scheme (MARS).
- 3.2 In order to give flexibility to apply the MARS scheme to Chief Officers, the MARS policy is required to be included within Council's Pay Policy Statement (PPS) 2018/2019. That can be achieved when the PPS is presented to 22nd February Council for adoption.
- 3.3 The principles for the MARS scheme were developed from the NHS Staff Council Section 20 national agreement and recommended as good practice for NHS Trusts to support them to alleviate the need for future redundancies and to reduce costs. It has also been used to increase flexibility for an employer to address rapid change and service redesign. Since then the

scheme has become more widely utilised and now operates in Local Government and Education.

- 3.4 Where it is decided to cease or substantially reduce an area of service delivery, any resulting reduction in the requirement for jobs will normally be dealt with under the Council's Redundancy Policy. However, due to a number of years of budget reductions and the merging of many roles, combined with the addition of new priorities, it is often not possible to simply cease or change workloads and make whole posts redundant. As a result, some Councils have adopted Mutually Agreed Resignation Schemes (MARS) which is more flexible, provides choice to employees and employers, opens up career development opportunities and enables cost reductions over the short to medium term. These schemes are usually offered on a time-limited basis, as organisational requirements demand.

4. Other Options Considered

- 4.1 The Council has a range of policies and procedures that allow staff to exit the organisation but many are linked to statutory schemes such as redundancy or the Local Government Pension Regulations. In addition, there are a range of other schemes such as career breaks, voluntary reduced hours and secondment policies which do provide flexibility for staff during their employment. In relation to these policies, the Retirement and Severance Policy is comparable to the proposed MARS policy but it is not as flexible and has limitations. Its main purpose is to be applied in ill health and organisational change/redundancy circumstances. Elements of the Retirement and Severance Policy are aimed at employees over 50 years of age with links to the Council's Pension Discretions Regulations which apply in early retirement, redundancy and grounds of efficiency circumstances only. The MARS policy will be an addition to these policies and will differ in that it is non contractual and voluntary for staff to apply. It also has no pension implications and is more flexible in use for the Council as it requires.

5. Background

- 5.1 The MARS policy and procedures have been developed as a consequence of the staff savings identified in the 2018/21 Medium Term Financial Strategy and is outlined in the Workforce Section of that report.

6. Wards Affected and Local Ward Members

- 6.1 There is no direct impact on wards or ward members.

7. Implications of Recommendation

7.1 Policy Implications

- 7.1.1 MARS enables individual employees, in agreement with the Council, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This will be through a voluntary application process which is non contractual. This creates job vacancies that may be filled by the

redeployment of staff from other jobs or for those seeking career development. This will create additional turnover to potentially reduce the risk of future compulsory redundancies, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas.

- 7.1.2 The MARS policy will also be supported by guidance, FAQs and an application process which sets out comprehensive rules and conditions applying to the scheme to provide absolute clarity for both employees and the Council.
- 7.1.3 Approval of MARS applications will be entirely at the Council's discretion. Applications will not be considered where, for example, the service area is subject to consultation for reorganisation and employees are at risk of redundancy. Other criteria are listed in the policy document attached to this report see Appendix 1. There is no right of appeal against non-selection for MARS.
- 7.1.4 Invitations to apply, together with the process and any time limits for doing so, are contained in the scheme guidance and will be communicated to staff by a range of communication methods. Applications will be in writing and follow a formal application and approval process.
- 7.1.5 The Executive Director for the service, in consultation with the Head of Strategic HR, will consider applications; decisions will be made in discussion with the relevant Head of Service based on a business case developed for each application by the Head of Service. Each approved application will require ongoing savings sufficient to recover costs and provide additional financial savings. Staff accepting a severance payment will be required to sign a MARS settlement agreement and it should be noted that the settlement agreement will not contain a confidentiality clause.

7.2 Legal Implications

- 7.2.1 The MARS scheme does not amount to a contractual entitlement or a change in terms and conditions of employment. As such, there is no requirement to obtain the approval of the Trade Union before it is implemented. However, as noted above, appropriate engagement with the Trade Unions has taken place and is continuing.
- 7.2.2 There will be an additional work stream for Legal Services in documenting the terms of staff departures under MARS. It is currently anticipated that this cost can be absorbed into base operational provision. However, there may be a need for some of the savings retained to administer the scheme to be used to reimburse legal officer costs in order to ensure there is no detrimental impact on the provision of other core legal advice and assistance services.
- 7.2.3 Additionally, it is custom and practice to reimburse the cost of legal fees incurred by departing employees in their consideration of the agreement to document the terms of their departure. That can be in the region of £250-£350 plus VAT per agreement.

7.2.4 As with all such schemes, the Council will have to be mindful of any potential discrimination to those employees with Protected Characteristics especially age. As such, an Equality Impact Assessment has been undertaken with details set out at Par 7.4 below. In addition to the Protected Characteristics consideration has also been given to whether the scheme could amount to less favourable treatment to Fixed Term Workers. There is a risk that a Fixed Term Worker may consider that they have been treated less favourable by being excluded from the scheme. However, the Council would be in a strong position to defend the same on the basis that there is a genuine and appropriate need for the scheme as set out in the main body of this report and therefore can be objectively justified. As with age discrimination, the impact will be kept under review by the HR Team particularly with regard to fixed term employees who have had a number of successive contracts.

7.3 Financial Implications

7.3.1 The Council's financial forecast and supporting strategy has been set out the Council's approach to balancing the budget. The development of new proposals, such as MARS will seek to achieve a balance between ensuring sufficient resources are available to work on the key priorities with the need to drive transformation and achieve sustainable employee cost reductions. It is estimated in the MTFS that the scheme will save £1.5m during 2018/19 financial year. There is a risk that the savings estimate will not be met as it is dependent on staff applying for the scheme but this will be monitored.

7.3.2 Initially, the scheme may need to be funded centrally to meet the upfront costs of the MARS payments. With the resulting savings (upon the staff leaving or structural re-design) to be allocated against service budgets and recorded separately to monitor the effectiveness of the scheme.

7.3.3 Application will also be made to HMRC to seek agreement that the first £30,000 of any MARS payment will be classed as a severance payment legally and would be tax free. Although it should be noted this is currently under review by HMRC.

7.3.4 Restrictions on the employee returning to CEC employment would be applied. For example, most schemes have a restriction of two years.

7.3.5 Application could be made for MARS payments to be capitalised and potentially funded from flexible capital receipts. This is currently being explored by the Finance Team.

7.3.6 Financial support will also be required as one third of all savings will be retained by the service areas to support structural change and development costs. The remaining two thirds will be retained centrally for budget savings.

7.3.7 As Settlement Agreements will be required as part of the scheme, there will be costs incurred in respect of this legal process as outlined in the legal

section of this report. Cheshire Pension Fund will be contacted to confirm that no pension liabilities fall on the Council as a result of using this scheme.

7.4 Equality Implications

7.4.1 An Equality Impact Assessment has been undertaken identifying a potential risk around Age Discrimination. This is because the payment formula is based on an employee's length of service, which may well mean that older service employees will also be the longer serving employees and thus will receive a larger amount by way of severance than younger employees with less service.

7.4.2 That gives rise to a potential risk around indirect discrimination. However, a policy having the potential to amount to indirect discrimination will not be unlawful if it can be objectively justified. It is considered that the operation of the policy can be objectively justified on the basis that:-

- A) It may be more likely, but not always the case that older applicants will have longer service than younger applicants.
- B) Is seeking to provide a greater financial cushion to older employees which is a legitimate endeavour on the basis that they may face greater challenges in finding alternative employment.
- C) A flat rate proposal creates a different disparity in that it does not appropriately reflect length of service. For that reason it is likely to prove unattractive and impact on the likely number of applicants. Furthermore, a flat-rate may have the effect of being more appealing to those with less service (and so potentially younger workers) which could also create a risk around indirect discrimination.

7.4.3 Adequate consideration has been given to proportionality and alternative options. The Council will need to continue to keep this consideration under review through the administration of the scheme, analyse and assess potential impacts on protected characteristics, and act accordingly. In light of these factors, in conjunction with operational experience with MARS schemes elsewhere in the country, it is considered that this does not pose a significant unmanageable risk.

7.5 Rural Community Implications

7.5.1 There are no implications in this report on the rural community

7.6 Human Resources Implications

7.6.1 This scheme will impact on HR resources during its development, consultation, and implementation. Organisation wide resourcing implications thereafter will require careful oversight to ensure service demands are achieved and employees are treated fairly.

7.7 Health and Wellbeing Implications

7.7.1 There are no implications for Health and Wellbeing as this scheme is voluntary and up to each employee whether they wish to apply or not.

7.8 Implications for Children and Young People

7.8.1 There are no implications for Children and Young People.

7.9 Overview and Scrutiny Committee Implications

7.9.1 There are no implications for Overview and Scrutiny Committee.

7.10 Other Implications

7.10.1 Communication with the Workforce

7.10.1.1 It is proposed to hold a series of briefings for Managers and interested employees on MARS for a period of four weeks prior to the scheme being launched. This will ensure a thorough understanding of the scheme and allow any detailed questions or queries to be answered.

7.10.1.2 Invitations to apply, together with the process and the duration of the scheme, will be communicated to staff by a range of communication methods including Team Voice and staff briefings. Applications will be made in writing and through a formal application and approval process. Each application process should run for a minimum of three weeks in order to maximise potential savings.

7.10.1.3 A draft communication plan has been developed to ensure that all staff and managers are aware of the scheme and fully understand the implications this will include; roadshows, drop-in workshops, Q&As and staff engagement.

7.10.2 Union Engagement

7.10.2.1 Initial discussions and early briefing of the Trade Unions has taken place. In addition, draft documentation of the MARS has been shared with the trade unions for comment. Feedback received from the Trade Unions will be shared verbally with Cabinet on 6th February 2018.

8. Risk Management

8.1 There are a number of risks associated with the MARS policy including:-

8.1.1 As employees decide voluntarily whether to apply, there is no guarantee how many or which employees will apply for the scheme to enable the level of transformation desired or the estimated savings being realised.

- 8.1.2 Robust governance arrangements need to be in place to ensure that any MARS resignations would not have taken place ordinarily .e.g. normal retirement, resignation to take up a new job, etc.
- 8.1.3 Genuine savings are not realised from the deletion of the post following resignation or another saving occurs as a result of staffing reorganisation or changes.
- 8.2 In order to mitigate these risks, effective governance and equality monitoring arrangements will be put in place by the HR Team to ensure that resource implications/decisions do not impact adversely on service delivery and to ensure an equitable operation of the policy. In addition, a review of the MARS will be undertaken by the Head of Strategic HR after a 12 month period and the outcome of that review reported to Staffing Committee and Cabinet.

9. Access to Information

- 9.1 As mentioned in this report, information related to this scheme is included in the Medium Term Financial Strategy.

10. Contact Information

- 10.1 Contact details for this report are as follows:

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MARS (MUTUALLY AGREED RESIGNATION SCHEME) Policy

1. Policy Statement

The Council recognises the importance of creating a secure working environment and will take the necessary steps to ensure continuity of employment wherever possible; by thoughtful workforce planning that ensures the effective, economic and efficient provision of service.

This policy sets out the Council's approach to dealing with potential voluntary severance and this scheme has been designed for occasional use, as required by the Council, in order to make budgetary savings or enable development opportunities. **It does not form part of an employee's terms and conditions of employment and may be subject to change at the Council's discretion.**

The scheme can only be accessed at a time determined by the Chief Executive acting on behalf of the Council and employees have complete discretion to apply when the scheme is open and the right to withdraw at any time up to formal legal sign off with a settlement agreement.

2. Principles

The Mutually Agreed Resignation Scheme (MARS) will be used by the Council to meet the financial challenges including management costs and workforce reductions and other efficiency needs and help to increase our flexibility and be able to address periods of rapid change.

Under MARS an employee can apply to resign from their employment on a mutually agreed date with an additional payment. The additional payment is calculated in accordance with the approved payment table which is part of the Guidance notes for the scheme. **MARS is not a redundancy payment.**

MARS enables individual employees, in agreement with the Council, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This creates job vacancies that may be filled by the redeployment of staff from other jobs or for those seeking career developments.

By using this approach, it is hoped it will create sufficient turnover to avoid future compulsory redundancies, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas.

3.Purpose

A range of strategies are being deployed across the Council with the aim of maximising efficiency and creating a more flexible workforce whilst meeting the current financial pressures. This scheme will assist in addressing some of the financial pressures the Council is currently facing. We are also aware that some staff may wish to consider career or lifestyle changes and this scheme is open to all staff (with some exemptions – see below).

4.Business Case

MARS applications must demonstrate that the departure of an employee on severance terms would be in the financial and operational interests of the Council.

The business case to be prepared to leave under MARS should include:

- Why the additional payment represents value for money.
- That application of the scheme will not have an adverse effect on service delivery.

5.Eligibility

All permanent employees of Cheshire East Council, with at least one year's continuous service, are eligible to apply, however there are some exemptions:

Employees employed by a School or ASDV

Employees who are yet to have their probationary period confirmed.

Posts that are under review as part of the Council's managing change or restructuring process.

Employees who are in a consultation process which may result in their role being at risk of redundancy.

Employees who have indicated their intention to resign and/or retire prior to the scheme going live.

Where an employee has already secured employment with another employer.

Where an employee has been notified of the date of the termination of their contract of employment for any other reason

Temporary staff employed through an Agency, Contractors, Consultants, Casual Workers and Apprentices are not eligible to apply.

It is entirely a decision for each employee to decide whether to apply or not as this scheme is voluntary and not contractual. The Chief Executive acting on behalf of the Council can decide to offer the scheme whenever it is considered appropriate to and has the right to change the terms and conditions of the scheme as required.

6.Application Process

Invitations to apply, together with the process and any time limits for doing so, will be communicated to staff by a range of communication methods. Applications will be in writing and through a formal application and approval process.

The MARS guidance, FAQs and Application process set out comprehensive rules and conditions relating to the scheme, to ensure transparency, clarity and financial probity.

The Executive Director for the service will consider applications and decisions will be made in discussion with the relevant Head of Service and HR based on a business case for each application developed by the Head of Service. The business case will always require an ongoing saving sufficient to recover costs and provide additional budgetary savings. Staff accepting a severance payment will be required to sign a MARS settlement agreement and it should be noted that the settlement agreement will not contain a confidentiality clause.

A business case will be prepared which demonstrates that the costs of the early exit will be recovered through salary savings within a specified period of the termination date, and that there is an ongoing saving in that and future financial years. The saving could be achieved by simply not replacing posts, or replacing them in a different way.

Acceptance of any application for MARS will be entirely at the Council's discretion. Criteria that may be taken into consideration may include:

- Whether the service area is under consultation for reorganisation, at risk of redundancy etc.
- Retention of relevant skills/experience that cannot be replaced at lower cost
- Whether there is anyone else who can undertake the work
- Compassionate grounds or other special circumstances
- The employee's ability to adapt to future changes and requirements
- Creation of internal job/promotion opportunities which provide for succession planning
- Potential impact on other staff

There is no right of appeal against non-selection for MARS.

Employees accepted under the scheme cannot return to the Council's employment for a period of 2 years to the same or similar role.

7.MARS Severance Payments

The MARS guidance document contains details of the Payment Table which is based on the employees reckonable service calculated on the RPMO regulations. The Council reserves the right to review this payment table prior to each round of application invitations.

8.Salary Sacrifice Schemes

Where employees are participating in salary sacrifice schemes at the time of their resignation, payments will be calculated, as there may be an early termination charge. Employees are advised to contact their scheme administrator about this as part of their consideration as to whether to apply for this scheme.

9.Equality

Cheshire East Council will ensure that, when implementing this procedure, no employee will be disadvantaged on the basis of their gender or transgender, marital status or civil partnership, racial group, religion or belief, sexual orientation, age, disability, pregnancy or maternity or caring responsibility. This means that the Policy may need to be adjusted to cater for the specific needs of an individual including the provision of information in alternative formats where necessary.

10.Monitoring

Data relating to MARS terminations will be collated after each period the scheme is used to ensure that the Policy is operating fairly, consistently and effectively. Issues that are identified from the data will be dealt with appropriately.

11.Review

The policy will be reviewed in the light of operating experience and/or changes in legislation. In addition, a review of the MARS will be undertaken by Head of Strategic HR after a 12 month period and the outcome of that review reported to Staffing Committee and Cabinet.

Useful Links:

Prepared by:

HR Policy and Strategy Team

Date:

25.1.18

Review Date:

To be reviewed after the first application process.

Mutually Agreed Resignation Scheme (MARS): Payment Table

MARS payments are calculated using the following Model:

Reckonable Service (completed years' service will be taken as at 1 March 2017)	Scale of payment
1 year's continuous service	12 weeks' basic pay
2 year's continuous service	12 weeks' basic pay
3 year's continuous service	12 weeks' basic pay
4 year's continuous service	12 weeks' basic pay
5 year's continuous service	12 weeks' basic pay
6 year's continuous service	12 weeks' basic pay
7 year's continuous service	13 weeks' basic pay
8 year's continuous service	14 weeks' basic pay
9 year's continuous service	15 weeks' basic pay
10 year's continuous service	16 weeks' basic pay
11 year's continuous service	17 weeks' basic pay
12 year's continuous service	18 weeks' basic pay
13 year's continuous service	19 weeks' basic pay
14 year's continuous service	20 weeks' basic pay
15 year's continuous service	21 weeks' basic pay
16 year's continuous service	22 weeks' basic pay
17 year's continuous service	23 weeks' basic pay
18 year's continuous service	24 weeks' basic pay
19 year's continuous service	25 weeks' basic pay
20 year's continuous service	26 weeks' basic pay
21 year's continuous service	27 weeks' basic pay
22 year's continuous service	28 weeks' basic pay
23 year's continuous service	29 weeks' basic pay
24 year's continuous service	30 weeks' basic pay
25 year's continuous service	31 weeks' basic pay
26 year's plus continuous service	32 weeks' basic pay

To calculate your payment please refer to your latest pay slip, use your basic monthly pay figure, multiply this by 12 and divide this figure by 52.143 to give you your weekly pay. Then, find your total number of year's "reckonable service" with the Council. Your reckonable service date can be found in East self-service under my information and it is your hire date.

If you are unable to access this data or have no computer access, then please call TSC on 01244 977252 for assistance.

Successful applicants will receive a letter of confirmation, outlining the amount due to be paid on termination of your appointment.

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