

Corporate Overview and Scrutiny Committee

Agenda

Date: Wednesday, 15th November, 2017
Time: 1.00 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

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

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

1. **Apologies for Absence**

2. **Minutes of Previous meeting** (Pages 3 - 8)

To approve the minutes of the meeting held on 7 September 2017.

3. **Declarations of Interest**

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

4. **Declaration of Party Whip**

To provide an opportunity for Members to declare the existence of a party whip in relation to any item on the agenda.

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

For any apologies or requests for further information, or to give notice of a question to be asked by a member of the public

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A total period of 15 minutes is allocated for members of the public to make a statement(s) on any matter that falls within the remit of the Committee.

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

Note: In order for officers to undertake any background research, it would be helpful if members of the public contacted the Scrutiny officer listed at the foot of the agenda, at least one working day before the meeting to provide brief details of the matter to be covered.

6. **Mid Year Review of Performance - 2017/18** (Pages 9 - 92)

To consider a report of the Director of Finance and Procurement.

7. **Pre-Budget Consultation - 2018-21** (Pages 93 - 216)

To Consider a report of the Director of Finance and Procurement.

8. **Scrutiny Review of the Oracle Replacement Programme - Best4Business Update Report** (Pages 217 - 228)

To consider a report of the Joint Working Group.

9. **Work Programme Progress Report** (Pages 229 - 236)

- (a) To consider the committee's work programme;
- (b) To consider adding an item to the work programme to set up a task and finish group to design a process for allocating New Homes Bonus.

10. **Forward Plan** (Pages 237 - 250)

To note the current forward plan, identify any new items, and to determine whether any further examination of new issues is appropriate.

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Overview and Scrutiny Committee**
held on Thursday, 7th September, 2017 at Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M Simon (Chairman)
Councillor M Grant (Vice-Chairman)

Councillors Rhoda Bailey, B Dooley, Nicholas, L Smetham, B Walmsley,
H Wells-Bradshaw, D Flude, M Deakin, S Edgar and M J Weatherill
(substitute).

ALSO PRESENT

P Bates Portfolio Holder for Finance and Communities
P Bates- Chief Operating Officer
J Willis- Section 151 Officer
F Jordan- Executive Director of Place
M Palethorpe- Acting Executive Director of People
A Thompson- Head of Finance and Performance
N Moorhouse- Director of Children's Social Care
Councillor D Bailey- visiting member for the item on Crewe Fire Station
Second Pump
Alex Waller- Cheshire Fire and Rescue
Andy Royle- Cheshire Fire and Rescue

22 APOLOGIES FOR ABSENCE

Councillors S Corcoran, H Davenport, S Pochin and Jos Saunders.

23 MINUTES OF PREVIOUS MEETING

RESOLVED- That the minutes of the meeting held on 1 August 2017 be confirmed as an accurate record and signed by the Chairman.

24 DECLARATIONS OF INTEREST

Councillors M Simon, D Flude, J Weatherill and D Bailey declared a non pecuniary interest as members of the Combined Fire Authority of Cheshire West and Chester, Cheshire East, Halton and Warrington.

25 DECLARATION OF PARTY WHIP

There were no declarations of the existence of a party whip.

26 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present who wished to speak.

27 QUARTER 1 PERFORMANCE REPORT

The Committee considered a report of the Chief Operating Officer relating to the first quarter review of performance 2017/18. Councillor Paul Bates opened the item as the Portfolio Holder for Finance and Communities. The report highlighted financial and non-financial pressures and performance in connection with the outcomes of the Corporate Plan 2016 to 2020.

A potential overspend of £17.7 million was being forecast, which was attributed largely to an increase in caseloads and costs associated with children in care.

Appendix 1 of the report set out details of how the Council was performing. The appendix was divided into 3 sections:

- Section 1- Summary of Council Performance brought together the positive impact that service performance and financial performance had had on six residents first outcomes during the first year:
- Section 2 – Financial Stability provided an update on the Council's overall financial position. It demonstrated how spending in 2017/18 had been funded including service budgets, grants, council tax and business rates, treasury management, centrally held budgets and reserves.
- Section 3 Workforce Development - provided a summary of the key issues relating to the Council's workforce development plan.

The Chief Operating Officer, Section 151 Officer, Executive Director of Place and Acting Deputy Chief Executive and the Acting Executive Director for People and Portfolio Holders were questioned robustly, at length, on the contents of the report and sought additional information on the several matters which would be reported back to Members outside of the meeting, these included:

- Requesting further details of challenges and low performance in addition to the top performing indicators;
- Figures relating to the uptake of free nursery places across the borough;
- Details of the number of instances of fly tipping led to prosecutions;
- Clarification of why Cheshire East has borrowed funds from other Authorities; and
- Clarification on why £100,000 of Professional Services savings were unachievable.

The Chairman also read out and requested answers to each of the questions tabled, in advance, by Cllr S Corcoran who could not be present at the meeting. The answers would be provided in writing to him and circulated to all members of the Committee together with answers to questions that Senior Officers were unable to answer during the meeting.

RESOLVED –

- (a) That the report be received;

- (b) That Cabinet be informed that this Committee acknowledges and understands that this is a very challenging year and that there is immense pressure on the Council's limited resources. The pressure on the public sector this year is perhaps unprecedented particularly in Adult Social Care and Children's' Services.
- (c) That this Committee recognise that there are actions in place to address £7.7 million of the predicted overspend of £17.7 million and that ongoing work is taking place to mitigate against the remaining £10 million.
- (d) That the Council's four Scrutiny Committees will continue to help with the identifying of savings and of sorting and prioritising challenges within the Directorates and Portfolios.
- (e) That this Committees congratulations be extended to Officers and Members concerned for their continued hard work towards producing a balanced budget for the Council in these very challenging times.
- (f) That Cabinet be asked to formally acknowledge these comments in the minutes of the meeting.

28 CREWE FIRE STATION SECOND PUMP

Alex Waller and Andy Royle from Cheshire Fire and Rescue attended the meeting and gave a presentation on the proposal to change the second fire pump at Crewe Fire Station from full time utilisation to on-call utilisation. The fire pump was a High Volume Pump which was used to pump high volumes of water to an incident to tackle fires. It could also be used to pump water away from flood affected areas.

The existing contract arrangement was that both Fire Pumps were categorised as red and were available for use 24 hours a day, seven days a week, at a cost of £800k per year. Re-categorising one pump to yellow would mean fire fighters would be on-call and required to live no further than 5 minutes travel to the station. This type of arrangement would mean the pump would cost £150k per year. Alex made it clear that in the situation of an incident, the red pump would always be despatched first. Currently, 69% of incidents required one pump, 31% of incidents required 2 pumps.

The Committee was informed that:

- Between 2004-2011 there had been a 40% reduction in the number of incidents Cheshire Fire and Rescue dealt with;
- Despite the decline in incidents, the number of firefighters had maintained at a steady number, whereas the number of fire engines had increased;
- Pumps designated as red 24/7 use were utilised for incidents 6% of the time. Pumps designated as yellow on-call were utilised 1% of the time;

- At Crewe Fire Station, the red pump was in use 4.5% of the time (734 incidents) the existing second red pump was in use 3% of the time (242 incidents).
- On average turn-out time for a red pump was 90 seconds with an arrival time of 5.5 minutes. A yellow pump took 5 minutes to turn-out with an arrival time of 8.5 minutes; and
- Although fire pumps were situated within stations in towns, they were not designated to any one particular town and often travel between towns and over county borders to help with incidents in other parts of the country.

Alex reminded the Committee that firefighters could spend 6% of their time at incidents. Alongside this work they were involved in other aspects of community engagement including a recent pilot with the Fire Brigades Union to respond to cardiac arrests with defibrillators.

Councillor Damian Bailey was invited to address the Committee before the Committee discussed the item.

RESOLVED:

- (a) That Alex and Andy be thanked for their presentation and it be received and noted;
- (b) That Members of this Committee who are also Members of the Fire Authority be requested to continue to monitor the situation regarding the second pump and feedback to the Committee later in the year.

29 **WORK PROGRAMME PROGRESS REPORT**

The Committee reviewed the Work Programme.

Helen Davies advised the Committee that the inclusion of some Communities items followed on from the previous resolution by the Scrutiny Chairmen to transfer Community Safety items to Corporate whilst the Partnerships led work including the Third, Faith and Voluntary Sectors and Community Development items remained with the Health and Adult Social Care and Communities Overview and Scrutiny Committee.

Kirstie Hercules advised the Committee that the contract for Private Enforcement had been re-let for a further 12 months and that an update could be provided to the Committee in March 2018.

RESOLVED-

- (a) That the Work Programme be received and noted.
- (b) That the Committee receive an update on the Private Enforcement contract in March 2018.

30 **FORWARD PLAN**

RESOLVED- That the Forward Plan be received and noted.

The meeting commenced at 2.00 pm and concluded at 4.42 pm

Councillor M Simon (Chairman)

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Cheshire East Council

Cabinet

Date of Meeting:	7 th November 2017
Report of:	Director of Finance and Procurement (Section 151 Officer)
Subject/Title:	Mid-Year Review of Performance 2017/18
Portfolio Holder:	Cllr Paul Bates, Finance and Communications

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. The Council's mid-year forecast overspend is estimated at £5.8m compared to the 2017/18 Budget. This is an improvement of £4.2m compared to quarter one due to robust mitigation and remedial action. However, the forecast identifies a £0.7m increase in the potential overspend within services, which is now forecast at £9.9m. This increase in service costs reflects further growth within Children's Social Care Services (of £1m), set against an improved forecast within the Corporate Directorate (of £0.3m).
- 1.4. Central Budgets and actions identified by the Section 151 Officer at quarter one, mitigate the latest forecast overspend within services by £4.1m, to reach the current net forecast of £5.8m. At quarter one the forecast included £17.7m of potential financial pressures, which were being partially mitigated by services, to leave a potential overspend of £10m. The report included options to fund the potential £10m through changes to Capital

Financing, early-payment of pensions deficits, capitalisation of transformation costs and the use of reserves.

- 1.5. At mid-year the changes to Capital Financing and early redemption of the pension deficit are resolved and are therefore included within the forecast outturn. The changes to capital financing reflect the flexible use of capital receipts, within the existing Strategy and have been verified by the Council's treasury management advisors and external auditors. The Capital Financing budget requirement is reduced by £6m for 2017/18, although £1.9m of this relates to backdated adjustments, which are being allocated to earmarked reserves creating a net £4.1m improvement in the forecast. The early redemption of past service pension deficits improves the forecast by £0.8m, and is based on the impact of improved cashflow to the pension fund.
- 1.6. Robust action continues and may reduce the forecast deficit and return the budget to a balanced position, specifically in relation to reviewing the funding of costs of transformation activities and an appropriate use of available reserves which will also include recent decisions to fund the payment of sleep-in allowances.
- 1.7. Further mitigating actions potentially totalling £5m (not included in Annex 1) are identified below. These actions would reduce the forecast deficit to £0.8m, meaning further options will continue to be explored.

Options to further reduce the forecast revenue budget deficit:

Revenue reductions relating to capital - £2m	Capitalising some costs associated with major projects and funding transformation activity from capital receipts.
Potential Use of reserves - £3m	Income from Council Tax & Business Rates has been accumulated to mitigate costs of non-collection and appeals as well as from growth that has exceeded forecasts. Accounting for the liabilities in this area has proved accurate so it is reasonable to consider release of some of these reserves now.
	Financing the Capital Programme is a long term strategy and to date reserves have been built up to avoid an increase in the annual Capital Financing Requirement (CFR). To date the CFR has not been exceeded, and if MRP reductions are practical then reserves previously built up can be released.

- 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 two, a few examples of good performance were:

- Four 'Connected Communities' Centres have opened this quarter
- A new initiative to safeguard vulnerable residents was launched
- The Council will receive a share of £7.25m of funding to extend roll-out of faster broadband
- New pay and display parking machines were installed
- 89.7% of all schools were rated 'good' or 'outstanding' at the end of quarter two, including 92% of primary schools
- Provisional figures show excellent GCSE and A-Level results once again for Cheshire East students
- The Council sealed formal adoption of its Local Plan following three years of submissions and a total of more than 60,000 comments during 11 separate rounds of public consultation
- The Housing Standards & Adaptations team won the national Foundations 'Adaptations Service of the Year' award
- In quarter two we had our first cohorts of social workers endorsed as Advanced Practitioners
- The Council has appointed Public Concern at Work (PCaW) to deliver additional whistleblowing support to complement and review our current arrangements
- The Council's Customer Contact Centre at Macclesfield was one of four finalists for the Contact Centre of the Year award, by Call Northwest.

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%
- The need to increase the number of adults seen within 10 days following referrals for drug and alcohol treatment
- The need to increase screening for young people with potential STI's
- 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 which result in a child assessed as not in need
- To increase capital receipt disposals to be in line with original forecast
- To reduce the enquiry and legal costs related to planning appeals
- The need to increase the number of project highlight reports completed on time.

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 mid-year 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 179 to 187, Appendix 4 and Appendix 5**);
- Fully funded supplementary capital estimates and virements up to £250,000 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**);
- Management of invoiced debt (**Appendix 12**);
- Use of earmarked reserves (**Appendix 13**);
- Update on workforce development and staffing (**Section 3**);
- The intention of the S.151 Officer to identify further financial mitigation, in relation to the Council's 2017/18 revenue budget, through a review of the calculation of the Minimum Revenue Provision, (**Appendix 15**) and the funding of other revenue costs through capitalisation or the appropriate use of available reserves;
- The intention to implement a flexible use of capital receipt strategy to be approved by full council (**Appendix 14**).

2.2. Cabinet is asked to approve:

2.2.1. Supplementary revenue estimates to be funded by additional specific grant (**Appendix 11**).

2.3. Cabinet is asked to recommend that Council approve:

2.3.1. Fully funded supplementary capital estimates and virements above £1,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 8**.

2.3.2. The Supplementary Capital Estimate of £12.6m for Poynton Relief Road as detailed in **Appendix 8** and **paragraphs 183-185**.

- To approve the forward funding of developer contributions to the scheme and to approve the underwriting, in principle, of any necessary gap funding required to deliver the proposed relief road.
- That the scheme budget profile be adjusted accordingly in the capital programme.

2.3.4 The use of the flexibility to apply capital receipts to fund transformation projects as detailed in **Appendix 14**.

2.4. Cabinet is asked to recommend that Council note:

2.4.1. The financial implications of the change in the Minimum Revenue Provision (MRP) policy to the use of the annuity method as detailed in **Appendix 15**.

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 £264.6m.
- 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 mid year stage, action is required to ensure that the Council's reserves strategy remains effective following identification of a potential overspend of £5.8m (2.2%) against a net revenue budget of £264.6m. Forecast capital expenditure in the year is £112.3m.

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 mid year 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 second 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 two (July to September 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 two 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](#)

Contact Information

9.2. Contact details for this report are as follows:

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Mid Year Review of Performance 2017/18

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November 2017

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 £5.8m (2.2%) against a budget of £264.6m. Robust action is being taken to mitigate this position and deliver a balanced outturn position and protect General Reserves. Part of this mitigation includes an important decision to re-profile the Capital Financing Requirement, and details are included within **Appendix 15**.

To support openness and transparency the report has three main sections, to provide background and context, and then fifteen 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 First Quarter 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 and Virements up to £250,000.
- **Appendix 7** lists requests for Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 8** lists requests for Supplementary Capital Estimates and Virements over £1m 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.
- **Appendix 14** explains Flexible Use of Capital Receipts Strategy 2017/18.
- **Appendix 15** provides the review of the Minimum Revenue Policy

Jan Willis

Director of Finance and Procurement (Section 151 Officer)

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2017/18 Outturn Forecast at Mid Year Review - Financial Position

2017/18 Mid Year Review (GROSS Revenue Budget £605.2m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m	Change in Over / (Underspend) from FQR £m	For further information please see the following sections
SERVICE DIRECTORATES					
People	154.1	162.9	8.8	1.0	Section 1 - Paragraphs 129-140
Place	34.5	34.5	-	-	Section 1 - Paragraphs 141-144
Corporate	61.0	62.1	1.1	(0.3)	Section 1 - Paragraphs 145-153
Total Services Net Budget	249.6	259.5	9.9	0.7	
CENTRAL BUDGETS					
Capital Financing	14.0	8.0	(6.0)	(6.0)	Section 2 - Paragraphs 196-206
Transfer to/(from) Earmarked Reserves	(0.2)	1.9	2.1	1.9	Section 2 - Paragraph 207
Corporate Contributions / Central Budgets	1.2	1.1	(0.1)	(0.8)	Section 2 - Paragraph 207
Total Central Budgets	15.0	11.0	(4.0)	(4.9)	
TOTAL NET BUDGET	264.6	270.5	5.9	(4.2)	
Business Rates Retention Scheme	(41.0)	(41.0)	-	-	Section 2 - Paragraphs 173-178
Revenue Support Grant	(13.4)	(13.4)	-	-	Section 2 - Paragraph 160
Specific Grants	(17.8)	(17.9)	(0.1)	-	Section 2 - Paragraphs 154-160
Council Tax	(191.1)	(191.1)	-	-	Section 2 - Paragraphs 162-172
Sourced from Collection Fund	(1.3)	(1.3)	-	-	
CENTRAL BUDGETS FUNDING	(264.6)	(264.7)	(0.1)	-	
FUNDING POSITION	-	5.8	5.8	(4.2)	
	Planned Contribution 2017/18 £m	Forecast Variance Quarter 2 £m	Impact on Reserves Quarter 2 Forecast £m		
Impact on Reserves	-	(5.8)	(5.8)		
General Reserves Balance	2017/18 Budget (estimated) £m		Quarter 2 Forecast		
Opening Balance April 2017	10.3	Actual	10.3		
2017/18 Impact on Reserves (see above)	-	Forecast	(5.8)		Section 2 - Paragraphs 209 - 210
Closing Balance March 2018	10.3	Forecast	4.5		

Overview of Performance

ACHIEVING THE COUNCIL'S SIX OUTCOMES

Cheshire East Council provides more than 500 services, supporting over 370,000 residents, and over 18,500 businesses.

1 ~ Our local communities are strong and supportive

- Four 'Connected Communities' Centres have opened this quarter
- 19 community grants were awarded, totalling £44,812, which contributed to £166,343 of project costs
- A new initiative to safeguard vulnerable residents was launched
- 1,150 CCTV incidents were dealt with

2 ~ Cheshire East has a strong and resilient economy

- New figures show Cheshire East's visitor economy is on the up
- The Council will receive a share of £7.25m of funding to extend roll-out of faster broadband
- New pay and display parking machines were installed
- Pothole defects are lower than the original forecast due to additional reactive and proactive work by the Highway Service

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

- 89.7% of all schools were rated 'good' or 'outstanding' at the end of quarter two, including 92% of primary schools
- Provisional figures show excellent GCSE and A-Level results once again for Cheshire East students
- A newly founded Welfare, Attendance and Behaviour Network has been established
- Work continued to develop a free school for local children with social, emotional and mental health needs in Crewe

4 ~ Cheshire East is a green and sustainable place

- The Council sealed formal adoption of its Local Plan following three years of submissions and a total of more than 60,000 comments during 11 separate rounds of public consultation
- The Playing Pitch Strategy is now completed, adopted and published on the Council's website
- Fairerpower now has over 8,100 customers

5 ~ People live well and for longer

- The Housing Standards & Adaptations team won the national Foundations 'Adaptations Service of the Year' award
- 'Live Well Cheshire East' officially launched
- Commissioners set up a series of 'task and finish' groups with care providers to explore new service models and care specifications
- The Local Safeguarding Children Board (LSCB) held its annual 'Act Now' conference
- In quarter two we had our first cohorts of social workers endorsed as Advanced Practitioners

6 ~ A Responsible, Effective and Efficient Organisation

- 27 Equality Champions are now in place across all parts of the organisation
- The internal approach to Equality Impact Assessments has been reviewed
- The Council has appointed Public Concern at Work (PCaW) to deliver additional whistleblowing support to complement and review our current arrangements

FINANCIAL STABILITY

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

- At quarter two there is a potential forecast overspend of **£5.8m** against a revenue budget of £264.6m (2.2%).
- A full mitigation plan is under development to ensure delivery of a balanced outturn position by the year end.
- **Service Budgets** – a forecast overspend of £9.9m is reported.
- **Central Budgets** – are currently forecast to underspend by £4.0m due to a revised approach in relation to the capital financing budget. Further action is being taken to review the revenue implications of capitalising some costs associated with major projects and funding transformation activity from capital receipts to further mitigate any 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 £128,000 which is in line with budget at quarter two. The average rate earned on investments (1.3%) is higher than the London Inter Bank 7 day rate.
- **General Reserves** - a potential overspend of £4.5m is within the original forecast risks parameters. Further action in relation to using reserves are expected to maintain general reserves at expected levels by year end.
- **Capital Programme** – total capital expenditure of £112.3m is forecast in 2017/18, which is a reduction of £5.4m since first quarter review following a review of in-year forecasts.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £95.5m in line with revised forecasts.
- Outstanding **Debt** (excluding local taxation) is £8.5m. Debt over 6 months old is £3.6m (around 5% of total debt raised annually) and this is covered by provisions to meet potential write-offs.

1. Summary of Council Performance

Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km² for over 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 July 2017 to September 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. A Voluntary Community and Faith (VCF) Commissioning Framework workshop was held on 11 August in Sandbach with some 40 representatives from across the VCF sector starting to explore how we can work together and create a clear commissioning framework. The workshop was then repeated in Macclesfield on 29 September. The Council is seeking to:
 - Ensure that the VCF sector has a voice and can influence what the Council does;
 - Support the VCF sector to work with us in delivering services and activities to our most vulnerable communities and deprived neighbourhoods, provide early intervention services; and
 - Provide a clear understanding of how the Council and VCF sector can work together

5. A 'Community Right to Bid' nomination for the Black Swan public house at Lower Withington went through a second nomination process led by an active and articulate community group, and was approved as an asset of community value at the end of July. The asset owner has asked for a review as they do not believe the nomination was valid. A review is currently underway.

6. Four 'Connected Communities' Centres have opened this quarter: Bridgend Centre in Bollington; Barnies in Crewe; Welcome Café in Knutsford and St John's Centre in Macclesfield. Connected Communities centres will enable a wider range of activities and support services to be more locally available.

7. As part of the Council's Connected Communities Strategy, more than £150,000 has been pledged to help community venues develop the services they offer and encourage more people to use them. From coffee mornings, computer classes and line dancing, to learning a language, sharing a problem and support for stroke sufferers – there's something for everyone. Every centre will also have a computer tablet connected to our Live Well community information website, helping residents to easily find out what's available in their area.

8. The Crewe Community Cohesion Survey went live on 1 September and will run until 30 October. The survey was translated into Polish and Slovakian, with other languages being provided on request. The survey is online and has been shared with residents across Crewe. The Community Connectors are undertaking the surveys within their communities as well. The data will be used to inform the Crewe action plan and will be rolled out across Cheshire East at a later date, to then inform the Cohesion Strategy.

9. In quarter two, a total of 19 community grants were awarded, totalling £44,812, which contributed to £166,343 of project costs.

18 applications were declined and four were deferred to the next round. The return on investment for this round is £3.73 for every £1 the Council invests.

Communities where you are Safe, and feel Safe

10. Working with the England Illegal Money Lending Unit (IMLU), the Communities Team arranged two Loan Shark Awareness training sessions in August 2017. Over 50 people from the VCF sector, Housing Associations, Police and Cheshire East staff attended to help share information within communities and keep people safe. The definition of a loan shark is someone who lends money to two or more people who are not family or friends, and who is not licenced to do so. They will often use intimidation, threats or violence to get repayments. We suspect that there is under-reporting of loan shark activity within Cheshire East so encourage people to report to the Council or to the Police where they suspect loan shark activity is taking place. The IMLU are already being asked for resources and further training, and a specific training session for Community Connectors is planned for November.

11. Public consultation has been launched to look at a borough-wide Public Spaces Protection Order (PSPO) relating to dog fouling and dog control, in order to have a consistent approach to responsible dog ownership. The consultation was launched on 12 September, running for four weeks until 10 October. In its first week, over 700 responses were received, of which a high majority are in support of our intentions. It is planned that the order will be operational in from November.

12. The anti-social behaviour (ASB) team issued six mediation referrals, two new Acceptable Behaviour Contracts (ABCs) and six current ABCs. The team issued one new Community Behaviour Order (CBO) and 19 current CBOs. The team are currently working on

plans to consult residents in Congleton on a PSPO for the town and are monitoring the PSPO at Poynton Sports Club. 46 new cases of anti-social behaviour were dealt with, 33 were closed and we currently have 55 live cases. 302 'yellow cards' were submitted to youths causing ASB and 193 warning letters sent.

13. A new initiative to safeguard vulnerable residents in Cheshire was launched on 18 September. The trading standards team has joined forces with the police, neighbouring local authorities and financial institutions to identify customers who are being defrauded, and to implement safeguarding procedures to prevent the loss of funds. Officers will be ensuring that financial sector staff receive further training to identify suspicious transactions.
14. 1,150 CCTV incidents were dealt with this quarter. A new code of practice and procedure manual is now in place as we strive towards achieving British Standards for our service. The CCTV control room is currently being upgraded and due to be completed by the end of the year.
15. We have received positive feedback this quarter following Scams Awareness Presentations, including: "we all learnt some hints and tips for staying safe online and in the community. We were also supplied with a wealth of informational leaflets; we will use these in our wider networks to spread the word". Further presentation feedback reported on a group of senior citizens "...who are very vulnerable to scams and cold callers. It was most useful to [be told] about current scams and tricks and how to avoid them".
16. The Council continues to work closely with the Community Payback Team to improve areas across Crewe, clearing and cleaning alleys and green spaces. Ten sites have been targeted with a big improvement in standards being seen. We are also working with Crewe Town Council to undertake weed spraying in areas of need.
17. Valley Park is a new site identified this quarter for including in the community payback schedule. The park has been the subject of increased anti-social behaviour and partners and residents have formed a sub-group to address a series of concerns. The payback team have already started work at Valley Park to cut back much of the overgrown areas and provide clear lines of sight, enabling those using the park to feel safer.
18. Multi-Agency Action Group (MAAG) has representatives from Police, NHS, Housing Associations and other local organisations to look at a range of local community safety issues. Over the last quarter the group has shared information and help to support on a number of issues including rough sleepers, neighbour disputes, antisocial behaviour, and vulnerable children and adults.
19. The Cheshire East Serious and Organised Crime Group continues to meet, bringing together a number of partner agencies working closely together to share information on individuals identified as being at risk of involvement in serious and organised crime. The group has expanded its membership and produced some excellent results with organised crime members having now received custodial sentences. A toolkit has been provided to members of the operational group to assist them in their approaches and two sub-groups established to focus on intervention and prevention along with the concern around the number of children residing in households associated with organised crime members.
20. An advert was placed on the Cheshire East website inviting 'Expressions Of Interest' for the future management of the Senior Citizens Hall in Macclesfield. This will allow a lease to be provided for the building to be managed outside of Cheshire East Council and improve facilities and service provision for local residents. A total of five local groups have responded to the advert and

discussions will now be held with those groups ahead of business plans being submitted to identify a favoured candidate.

2 ~ Cheshire East has a strong and resilient economy

Culture, Heritage and Tourism

21. New figures show Cheshire East's visitor economy is on the up again as more tourists and business people choose to take up hotel rooms in the borough. Cheshire East's hotel sector saw another rise in business in August 2017, according to the latest figures issued by the Visitor Economy team. Room occupancy rose by 3.7% in August compared with August 2016. The borough's hospitality industry recorded a 81.1% occupancy rate compared to 78.2% in 2016. The average hotel room rate also rose from £59.67 in 2016 to £61.30 in 2017.
22. Despite a slow start to the year, the latest figures underline the continuing popularity of the borough as a visitor destination. Latest figures show a 6.3% overall jump in revenue to the visitor economy in 2016, now said to be worth around £900m to the borough's hotel and guest house sector. The Council aspires to have a visitor economy worth £1bn by 2020.

Jobs and Skills

23. The Council commission the Skills and Growth Company (SAGC) to support business and jobs growth across Cheshire East. To date SAGC has supported the creation of 380 (167 in quarter two) new skilled roles predominantly in the science, energy and technology sectors. This has resulted in the development of 150,000 sq ft of new floor space and £13m of capital and £18m of revenue investment. The majority of the new jobs created in Cheshire East is as a result of the existing major businesses expanding.

24. The Skills team continued to support young people into work through the management of the BeInspired European Social Fund (ESF) contract (delivering careers support services) and by building on the successful Enterprise Adviser Network activity, promoting closer relationships between employers and Cheshire East secondary schools and colleges (70% engagement rate).
25. The team has worked with priority sectors to address skills challenges through boards such as the WEAVE (digital and creative), and the Rail Skills Board – including submission of joint funding bids. SAGC continue to work in partnership with local colleges to develop and shape the skills offer to more effectively align to business needs – including winning an ESF contract from South Cheshire College to develop curriculum to meet SME needs.

Business Growth and Inward Investment

26. Cheshire East's GVA output is estimated to be £11.45bn (latest figures relating to 2015) with Gross Value Added (GVA) growth averaging 4.5% per annum during the 2012-15 period.
27. To date the Business Engagement and Inward Investment service has engaged with 54 new businesses in the science, energy and technology sectors to support their growth and mitigate threat of dis-investment. 35 of these engagements have been completed in quarter two. Engagement during the quarter could result in the creation of 650 new quality jobs for the area.
28. SAGC delivered a range of business support events to highlight the range of support products and services available. In quarter two, this included an event at Bentley Automotive highlighting the specialist manufacturing business support services available, and this was attended by over 30 businesses. A selection of 25 businesses attended an event held at Church Minshull Aqueduct

Marina to promote funding opportunities available to rural businesses resulting in a range of new investment opportunities.

29. **Regeneration South - Crewe:** Discussions with the Council's preferred development partner were advanced with respect to the Development Agreement and associated aspects of the Royal Arcade redevelopment proposals. (including a new bus station and multi-storey car park). The item was approved by Cabinet on 12 September, to include other major regeneration investments that form the major part of the Medium Term Regeneration Programme for Crewe town centre, including public realm improvements and a proposal to deliver a new operational model for a reconfigured Crewe Market Hall (subject to consultation). Work was also undertaken to develop a business case to help secure approval from Cheshire & Warrington Local Enterprise Partnership (LEP) for £10m grant funding. This was considered by the LEP on 27 September and was conditionally approved, although the formal grant offer letter is awaited.
30. The joint initiative with Crewe Town Council to co-fund shorter-term improvements continues, with the appointment of a Town Centre Project Officer and a Crewe 'Ranger' to maintain the environment of the town centre and to co-ordinate a series of town centre events and activities which align with CEC's plans.
31. **Regeneration North - Macclesfield:** Developers progressing the planned town centre cinema development are now preparing documentation for planning, aiming for submission of their planning application in quarter three.
32. Concept designs for the town centre public realm enhancements are finalised and officers are now pursuing the appointment of external designers to develop detailed designs for a target area. The Heritage Asset Regeneration Plan is being finalised with

recommendations for the Council and building owners in respect of five key heritage assets to progress. The Consultation Draft of a revised Revitalisation Strategy for the Town Centre has been approved for public consultation which will be undertaken in quarter three.

33. **Congleton:** Cabinet approval was granted to proceed with plans to sell land at Princess Road for regenerative town centre redevelopment proposal. Work is underway on various necessary associated statutory processes. The Town centre public realm enhancement scheme has now commenced on site.
34. **Assets and Development:** The Council continues to bring forward major housing and commercial development on sites at Handforth, Leighton and Macclesfield and has secured allocations in the Cheshire East Local Plan for these important schemes. Planning approval has been secured for the South Macclesfield Development Area to bring forward circa 1,000 homes and Garden Village status has been secured for North Cheshire Garden Village at Handforth to bring forward circa 1,600 homes and employment space. Bids have been submitted for over £40m of Government funding to support infrastructure to bring forward these projects. The Council also continues to dispose of surplus assets to support its overall capital programme, and current projections estimate £8m in 2017/18.

Infrastructure

35. The Council will receive a share of £7.25m of funding to extend the roll-out of faster broadband in the borough. The investment – to be implemented over the next three years – is Phase four of the 'Connecting Cheshire' project and will target rural areas in Cheshire and Warrington, where broadband speeds remain low and where it has not been commercially viable to invest previously. The project,

called 'Digital 2020', is a partnership of Cheshire East, Cheshire West and Chester and Warrington Borough Councils, and is managed by Cheshire East Council's SAGC. The project will focus on reaching premises in rural broadband black spots, a digital business support package to enable small businesses to exploit digital technologies such as e-commerce, cloud computing and a broadband connection voucher scheme for businesses. Funding will come mainly from the European Regional Development Fund (ERDF) and government sources, as well as from Connecting Cheshire and businesses. To date, the Connecting Cheshire project has reached more than 97,000 premises with faster speeds and has switched-on more than 600 new roadside fibre broadband cabinets. The project has also been successful in driving take-up of the faster speeds by homes and businesses and will soon reach 50%, one of the highest in the country.

36. The **Poynton Relief Road** scheme received a resolution to grant planning permission in January 2017. Work is now underway to negotiate the land required for the delivery of the scheme and the drafting of Compulsory Purchase Orders (CPO) which will be made in Winter 2017. The capital programme has been revised to reflect the updated cost estimate and expenditure profile. A Supplementary Capital Estimate of £12.6m will require approval from Council. Further details are given at **para 183 to 185 and Appendix 8**.
37. The **Congleton Link Road** scheme now has planning permission. CPOs have now been served and a public inquiry was held in May 2017 to acquire the land for the Link Road. The scheme is now out to tender to five shortlisted contractors, with tenders due to be returned in mid-January 2018.
38. The **A6 Manchester Airport Relief Road** is currently under construction and due for completion in Spring 2018. The scheme

will be 'future proofed' to allow for the easy joining of the Poynton Relief Road.

39. We are currently in a consultation period on the **A500 Dualling** scheme. Successful public exhibitions were held in Barthomley on 20 and 23 September 2017. Design work continues with upcoming ground investigation work.
40. The Development Services Agreement with Network Rail (NR) for detailed design of **Sydney Road Bridge** has been signed and detailed design is underway. Discussions are progressing over the agreements with NR that are required (Transfer of Asset Ownership from NR to the Council; Bridge Easement Agreement & Two Party Overbridge Agreement). Negotiations with affected landowners are being progressed. The CPO process has been initiated to safeguard against failure to secure required temporary and permanent land through negotiation.
41. **Crewe Green** is a five-arm signalised roundabout, forming a major confluence of roads to the east of Crewe. Peak period congestion is severe and traffic modelling showed the recent opening of Crewe Green Link Road (South) was predicted to add approximately 15% more traffic to the junction. The development involves the extension of the existing roundabout to the north-west, to allow connection to Sydney Road and Hungerford Road, through the creation of an extra arm to the roundabout. Planning for the scheme and approval of LEP funding was approved late September 2017. Delivery agreement with the contractor as part of the SCAPE Framework is to be signed in October 2017. The scheme will start advance work in mid-October 2017, with the main works to start in January 2018.
42. **North West Crewe** is currently under development. A strategic route is planned to support the development of Leighton West and

the additional demands on the highway network. The scheme includes a spine road, east-west link road and a series of junction improvements which is collectively known as the “North West Crewe Package”. Ongoing discussions have been held with key stakeholders to progress the detailed design, and negotiations are ongoing with affected landowners and land requirements for the delivery of the scheme. Strategy papers for Funding, Procurement and Land are being prepared.

43. The installation of the new pay and display parking machines was completed at the end of July 2017. The new machines accept numerous new payment options, including chip and pin (debit and credit card payments) and contactless. 100% of our machines accept the new £1 coin. The new machines require the user to input their Vehicle Registration Mark (VRM) which ensures that tickets are not passed from one vehicle to another which is a breach of the terms and conditions of the use of the Council’s car parks and also ensures a quick and appropriate turnover of parking spaces, accommodating more shoppers and visitors to our town centres.
44. The new parking services software solution ‘Taranto’ is being embedded and work is progressing to enhance the digital services offered to the public who receive a Penalty Charge Notice so that they can see what evidence has been obtained prior to deciding if they should challenge the Notice and improve the payment portal for customers. Two further Civil Enforcement Officers started their training with the team in quarter two and remaining vacancies are currently being recruited for.
45. Cheshire East Highways (CEH) performance is managed through a suite of contractual performance measures. There are 28 scoring indicators being monitored in 2017/18. Winter Service and Street Lighting are not calculated during the summer months; however, of

the active performance indicators in quarter two, 25 have been calculated as passing with one failing. The training performance indicator failed to achieve its target in August as a result of staff holidays. There are also 14 non-scoring indicators, five of which are annual indicators, the structures indicator failed to achieve its target in August due to a reduction in the number of bridge inspections carried out as a result of the delay in the mobilisation of ‘Bridgestation’. Additional inspections will be undertaken to ensure that the target is met by the end of the year. All other non-scoring indicators are passing.

46. Revenue activities are progressing as forecast; the coming weeks will see the commencement of the winter service and the end of this season’s grass cutting activities.
47. The number of third party claims made against the Council in quarter two (72), has decreased when measured against last year’s quarter two figure (92); a reduction of 21.7%.
48. By the end of quarter two the service received 8,302 enquiries of which 7,238 were resolved (87%). The number of enquiries received is lower than that of the same period last year (8,653).
49. Similarly the number of potholes repaired in quarter two (2,454) was a lower figure than the same period last year (3,953). The numbers of pothole defects are currently lower than the original forecast due to the additional reactive and proactive approach of the Highway Service in recent months. Pothole repair numbers increased significantly at the end of quarter four 2016/17 due to periods of rain early in that quarter. The Highway Service responded with additional resource to repair the actionable pothole defects and also carried out Level two repairs, using traditional patching and spray-injection treatments. These

programmes are funded by the Department for Transport (DfT) pothole grant monies.

50. Gully emptying is achieving high outputs with 32,296 at mid-year against a target of 55,700 (58%) by year-end. A targeted approach is being utilised to address defects identified during routine emptying.
51. The year to date has seen improvements in the way that the bridge stock is being managed with the implementation of Bridgestation and the award of BSi ISO 55000.
52. The winter season begins in October, with the core season beginning on 1 November. Work is required to bring the Winter Service Policy, and all service areas, in line with the Well Managed Highway Infrastructure Code of Practice by October 2018.
53. The capital maintenance and Highway Investment Programme is on track with all surface dressing and carriageway re-surfacing programmes complete. The final phase of micro asphaltting and grip fibre programme commences first week of October for completion before November (weather dependent). Level two carriageway patching programmes will continue with monthly programmes.
54. Street lighting upgrade to LED in residential areas and structural column replacement programmes remains on course for completion in 2017. The outputs in quarter two had been affected by delays in one installer gaining approval to work on the Scottish Power Network. This has been resolved and overall productivity of all installers is good and works will be completed on site by December. Preparations for year three are starting in October with scheme designs, to ensure an early start and completion in 2018.

55. Two main flood alleviation projects are being taken forward in conjunction with the Environment Agency, subject to funding approval by Department for Environment, Food & 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 Preliminary Flood Risk Assessment document has been revised and is with the Environment Agency to review the findings. Once approved in the New Year this document will be published online replacing the existing assessment which is currently accessible to the public.
56. The procurement of the highways services contract from 2018 onwards is progressing. Bidders have submitted their selection questionnaire (SQ) responses. These are currently being assessed and scored to identify the bidders who will be progressed to the next stage. The preferred bidder will be announced following due process in March 2018.

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

Securing the Best Start in Life

57. As at the end of September 2017, our Ofsted profile shows that our schools continue to perform extremely strongly; 89.7% of all schools were rated good or outstanding; with 92% of primary schools, 80% of secondary and 80% of special schools achieving the good/outstanding rating from Ofsted. Over 50,000 pupils are attending these schools.
58. The Council is working with 19 schools and children's centres on capital programmes aimed at improving the quality of buildings, to promote the best learning environments for all young people. Schools in Cheshire East will benefit from a £1m boost aimed at

improving the environments in which children in the borough are educated. Using a Department for Education (DfE) capital grant allocation, the Council has encouraged maintained schools to carefully consider their current building infrastructure and bid to the Council for this funding. Schools have been encouraged to draw upon their own school funds to supplement this grant so that as many schools as possible can benefit.

59. The newly founded Welfare, Attendance and Behaviour Network has been established to bring together senior leaders from primary, secondary and special settings who support our vulnerable learners. This network will meet three times a year and drive forward collaborative support and provide a forum to share best practice to benefit school professionals and young people. The first network meeting in July was a huge success with local authority officers and school leaders working together to streamline transition, children missing and managed move protocols across the borough. Feedback from schools was overwhelmingly positive and the next event is planned for the Autumn Term.

Highest Achievement for All Learners

60. Cheshire East's pupils achieved an outstanding set of GCSE results in August. New reformed GCSEs have been developed to meet the requirements of the government, who wanted more-challenging qualifications and better differentiation of students at the top grades. Provisional figures show that 70% of pupils achieved a 'standard pass' or better in English and maths. Nine of our 22 secondary schools were above 75%. Currently, there is no equivalent rate nationally. In English, 83% of Cheshire East pupils gained the standard pass or better compared to 65% nationally. Five schools saw over 90% of their learners achieve the standard pass rate. In Maths, 74% of Cheshire East pupils gained the

standard pass or better compared with 69% nationally. Six schools saw more than 80% of their students achieve the standard pass. Analysing performance of learners achieving a strong pass (grade five), shows that more than 60% of all pupils achieved this level in English and 50% in Maths.

61. As their 'corporate parent', improving educational outcomes for our cared for children remains a priority. Under the new scoring and reporting system for GCSEs, 19% of cared for children have gained Level two in Maths and English. This is a provisional figure but is an increase of 7% from 2016 and is above the reported national figure for 2016, which was 17.5%.
62. Cheshire East's A-Level students also achieved excellent results. The borough's 1,685 students achieved a provisional pass rate of 99%, which is above the national average of 98%. A further breakdown of grades shows that the proportion of students achieving grades A* to A was 27%, which is higher than the proportion nationally and well over half (54%) achieved an A* to B grade. There has been a continuing increase in the number of students achieving the highest grade of A* with 10% of Cheshire East students attaining this grade compared to a national figure of 8%.

Inclusion

63. Consultation on a joint strategy for children with special educational needs and disabilities (SEND) has taken place in quarter two. The strategy sets out the ambition of the multi-agency 0-25 SEND Partnership to improve outcomes for this group of children and young people over the next two years. The strategy was endorsed by the Health and Wellbeing Board in September.

64. As part of the SEND strategy, work has continued in quarter two to develop a free school for local children with social, emotional and mental health needs in Crewe. A number of market engagement sessions have taken place and the Council is currently inviting applications from high quality organisations to run the new special free school from September 2019.

4 ~ Cheshire East is a green and sustainable place

Sustainable Development

65. In July 2017 the Council sealed formal adoption of its Local Plan. Importantly, the inspector, in his final report to the Council, highlighted that the plan provides a five-year supply of housing land to meet projected need, a key finding that will now support the Council's case against inappropriate or unsustainable housing proposals.
66. In the final report in June, the Planning Inspector said: "I consider the overall development strategy for Cheshire East, including the provision for housing and employment land, is soundly based, effective, deliverable, appropriate, locally distinctive and justified by robust, proportionate and credible evidence and is positively prepared and consistent with national policy."
67. The Local Plan includes provision for a housing requirement of at least 36,000 new homes and 380 hectares of development land, to reflect a stronger anticipated jobs growth rate of 0.7 per cent per annum.
68. The Council has dealt with a large number of planning appeals, resulting in higher appeal costs, more appeals, more public inquiries and the use of more senior Counsel. Whilst it is inevitable that a certain number of appeals will be allowed, the percentage

has increased to significantly high levels as compared with the national average.

69. A number of measures are being implemented to ensure better decision making and reduced appeal costs. These include avoiding the need for public inquiries, using less expensive Counsel, only challenging decisions where there is a better prospect of success, additional training regarding decision making, appeal performance feedback to Members. Adoption of the Local Plan also enables us to better defend certain appeals. Whilst appeal numbers and costs can never be accurately forecasted, the above measures seek to reduce costs at all levels.

Waste Management

70. **Waste & Landfill** – In quarter two, use of waste-to-energy was reduced because of the planned shutdown for maintenance at the Stoke-on-Trent waste-to-energy plant diverting disposal to landfill. Ansa are currently in procurement to obtain a second waste-to-energy processor to further reduce landfill.
71. **Reuse and Recycling** - During this quarter the Council anticipates collecting around 30,000 tonnes of waste for recycling through its silver and green bin schemes and from its Household Waste Recycling Centres (HWRC). This is a similar amount to the second quarter last year and is testament to the hard work of residents and the continued efforts of Ansa in waste education to reduce, reuse and recycle. Around 350 tonnes of the material is reused through charitable partnerships and the HWRC.

72. Waste, Recycling Reuse Figures (Quarter 2 indicative draft tonnages)

Residual		
Landfill	Waste to Energy	
17,000	4,000	
Recycling		
Household	HWRC	Reuse
9,500	3,500	350
Green Garden		
Household	HWRC	
14,300	2,700	

Environment

73. South Park Lake was de-silted in 2016 and following a period of stabilisation of the deposited silt, the lake margins have now been replanted with native stock. The first season of plant growth appears to have been successful and is adding colour and biodiversity.
74. The Playing Pitch Strategy is now completed, adopted and published on the Council's website. 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.
75. Cheshire East, in partnership with Ansa Environmental Services, has 29 park improvement projects on the programme at this time. These projects are funded from Section 106 developer contributions and 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.

76. Funeral Directors were surveyed about the service provided by Orbitas. The overall level of satisfaction was good at 87.5%, and additional survey results will be used to inform how the services offered can be further enhanced.
77. Community Enforcement Officers' (CEOs) dealt with 1,232 incidents during the quarter including fly tipping, littering, side waste, dog fouling and abandoned vehicles in Cheshire East. Of the 1,232 incidents reported to the CEOs, 413 related to fly tipping, and 26 to side waste. Of the fly tipping reports, evidence was found and investigated further in 34 cases. 503 preventative visits were made, 107 education visits undertaken, 15 verbal warnings and 8 formal warnings were given.
78. Analysis of the last two quarters' data around fly tipping from the Community Enforcement Officers show that the average complaint per week in Cheshire East has dropped from an average fly tipping complaint per week of 45 in quarter one to 28 in quarter two.

Affordable Energy, Growing Energy Businesses, Independent Energy

79. Cabinet confirmed that the Fairerpower contract is to be novated to SAGC allowing for the expansion of Fairerpower in the North West of England. Preparations are underway to launch Fairerpower Red Rose in Lancashire partnering with Preston City Council. Fairerpower now has over 8,100 customers. Preparations through July and August included developing the Preston Partnership for launch at the end of September. Procurement arrangements have recommenced following the agreement of Cabinet to novate the contract.
80. Round six Heat Network funding was secured from the Department for Business, Energy and Industrial Strategy (BEIS), and there was successful awarding of a European Local Energy Assistance (ELENA)

grant to deliver the Affordable Energy programme. Mobilisations are underway to commence the development of projects including: Smart Cities for street lighting; district heating schemes in Crewe and Macclesfield town centres and Alderley Park; and Solar PhotoVoltaic Energy storage and Smart Grids.

5 ~ People live well and for longer

Empowering people to live independent, healthier and more fulfilled lives

81. The Strategic Housing service has developed a number of policies forward in quarter two including the grants and loans policy for home repairs and adaptations for vulnerable people, the ECO Flexible Eligibility statement of intent, and the Housing Enforcement Policy. The team have taken a big step in renewing the frameworks for home repairs and adaptations, with an advert being placed on the Chest and contracts expected to be awarded in quarter three.
82. The Housing Standards & Adaptations team won the national Foundations 'Adaptations Service of the Year' award, recognising its success in helping disabled people and the innovative approaches that the Council takes to meet the needs of disabled people.
83. Housing Options have welcomed two Housing and Health link workers to the service; a collaborative arrangement with Health partners to improve the pathways from people in hospitals into settled secure housing. This is a 12-month pilot funded by the Complex Dependency Programme. The officers will be based within the Housing Options Team but will have close links with hospitals to ensure referrals for services are received as soon as a housing issue is identified so that the appropriate support can be offered. There are four emergency bed spaces within the borough which have also been introduced as part of this project.
84. Housing Options are pleased to announce the Upstream Project with Cheshire West and Warrington has commenced this quarter. The Upstream project has been funded by the Department for Communities and Local Government and is aimed at preventing rough sleeping in the borough. The work will provide advice, guidance and support to people whose accommodation is precarious and are at imminent risk of sleeping on the streets with the aim of finding long term stable accommodation.
85. Work has begun on Roe Street to introduce a wet room and fully Disability Discrimination Act (DDA) compliant flat as well as improved CCTV coverage and modern door entry systems. The project will improve the quality of the temporary accommodation offered to people in housing crisis and will mean that people with a physical disability can access accommodation with support.
86. The project to upgrade the Leisure Centre in Congleton, including the design and building of a replacement swimming pool, continues with the process of selecting a preferred "development partner" reaching a conclusion during the Autumn. A decision on the appointment is due to be made by Cabinet towards the end of the year.
87. In addition to the capital build programme the Council continues along with the Leisure Trust to invest in improving the quality of facilities for users. A new gym and studio space was also developed at Sandbach Leisure Centre for opening in October. Work to refurbish the 3G football pitch at Crewe Cumberland Sports Arena was completed in August in time for the start of the new football season. It is hoped that these improvements will

continue to contribute to the increasing number of residents using their local leisure facilities and improving their health.

88. During the quarter the Council completed two major strategy documents; the Playing Pitch Strategy & Indoor Built Facilities Strategy. Both are key to supporting the recently adopted Local Plan in protecting existing and developing new facilities. Following approval by Cabinet and following a period of public consultation both have now been formally adopted, and are being actively used as part of the planning process.

Information, Advice & Guidance, Prevention and Early Intervention

89. As part of our intentions to review and recommission our current accommodation with care and care at home offer to local residents, commissioners are keen to ensure that local care providers are fully engaged in the recommissioning process and that the new models of care are co-produced between commissioners and providers. To that end commissioners have set up a series of 'task and finish' groups with a wide range of care providers to explore the following areas: New service models and care specifications; Internal processes; Contract monitoring; Recruitment and retention.
90. The groups have been well attended and received positively by the care market, with providers not only valuing the opportunity to raise concerns and queries with current arrangements, but to also offer solutions and new ways of working to ensure that the new commissions are successful and achieve the desired outcomes. Some of the highlights from the first round of meetings include: exploring the introduction of a Cheshire East Care Award as a way of valuing the work of the independent care sector; exploring how

the Council could make use of our communication and media teams to promote caring as a career; to run some good news campaigns and 'myth busting' to assist in dispelling some of the negative messages around care; and looking at how providers can support each other by sharing resources such as shared training.

91. A number of shared actions have been agreed within each group which will inform the wider recommissioning work. Meetings are being held on a monthly basis to ensure that we keep the momentum and continue to work in collaboration with care providers and build strong partnerships across the borough.
92. South-based operational social care teams have aligned to local GP practices, providing a model to prevent, reduce and delay the need for long term social care and health support, using universal services and community resources, which will be rolled out across the borough.
93. School Health Profiles have been developed for each primary and secondary school in the borough. These documents provide detailed information about health needs in the school locality and surrounding areas. They are intended to inform discussions between school nurses and school staff about the need for health prevention activity in each school.
94. The National Child Measurement programme was completed and resulting data submitted to Public Health England in August. The mandatory programme weighs and measures all children in Reception and Year six so that parents can make informed decisions about their children's weight and if necessary be referred into local support services. There has been an improvement in participation rates for both age groups from the 2015/16 programme (from 95.6% to 96.6% in Reception and from 90% to

91.2% in Year 6). Results from the programme are expected in November.

95. Building upon learning from the Phase One pilot; the Emotionally Healthy Schools Programme is now well underway. Phase Two seeks to build capability and capacity using the Thrive model. The Phase Two Programme has three component parts:

- The Education Leadership Programme, which aims to embed the Emotionally Healthy Schools Programme across all schools and deliver strategy developments across the sector. During the last quarter a Leadership Forum has been established, with 10 senior leaders from schools from across the borough being appointed to advise and lead the roll-out of the Education Leadership Programme;
- The Link Programme, which offers development of pathways, assessment and thresholds, training, mental health consultation sessions and group-facilitated reflection sessions for schools staff;

The Tools For Schools Programme, which offers training, co-facilitation and the identification and promotion of evidence-based tried and tested interventions that can be delivered by schools and children and young peoples services.

96. To date approximately 35% of schools have accessed the Tools For Schools and Link programmes. Calendars of delivery dates are in place and schools are signing up to sessions in the new academic year.
97. The formal launch event for the Phase Two Emotionally Healthy Schools (EHS) Programme took place on 29 September, at Wychwood Park, Crewe. This event will provide information on the programme and the opportunity to hear keynote speakers talk about international research into emotional health and wellbeing,

as well as giving delegates the opportunity to take part in workshops, reflective of the EHS programme offer and to network with colleagues from agencies who are able to offer additional support and/or advice to schools. 180 delegates from across the borough and neighbouring authorities signed up for the event. The Emotionally Healthy Schools Programme is required to reach all schools and colleges by December 2019.

98. Cheshire East Council is responsible for commissioning the NHS Health Check programme which is 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 (including referral to One You Cheshire East services). Performance continues to be strong with this programme, with quarter 2 showing improvement on Q2 of 2016/17 (over 3,000 Health Checks conducted). This is the result of ongoing service development work.
99. The Cheshire East Substance Misuse Service has been highlighted in the Cheshire and Wirral NHS Trust 'Book of Best Practice' for their work to reduce drug related deaths. The new programme promotes the wider availability of Naloxone to reduce overdose deaths from heroin and similar drugs. The team have helped to supply Naloxone to individuals at risk of overdose, as well as their carers, families and staff working with substance misusers. The project includes:
- Distribution of Naloxone Take Home Kits through the Substance Misuse Service and static Needle Syringe Programme;
 - Staff training programmes allowing them to translate this to service users in a 15-20 minute consultation prior to providing them with a Naloxone Take Home Kit, extending training to partner service providers in the community.

- Enabled wider distribution and availability of Naloxone which will allow the service to target those most at risk to reduce drug related death

Accessible high quality services, Information & Advice

100. The Adults, Community, Commissioning and Public Health service have completed phase one of a management structure review, appointing to key Head of Service and Lead Commissioning roles to ensure the delivery of lean, effective and efficient services going forward as the demands and challenges for this directorate continue. Phase two is underway.
101. Adult Social Care held a Leadership Forum for all Managers at Grade 10 and above in Macclesfield Town Hall in July. The event gave Managers the opportunity to meet the three recently appointed Directors of Public Health, Adult Social Care Operations and Commissioning, to reflect on outputs to date from the Adult Social Care Direction, Style and Culture activity and a forum to focus on shared priorities with Cheshire East residents at the heart of our business in accordance with our Team Plans.
102. 'Live Well Cheshire East' officially launched on 18 September. Live Well enables residents to find a range of services to meet their needs and improves the choices available to people in sourcing care, support and advice. A series of daily public promotional events took place in key towns from Monday 18 through to Saturday 23. The Core Steering Group met weekly in order to undertake and monitor progress of outstanding actions and prepare for 'business as usual' as outdated webpages were gradually superseded by Live Well.
103. A new 16-19 School Nurse has been recruited by Wirral Community NHS Trust to take a proactive approach to developing relationships

between the service and local colleges and other agencies. The aim is to develop the school nursing offer outside of school settings so that all young people are able to access the services provided.

104. 11 new Breastfeeding Peer Supporters have been recruited. The peer supporters give up their time voluntarily and are trained by the 0-19 service to provide vital support to new and expectant mothers to enable them to give their children the best start in life. A further Sexual Health clinic session has been added in Congleton with the aim of increasing access to contraception and Sexually Transmitted Infection testing and treatment in this area.
105. A telephone counselling service has been introduced for women who are considering long acting contraception methods. This negates the need for two separate appointments and has been well received by patients.
106. Pathways for accessing chlamydia screening for people over the age of 25 within primary care and for access to Post Exposure Prophylaxis for occupational health reasons have been agreed between East Cheshire NHS Trust and Eastern Cheshire Clinical Commissioning Group (facilitated by CEC Commissioners). This will ensure that patients are able to access these services and the Trust is properly remunerated.
107. 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 people's lifestyle behaviours such as healthy eating, weight management and physical activity services. Falls prevention continues to be well subscribed and ongoing contract management work is taking place to improve the take up of other programmes. As part of this, a new pathway has been launched with Eastern Cheshire Clinical Commissioning Group (called 'Health

Optimisation') to provide further opportunities for patients to access services.

Public Protection, Health Protection & Safeguarding

108. The Council is continuing to see a rise 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. Detailed work is underway to produce a demand management strategy to ensure that these vulnerable children and young people are well supported.
109. On 3 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 which is good news for Cheshire East adopters and our children. The service aims to speed up matching and markedly improve the life chances of neglected and damaged children, improve adopter recruitment and adoption support and reduce costs. Cheshire East is delivering this service three years ahead of the 2020 target set by government.
110. September saw the launch of the adoption of Signs of Safety, a new way of working with families in need of early help and children's social care services 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.
111. Feasibility work is underway around developing a locality model of working for frontline children's services. This is looking 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.

112. The Local Safeguarding Children Board (LSCB) held its annual 'Act Now' conference. Co-produced and led by young people, this year's conference took place in July and enabled young people from a range of schools across Cheshire East to talk direct to key professionals from different agencies about safeguarding issues important to them. This year's conference included presentations around children living with neglect, missing from home and child sexual exploitation.
113. Cheshire East's 'Ignition' panel has been shortlisted in the forthcoming Children & Young People Now awards in the 'Leaving Care Award' category. 'Ignition' is for young people aged 15½+ who are thinking about where and how they would like to live when they leave care. Ignition has developed our range of options; for example our taster flats enable young people to live independently for two weeks with floating support and a clear plan. This provides the experience of independent living without a long term commitment and a plan for that young person to work on once they return home ensuring they are ready to move when the time is right.
114. Work is underway to plan for the annual Star Awards as part of November Children's Rights Month (NCRM). NCRM is where everyone working with children and young people in Cheshire East can celebrate and raise awareness of children's rights in a variety of different ways including the 'Star Awards' in November. This is an awards ceremony for cared for children and young people and care leavers in Cheshire East, with every young person receiving an invite in the post to attend. The event is co-organised by young

people and nominations have been requested by 22nd September. This year the event will take place on 19th November 2017.

115. In quarter two we had our first cohorts of social workers endorsed as Advanced Practitioners, having successfully completed the training and progression panel requirements. The role was introduced to recognise and acknowledge those social workers who are the beacons of good practice, able to support others and lead the way in demonstrating consistently good practice. The introduction of the Advanced Practitioners status will strengthen the service by being able to share their practice wisdom and cascade their expertise and knowledge across all parts of the organisation with students, newly qualified social workers and those in need of some support and guidance. The aim is to have at least one Advanced Practitioner in each of our social work teams.
116. Cheshire East Council took part in the celebrations in September marking the 10th Birthday of the Mental Capacity Act (MCA) coming in to force. The Principal Social Workers network requested that Councils got involved by compiling an A-Z of what the MCA means to them. Cheshire East Safeguarding Adults Board ran a competition for each team to devise their own A-Z.
117. Following the successful launch of “The Spoken Word” piece produced by the Cheshire East Safeguarding Adults Board service user sub group, the wording of the video has now been featured in a publication by Dr Adi Cooper published on 21 August 2017. The book also captures views of some members of the group on what good practice in safeguarding looks like. The publication was launched at a national seminar in London on 19 September and is entitled ‘Safeguarding Adults under the Care Act 2014: Understanding Good Practice’.

118. Cheshire East Council Adult Safeguarding Board welcomes a new Chair, Mr Geoffrey Appleton who joined us from 1 September 2017, coming with much experience having ongoing responsibility for Cheshire West and Chester Adult Safeguarding Board Chair as well.
119. Council officers joined Councillors and local dignitaries at an event in Chester Cathedral on 17 September 2017, bringing churches and communities together to support a declaration around raising awareness of human trafficking and slavery.

6 ~ A Responsible, Effective and Efficient Organisation

120. In quarter the Equality and Diversity Strategy continued to deliver progress on its delivery of the Council’s Equality Objectives, with achievement highlights including:
 - We now have a network of 27 Equality Champions from across all parts of the organisation. The Champions will support the Council in driving forward our Equality and Diversity Strategy at a team level.
 - We have reviewed our internal approach to Equality Impact Assessments, developing a new suite of guidance to support officers when completing assessments.
 - We have introduced a new module on Oracle to allow our officers to update their information and ensure we have an accurate overview of our workforce related to the nine protected characteristics.
121. Following on from the Staff Survey last year, much work has taken place to improve the culture across the organisation and lots of help is available to those who may need support or advice.
122. Further to a procurement exercise the Council has appointed Public

Concern at Work (PCaW) to deliver additional whistleblowing support to complement and review our current arrangements.

123. During the third quarter the Council will seek to further improve the timeliness of project highlight reporting. 83% of projects (112 out of 135) were rated 'green' on having submitted an updated highlight report to the Projects and Change Office at the end of the second quarter. All of the remaining 23 out of 135 project highlight reports had been updated earlier during the second quarter, but our target is to work with project managers to ensure all highlight reports are updated on an ongoing, monthly basis.
124. The Property Services team disposed of a further property in quarter two, taking the capital receipts received so far this year to £371, 013. Additionally they have completed 349 cases which include requests for occupation or use of Council assets and/or land requiring a legal agreement, and dealt with 298 ownership or boundary queries, responding to 62% within one day. Of its 125 lettable units across its Business Generation centres and Industrial Units, 109 units are let with the income profile meeting target and debt across the estate being £70,826. The value of the construction projects that the Property Projects team are managing across the Council's assets increased to £85m.

2. Financial Stability

Introduction

125. 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.
126. A full mitigation plan is under development to address the forecast overspend and ensure that the General Reserves are protected. This includes a revised approach to the Capital Financing requirement, which is detailed in **Appendix 15**. Given the scale of the financial pressures achieving a balanced budget position this year will be extremely challenging.
127. **Table 1** provides a service summary of financial performance at quarter two. The current forecast is that services will overspend by £9.9m in the current year. The Financial Narratives provide further details and changes to service net budgets since first quarter review are analysed in **Appendix 2**.
128. 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 Mid Year Review (GROSS Revenue Budget £605.2m)	Revised Budget (NET)	Forecast Actual Outturn	Forecast Over / (Underspend)
	£m	£m	£m
SERVICE DIRECTORATES			
Directorate	10.6	10.6	-
Children's Social Care	33.1	36.9	3.8
Education & 14-19 Skills	2.6	2.8	0.2
Prevention & Support	9.6	9.2	(0.4)
Adult Social Care - Operations	28.1	28.7	0.6
Adult Social Care - Commissioning	67.4	72.2	4.8
Public Health and Communities	2.7	2.5	(0.2)
People	154.1	162.9	8.8
Directorate	(1.1)	(1.5)	(0.4)
Planning & Sustainable Development	2.5	2.6	0.1
Infrastructure & Highways (incl Car Parking)	13.5	13.5	-
Growth & Regeneration	16.8	17.1	0.3
Rural & Cultural Economy	2.8	2.8	-
Place	34.5	34.5	-
Directorate	1.9	1.9	-
Customer Operations	9.0	9.4	0.4
Legal Services	5.4	5.8	0.4
Human Resources	2.5	2.2	(0.3)
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	61.0	62.1	1.1
Total Services Net Budget	249.6	259.5	9.9

Financial Narratives

People Directorate

129. The number of cared for children stood at 466 at 30 September 2017. This is compared to 400 in the same period in 2016 and consequently 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. However, by mid-year 83 children left care as a result of adoption, returning home or moving to independent living.
130. 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.
131. However, indications at this stage are that both demand and costs have continued to rise with 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 set targets to reduce this cost pressure, which could have been as much as £4.1m, through increased gatekeeping, 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 £3.8m overspend is incorporated into the mid-year review.
132. Several children have entered care with very complex needs and challenging behaviour, which has necessitated them being placed in secure children homes at very high cost.
133. 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.

134. A number of initiatives are being taken forward to reduce the pressures such as opening residential children's homes, expanding Project Crewe, joining a regional adoption agency, and starting work on a shared fostering service.
135. 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.
136. Across Education Services (£0.2m overspend) and Prevention Services (£0.4m underspend) various pressures are being mitigated by further vacancy management and underspends across the services. This means Children's Services are forecasting a £3.6m overspend overall, compared to budget (£3.8m + £0.2m - £0.4m), which is a £1m increase compared to quarter one
137. 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 meets 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.

138. 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 as we lead into the most challenging time of the year with winter approaching.

139. 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 (£4.8m) and Operations (£0.6m) and an underspend in Communities (£0.2m). against a gross base budget of £153.9m, meaning a variance of 3.4%. Measures that deliver savings based on service redesign with the resident 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 are already reducing direct funding to both the Council and key partners in the sector which can further add to the Council's financial pressure. These actions which are being implemented in order to produce a balanced position are only likely to increase during the winter period when demand for Health services has repeatedly been evidenced to rise. This means Adult Services are forecasting a £5.2m overspend overall, compared to budget (£4.8m + £0.6m - £0.2m), which presents no net change to the position reported at quarter one. Overspending for the People Directorate is therefore forecast at £8.8m at Mid-Year as identified in Table 1 (above).

140. Colleagues in Finance and Performance are working together to support the People Directorate to develop more detailed information using new systems, in order to help identify trends and enable appropriate action to be implemented earlier. This work

involves a deep examination of the underlying position and the inherent pressure which has been masked by temporary mitigations. This will lead to increased transparency and setting of clear outcomes going forward.

Place Directorate

141. The Place Directorate is experiencing financial pressure of £0.6m against a budget of £34.5m at mid year review. This has reduced by £0.6m from the £1.2m initially reported at first quarter. The net outturn forecast is that these pressures will be mitigated to produce a balanced budget overall by year-end.

142. 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.

143. Costs of appeals within Planning are higher than budget which has caused a £0.2m pressure in year. The service is working on mitigation activity and is currently forecasting a £0.1m overspend at mid-year. It is unlikely that income from the investment portfolio will be realised, within the Growth & Regeneration Service, before the end of March, this has created a forecast income shortfall of £0.3m.

144. A mitigation plan is in place which covers three main areas: a review of major contracts, remedial actions from Transport Service Solutions Limited and a further review of earmarked reserves. It is expected that Place will have achieved a balanced budget by year

end, which is currently presented as a £0.4m underspend within the Directorate Budget in Table 1 (above).

Corporate Directorate

145. At Mid-Year, the budget for services within the Corporate Directorate are forecasting a £1.1m overspend. This represents a £0.3m improvement since First Quarter.
146. 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 HWRC and charging for rubble waste are on track to be delivered as planned in 2017/18.
147. 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 £165,000.
148. The Customer Operations budget is forecasting net expenditure 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 £83,000, signalling a positive reduction in the number of debt cases. Overspending is partially offset by

activity within the Digital Customer Services programme; and savings in Benefits Administration.

149. 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.
150. Legal & Democratic Services are forecasting an overspend of £0.3m. 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.
151. Finance and Performance, which now includes all services that fall under the Director of Finance & Procurement, are forecasting a net underspend of £0.1m. 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 LEP, contribute further to the overall forecast underspend.
152. The Strategic HR Services is forecasting an underspend of £0.3m. This is a significant improvement from the small forecast overspend reported at first quarter. Contract and Productivity savings, and pressures within Health & Safety and HR Delivery are being offset by other in year underspends. Underspensing has arisen from a number of planned vacancies, mostly within the Workforce Development budget.

153. The Communications Team is forecasting an overspend of £70,000 following implementation of activities identified in the peer review, including the production of a new resident's newsletter.

Government Grant Funding of Local Expenditure

154. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2017/18 was £281.3m.

155. 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 the 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.

156. Mid year has seen a decrease in specific use grants of £2.2m. This is mainly due to a reduction in the allocation of Early Years funding and the conversion of six schools to academies during the year to date.

157. Spending in relation to specific use grants must be in line with the purpose for which the funding is provided.

158. General purpose grants were budgeted to be £30.3m, but further in-year grant announcements have increased this figure to £31.6m at mid year (an increase of £0.4m on first quarter).

159. The additional general purpose grants received during the second quarter of 2017/18 include a further £60,000 in respect of Neighbourhood Planning Grants and £0.4m relating to

Discretionary Business Rates Relief. This has been off-set by a reduction in Education Services Grant of £40,000. Requests for the allocation of the additional grants received are detailed in **Appendix 11**.

160. **Table 2** overleaf 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 FQR £m	2017/18 Revised Forecast MYR £m	2017/18 Change £m
SPECIFIC USE			
Held within Services	260.4	258.2	(2.2)
GENERAL PURPOSE			
Revenue Support Grant	13.4	13.4	-
<u>Service Funding:</u>			
People - Directorate	0.1	0.1	-
People - Children and Families	0.8	0.8	-
People - Adult Social Care and Independent Living	2.4	2.4	-
Place	0.7	0.8	0.1
Corporate – Customer Operations	1.8	2.1	0.3
Corporate – Chief Operating Officer	12.0	12.0	-
Total Service Funding	17.8	18.2	0.4
Total General Purpose	31.2	31.6	0.4
Total Grant Funding	291.6	289.8	(1.8)

Collecting Local Taxes for Local Expenditure

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

Council Tax

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

163. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect Council Tax from (after adjustments for relevant discounts, exemptions and an element of non-collection). The taxbase for 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.

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

165. 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.

166. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of

discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £235.6m.

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

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

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

Financial Year	CEC Cumulative			
	2013/14	2014/15	2015/16	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	**	**

* year to date

**data not yet available

168. The Council Tax collection rate for 2017/18 is 48.5%, a small decrease on the previous year.

169. Council Tax support payments (including Police and Fire) were budgeted at £16.2m for 2017/18 and at the end of the second quarter the total council tax support awarded was £14.7m. The Council Tax Support caseload has reduced since April 2014 and there have been more reductions in the Council Tax Support awards in the year than increased or new awards.

170. No changes were made to the Council Tax Support scheme for 2017/18. The scheme was agreed by full Council in December 2016.

171. Council Tax discounts awarded are £21.0m which is broadly in line with the same period in 2016/17.

172. Council Tax exemptions awarded total £4.2m which is broadly in line with the same period in 2016/17.

Non-Domestic Rates (NDR)

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

Councils. As a pool the members will be entitled to retain the levy charge on growth that would normally be paid over to Central Government. Cheshire East will retain 50% of this levy charge locally before paying the remainder over to the pool.

176. The Cheshire and GM Pool are also taking part in a pilot scheme where the pool is able to retain locally the 50% of “additional growth” in business rates which in the usual Business Rates Retention Scheme would be paid directly to DCLG.
177. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

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

Financial Year	CEC Cumulative			
	2013/14	2014/15	2015/16	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

178. The business rates collection rate for 2017/18 shows a slight decrease against 2016/17 to 47.53% (Aug Fig).

Capital Programme 2017/21

179. Since reporting the Capital Programme at first quarter the overall forecast expenditure for the next three years has increased by £33.9m as shown in **Table 6**.

Table 6 – Summary Capital Programme

	Revised Total Forecast Budget 2017/21 £m	Amendments to FQR Forecast Budget 2017/21 £m	Amended MYR Forecast Budget 2017/21 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2017/21 £m
People Directorate	41.7	0.7	42.4		1.1	43.5
Place Directorate	239.3	38.1	277.4	(7.9)	13.7	283.2
Corporate Directorate	83.6	(11.8)	71.8			71.8
	364.6	27.0	391.6	(7.9)	14.8	398.5

180. There were a number of Officer Decision records approved within the quarter where amounts have been requested from the Capital Addendum that have now been given the go ahead and have been moved in to the main capital programme to commence expenditure in 2017/18. These include the Development of Hurdsfield Family Centre £0.7m, Middlewich Eastern Bypass £1.5m and Crewe Town Centre Regeneration £24.7m.
181. Following a review of the capital programme in the Place directorate a number of schemes, totalling £7.3m have been transferred from the main programme to the Addendum as they are either longer term projects or a lower priority. Further details are provided in **Appendix 5**.
182. At mid year review there are a number of requests for Supplementary Capital Estimates (SCE's) over £1m. These include Childcare Sufficiency - Early Years (£1.1m) and Safer Roads Fund (£1.0m) both funded by government grants.

183. A SCE is required for Poynton Relief Road of £12.6m following an update to the scheme cost estimate from £38m to £50.7m. The most significant change is due to a revised estimate for Part 1 claims under Part 1 of the Land Compensation Act 1973. As a result of the large impact of Part 1 costs on this scheme and across the programme, a change in approach is being considered and further details will be reported to a future Cabinet meeting.
184. The SCE will be funded by an additional £1.9m from developer contributions and £10.7m from Cheshire East resources. The construction phase is expected to commence in 2019/20. The Council will also be required to provide forward funding in advance of S106 receipts in the region of £5.4m, between the years 2020 to 2024.
185. Council are requested to approve the forward funding of developer contributions to the scheme and to approve the underwriting, in principle, of any necessary gap funding required to deliver the proposed relief road.
186. There is also £0.7m of budget reductions that relate to Highways and Infrastructure projects within the approved capital programme.
187. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

Table 7 – Capital Funding Sources

	FQR Total Forecast Budget £m	MYR Total Forecast Budget £m	Change £m
Grants	172.4	181.9	9.5
External Contributions	51.4	54.5	3.1
Cheshire East Resources	140.8	162.1	21.3
	364.6	398.5	33.9

Capital Budget 2017/18

188. At the mid year review stage the Council is forecasting actual expenditure of £112.3m. The in-year budget for 2017/18 of £119.5m 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.
189. 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 5 to 8**.
190. **Table 8** overleaf shows the actual expenditure incurred on those schemes against the revised Outturn Budget.

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

Committed Schemes	Revised FQR Budget	Revised MYR Budget	Forecast Expenditure	Current Forecast Over / Underspend
	£m	£m	£m	£m
People Directorate	9.6	9.6	8.7	(0.9)
Place Directorate	52.4	57.9	56.7	(1.2)
Corporate Directorate	37.9	32.8	30.1	(2.7)
Total Committed Schemes	99.9	100.3	95.5	(4.8)

191. At the Mid Year Review Stage the in-year forecast has been revised and £4.8m has slipped to future years.

192. **Appendix 6** details requests of Supplementary Capital Estimates (SCE) and Virements up to and including £250,000 approved by delegated decision which are included for noting purposes only.

193. **Appendix 8 - Requests for capital Supplementary Capital Estimates and Virements above £1m** details a Supplementary Capital Estimate request of £12.6m to increase the Poynton Relief Road project to bring the approved budget in line with the full costs to deliver the scheme. SCE's are also requested for Childcare Sufficiency - Early Years and Safer Roads Fund following the receipt of additional capital grants.

194. A virement of £1.1m is requested for Alsager Planning Area (Secondary Schools – 150 places). Following a detailed feasibility study, additional funding is required to meet the scope of this project, funding will be vired from grant set aside for future years Basic Need projects.

195. **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.

Central Adjustments

Capital Financing Costs and Treasury Management

196. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These costs are partly offset by the interest the Council earns from temporary investment of its cash balances during the year. The capital financing budget of £14m accounts for 6% of the Council's net revenue budget.

197. Investment income to August 2017 is £128,000 which is equal to the budgeted income for the period. However, offsetting this are costs of £61,000 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 August 2017 is £34.9m

- The average annualised interest rate received on in-house investments up to the end of August 2017 is 0.36%
- The average annualised interest rate received on the externally managed property fund up to the end of August 2017 is 4.69%
- The average temporary borrowing position up to the end of August 2017 is £35.1m.
- The average annualised interest rate paid on temporary borrowing up to the end of August 2017 is 0.41%

198. The Council's total average interest rate on all investments for the period April to August is 1.29%. 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 0.75% (Base Rate + 0.50%).

Table 9 – Interest Rate Comparison

Comparator	Average Rate to 31/08/2017
Cheshire East	1.29%
LIBID 7 Day Rate	0.21%
LIBID 3 Month Rate	0.30%
Base Rate	0.25%
Target Rate	0.75%

199. 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.

200. 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 treasury management advisors, Arlingclose, has taken place and the proposal to use the annuity method to calculate the MRP will result in the ability to take an MRP holiday and realise savings of £6m in 2017/18. This approach reduces current costs, although the overall total cost of capital financing, over the life of capital assets, will still be consistent.

201. Although the annuity method is currently an option within the Council's MRP policy it is a change that will take effect in this financial year and be applied retrospectively. Cabinet are therefore requested to recommend that Council note the financial implications of the change in the Minimum Revenue Provision (MRP) policy to the use of the annuity method as detailed in **Appendix 15**. The information contained within **Appendix 15** is an important consideration for Councillors as the current repayment of capital financing will be deferred and will be aligned with the useful life of assets. Although this approach is lawful, and does not increase overall costs, it will mean future tax payments will be used to cover current capital expenditure plans, which is a change from the current financial strategy. Setting a balanced Medium Term Financial Strategy will require recognition of this change and how this impacts on local increases in income from the Council Tax and Non-Domestic Rates bases.

202. Capital Financing is dependent on achieving capital receipts of £7.9m in 2017/18 to finance capital expenditure. To date, two assets have been sold generating total receipts of £0.3m. The Section 151 Officer is exploring options to capitalise costs of transformation in line with recent guidelines issued by the Treasury. This approach can mitigate overspending of the revenue

budget. Further details on the proposal to use the flexibility of applying capital receipts to fund transformation projects are provided in **Appendix 14**.

203. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 23 February 2017. Further details of counterparty limits and current investments are given in **Appendix 10**.
204. The Council has maintained the £7.5m investment in the CCLA managed property fund. The underlying value of this fund had devalued following the 'Brexit' referendum but has been increasing in value. The current value of the units in the fund if sold is £7.6m which is slightly higher than the original invested amount. However, the fund continues to generate income of 4.69%.
205. Most other investments currently held are short term for liquidity purposes. Fixed or longer term investments would require additional temporary borrowing which is currently being assessed as the investment returns would exceed the borrowing costs. This is permissible under the treasury strategy providing the Council remains within authorised limits set in relation to the capital financing requirement (CFR).
206. Full details of current investments and temporary borrowings are shown in **Appendix 10**.

Central Contingencies and Contributions

207. A budget of £1.2m is held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. Due to savings relating to early payment of pension contributions it is forecast that there will be a £0.1m underspend to budget. 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. Grants have been received centrally in-year that are additional to budget by £0.1m.

Debt Management

208. The balance of outstanding debt has increased by £1.5m since quarter one of 2017/18 mainly due to an increase of invoices raised by Adults & Public Health. 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

209. The impact of the projected service outturn position is to decrease balances by £9.9m as reported above (**para 127**).
210. Taken into account with the central budget items detailed above (**para 200 and para 207**), the financial impact could result in a reduction in balances of £5.8m as shown in **Table 10**.

Table 10 – Impact on Balances

	£m
Service Net Budget Outturn	(9.9)
Central Budgets Outturn	4.0
Specific Grants Outturn	0.1
Total	(5.8)

Management of Council Reserves

211. 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 £10.1m.
212. 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.
213. 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 partially depleted by the end of this year.
214. A mitigation plan is being developed 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.
215. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31 March 2017 balances on these reserves stood at £48.9m, excluding balances held by Schools.
216. During 2017/18, an estimated £11.9m 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.
217. A full list of earmarked reserves at 1st April 2017 and estimated movement in 2017/18 is contained in **Appendix 13**.

3. Workforce Development

218. 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

219. 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.

220. The Making a Difference employee recognition scheme continues to be popular with staff. During quarter two the following nominations have been made:

- Made my Day nominations – 212
- Making a Difference monthly nominations – 32

The standard of nominations has been consistently high and the panel have continued to be robust when awarding the winners each month. Monthly presentations have been held by Members and Senior Officers where employees have been presented with their certificate and coveted Purple/Pink lanyard!

Nominations will open in October for the Making a Difference Annual Awards event due to be held on 19 December 2017 at Wrenbury Hall.

221. An Innovation event was held on 25 September with three problem owners and volunteers from across the council attending as group members. Each group worked through a creativity session including problem definition with positive breakthroughs being made.

222. A series of long service recognition events have taken place over the last six months with 353 people recognised with local government service ranging from 44 years to 25 years. During each event individuals were presented with a badge and certificate and a summary of their local government career shared. Going forward all employees achieving 25 years local government service will be recognised with an event held every six months.

223. A draft Wellbeing@Work strategy and programme is in development. This has involved a desktop assessment of the policies and initiatives already available, areas of good practice, gaps and an action plan for the next twelve months. Volunteers have been sought to join a Wellbeing Employee Forum. In addition colleagues across the council who are currently contributing to the Wellbeing Agenda are being invited to join a Wellbeing Contributors group to provide a holistic and co-ordinated approach. The launch of the Wellbeing@Work strategy is planned for October to include a monthly newsletter for all employees.

Building Capability and Capacity

- 224. 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.
- 225. Over 40 courses and 63 sessions have been offered to CEC employees over the first two quarters of the year. A further 17 employees successfully secured funding approval via the Continuous Professional Development Panel for role specific development and qualifications in quarter two, seeing £15,780 investment.
- 226. 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 not being offered organisation wide. This is supplemented by a new Chartered Management Degree for a cohort of Cheshire East Council staff. Leadership and Management development continues with team manager skills development days taking place in Corporate 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 along with a suite of courses for managers at different levels available on the Corporate Training Programme.
- 227. The Workforce Development Team continues to maintain close relationships with partner universities and Further Education colleges, supporting work experience placements, course required application to the workplace placements, graduate schemes and

mentoring opportunities for young people. Relationships development is further encouraged through exploring links with universities for staff engagement. As a recognised centre of excellence, quality assurance measures ensure that all employees and apprentices receive up to date training and surpass expectations of external verification and examination boards, and feel fully supported throughout all stages of their career.

Resourcing and Talent

- 228. The Placements leading to employment within the organisation have been awarded to four talented Social Work undergraduate students and two further candidates have been selected through a rigorous process to undertake an intensive 14 month programme with us through the 'Step Up' to social work scheme. An application to the Skills for Care Graduate Management programme has been made in conjunction with Adult Social Care to offer two year-long placements from January 2018. A talent identification and development process is in development within the Libraries service to support their career pathways work.
- 229. 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 1 May, we have appointed 36 new apprentices and have 21 live vacancies. We have also developed a management and leadership programme for the Council to be funded via the apprenticeship levy, with a launch date of October 2017. Regular updates are now sent to all Heads of Service to report against progress towards the target.
- 230. 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 Libraries and HR

Teams to offer development from entry to management roles, offering a clear career route and tailored opportunities for existing staff, recent graduates and apprentices.

Reward and Recognition

231. 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

232. The Education HR consultancy continue to offer and provide two levels of service, Gold and Silver, with the Silver Service having no on-site support to schools and academies. Buy back from September 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

233. Specific work has begun 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.
234. Buy-back from Schools for delivery of Health & Safety services during the academic year of 2017/18 has reached 85% and totals 132 schools.
235. The Corporate Health & Safety Audit Programme involving 29 Audit Managers has reached its conclusion. Action plans have been addressed and a final risk position will be shown via comparison graphs and a close down report.

Staffing Changes

236. As shown in **Table 11** overleaf, Cheshire East’s overall headcount and number of FTE employees increased slightly during the second quarter of 2017/18.

Table 11: Cheshire East Council Employee Headcount and FTE Figures

Directorate / Service	Employee FTE Jul-17	Employee FTE Sep-17	Employee Headcount Jul-17	Employee Headcount Sep-17
Corporate	752.7	758.2	872	878
Audit	7.2	7.3	9	9
B4B / Business Development	11.0	11.0	13	13
Business Management	20.0	20.0	21	21
Communications & Media	10.9	10.9	11	11
Customer Services	272.5	276.1	345	349
Finance & Performance	103.5	100.4	107	104
Human Resources	38.3	40.0	45	46
ICT	178.9	182.9	185	190
Legal & Democratic Services	91.7	91.9	117	117
Procurement	15.8	14.8	16	15
People	1630.7	1639.0	2188	2190
Adult Social Care and Health	866.8	865.0	1078	1074
Children's Services	762.9	772.0	1109	1114
Place	437.5	439.8	545	552
Growth and Regeneration	148.6	148.6	189	189
Infrastructure & Transport	49.8	53.0	51	54
Lifelong Learning	9.2	9.2	11	11
Planning and Sustainable Development	129.1	129.3	135	135
Rural and Green Infrastructure	98.8	98.7	157	162
Cheshire East Council Total	2822.9	2840.0	3598*	3615*

***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

237. Agency workers provide 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 in July and September 2017, and shows agency workers as a percentage of all workforce assignments, excluding casuals, active at the end of the specified month (*i.e. excluding assignments ending before the final day of the month*).

Table 12: Number and percentage of agency workers

	Number of C.Net agency worker assignments active at end of Jul 17	Number of C.Net agency worker assignments active at end of Sep 17	% of all workforce assignments on 31 Jul 17	% of all workforce assignments on 30 Sep 17
People	35	47	1.5	2.1
Place	5	6	0.9	1.0
Corporate Services	67	78	7.1	8.1
Cheshire East Council	107	131	2.8	3.4

Absence

238. At the end of quarter two (Apr-Sep) of 2017/18 absence levels overall were slightly lower than the same period in the previous three financial years. The Council's target absence rate for 2017/18 is 10 days lost per FTE employee; the Council's absence

rate was 11.14 days lost per FTE employee in the two previous financial years.

Table 13: Cumulative average days lost to sickness per FTE employee by financial year, since 2014/15 during quarter one and, where available, for the full financial year

Cheshire East (excluding Schools)	2014/15	2015/16	2016/17	2017/18
Cumulative absence – end quarter two	5.58	5.19	5.21	4.98
Full Financial Year Absence	11.97	11.14	11.14	

Voluntary Redundancies

239. 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.

240. Ten people have left the Council under voluntary redundancy terms in quarter two, eight held posts within the management grades (Grade 10 or above). The total severance cost for all employees was £339,580 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £2,145,814 (which is the combined accumulated costs of the deleted posts).

Appendices to Mid Year 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 First Quarter Review

	Quarter 1 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 2 Net Budget £000
PEOPLE				
Directorate	10,578	-	(13)	10,565
Children's Social Care	33,374	-	(289)	33,085
Education & 14-19 Skills	2,436	-	154	2,590
Prevention & Support	9,477	-	172	9,649
Adult Social Care Commissioning	67,477	-	(13)	67,464
Adult Social Care Operations	27,972	-	118	28,090
Public Health & Communities	2,813	-	(140)	2,673
	154,127	-	(11)	154,116
PLACE				
Directorate	(1,080)	-	-	(1,080)
Planning & Sustainable Development	2,518	60	(6)	2,572
Infrastructure & Highways	13,516	-	(1)	13,515
Growth & Regeneration	4,841	-	11,865	16,706
Rural & Cultural Economy	2,831	-	-	2,831
	22,626	60	11,858	34,544

	Quarter 1 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 2 Net Budget £000
CORPORATE				
Directorate	75	-	1,872	1,947
Client Commissioning :			-	
Leisure	2,393	-	(184)	2,209
Environmental	27,728	-	17	27,745
Customer Operations	9,500	-	(600)	8,900
Legal Services	7,581	-	(2,171)	5,410
Human Resources	2,540	-	(64)	2,476
Finance & Performance	3,202	-	2,741	5,943
Professional Services	14,452	-	(14,452)	-
ICT	5,838	-	(97)	5,741
Communications	616	-	(25)	591
	73,925	-	(12,963)	60,962
CORPORATE UNALLOCATED				
Corporate Unallocated	(1,116)	-	1,116	-
	(1,116)	-	1,116	-
TOTAL SERVICE BUDGET	249,562	60	-	249,622
CENTRAL BUDGETS				
Capital Financing	14,000	-	-	14,000
Corporate Contributions	1,163	-	-	1,163
Contribution to / from Reserves	(147)	-	-	(147)
	15,016	-	-	15,016
TOTAL BUDGET	264,578	60	-	264,638

	Quarter 1 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 2 Net Budget £000
CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(40,973)	-	-	(40,973)
Revenue Support Grant	(13,415)	-	-	(13,415)
Specific Grants	(17,784)	(60)	-	(17,844)
Council Tax	(191,056)	-	-	(191,056)
Sourced from Collection Fund	(1,350)	-	-	(1,350)
TOTAL CENTRAL BUDGETS FUNDING	(264,578)	(60)	-	(264,638)
FUNDING POSITION	-	-	-	-

Appendix 3 Corporate Grants Register

Corporate Grants Register 2017/18		Revised Forecast	Revised Forecast	Change	SRE / Balances
		FQR	MYR		(Note 2)
		2017/18	2017/18	2017/18	
	Note	£000	£000	£000	
SPECIFIC USE (Held within Services)					
PEOPLE					
Schools	1	152,173	150,340	(1,833)	
Children & Families		720	716	(4)	
Adult Social Care		9,022	9,022	-	
Communities		79,219	79,219	-	
Public Health		16,833	16,833	-	
Total		257,967	256,130	(1,837)	
PLACE					
Growth and Regeneration		1,157	1,157	-	
Planning and Sustainable Development		521	121	(400)	
Directorate		787	787	-	
Total		2,465	2,065	(400)	
TOTAL SPECIFIC USE		260,432	258,195	(2,237)	
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	FQR 2017/18 £000	MYR 2017/18 £000	2017/18 £000	(Note 2)
People - Directorate					
Extended Rights to Free Transport		123	123	-	
People - Children & Families					
Tackling Troubled Families		654	654	-	
Staying Put Implementation Grant		113	113	-	
People - Adult Social Care & Independent Living					
Independent Living Fund		917	917	-	
Adult Social Care Support Grant		1,457	1,457	-	
Place					
Adult Skills (Lifelong Learning)		706	706	-	
Lead Local Flood Authorities		14	14	-	
Neighbourhood Planning Grant for Local Planning Authorities		-	60	60	SRE
Corporate - Customer Operations					
Housing Benefit and Council Tax Administration		1,209	1,209	-	
NNDR Administration Grant		506	506	-	
Business Rates Revaluation 2017: S31 Grant Reimbursement			-	-	
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	Balances

Corporate Grants Register 2017/18		Revised Forecast	Revised Forecast	Change	SRE / Balances
		FQR	MYR		(Note 2)
		2017/18	2017/18	2017/18	
	Note	£000	£000	£000	
Corporate - Chief Operating Officer					
New Homes Bonus		8,254	8,254	-	
New Homes Bonus: Returned Funding Grant 2017/18		96	96	-	
Education Services Grant		678	641	(37)	Balances
Transitional Funding		2,974	2,974	-	
Transition to Individual Electoral Registration 2017/18		64	64	-	
Total Service Funding		17,839	18,240	401	
TOTAL GENERAL PURPOSE		31,254	31,655	401	
TOTAL GRANT FUNDING		291,686	289,850	(1,836)	

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
- 2 SRE - Supplementary Revenue Estimate requested by relevant service.

Appendix 4 Summary Capital Programme and Funding

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget	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	-	-	9,128	8,309	5,429	1,763
New Schemes and Option Developments	1,693	-	-	1,693	1,721	22,637	-
Prevention and Support							
Committed Schemes - In Progress	250	-	-	250	250	266	-
New Schemes and Option Developments	-	250	1,125	1,375	1,375	450	-
Total People Directorate	11,291	250	1,125	12,666	11,875	29,892	1,763

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2017/18	During Quarter	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	38,865	1,680	(313)	40,232	39,560	25,370	118,839
New Schemes and Option Developments	13,518	-	-	13,518	12,000	14,760	11,282
Growth and Regeneration							
Committed Schemes - In Progress	11,110	5,540	(1,452)	15,198	14,314	14,401	28,645
New Schemes and Option Developments	184	-	-	184	204	689	-
Rural and Cultural Economy							
Committed Schemes - In Progress	2,486	-	-	2,486	2,486	486	129
New Schemes and Option Developments	-	-	-	-	-	-	-
Total Place Directorate	66,163	7,220	(1,765)	71,618	68,564	55,706	158,895

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	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	276	2,642	-	2,918	2,918	530	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Finance and Performance							
Committed Schemes - In Progress	2,926	-	-	2,926	100	2,826	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Professional Services							
Committed Schemes - In Progress	5,138	(5,138)	-	-	-	-	-
New Schemes and Option Developments	-	-	-	-	-	-	-
ICT							
Committed Schemes - In Progress	16,763	(2,642)	(20)	14,101	13,987	12,135	3,564
New Schemes and Option Developments	-	-	-	-	-	-	-

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2017/18	During Quarter	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	11,675	119	-	11,794	11,994	323	150
New Schemes and Option Developments	1,650	-	-	1,650	1,050	3,150	9,400
Client Commissioning - Leisure							
Committed Schemes - In Progress	1,106	-	-	1,106	1,106	6,000	1,926
New Schemes and Option Developments	720	-	-	720	720	-	-
Total Corporate Directorate	40,254	(5,019)	(20)	35,215	31,875	24,964	15,040
Committed Schemes - In Progress	99,943	2,201	(1,785)	100,359	95,244	68,876	155,016
New Schemes and Option Developments	17,765	250	1,125	19,140	17,070	41,686	20,682
Total Net Position	117,708	2,451	(660)	119,499	112,314	110,562	175,698

Funding Sources	2017/18	2018/19	2019/20 and
	£000	£000	Future Years
			£000
Grants	36,746	55,947	89,250
External Contributions	6,646	5,918	41,936
Cheshire East Council Resources	68,922	48,697	44,512
Total	112,314	110,562	175,698

Appendix 5 Transfers from and to the Capital Addendum

Capital Scheme	Amount Transferred Q1 £	Amount Transferred Q2 £	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
Total Budgets Transferred to Main Capital Programme	(3,851,436)	(26,859,064)	
Capital Budget removed from the Addendum			
Rural and Cultural Economy			
Playing Fields Strategy	-	(1,000,000)	Removed following mid year review of capital programme.
Total Capital Budget Removed from the Addendum	-	(1,000,000)	

Capital Scheme	Amount Transferred Q1 £	Amount Transferred Q2 £	Reason / Comment
Capital Budgets transferred from the Main capital Programme to the Addendum			
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	
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 NCGV. £6m moved from Growth & Regeneration Addendum.
North West Crewe (Leighton West)	6,000,000		
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
Total Capital Budget Transferred between Directorates	-	-	
Net Change to the Addendum	(3,851,436)	(20,586,618)	

Appendix 6 Approved Supplementary Capital Estimates and Virements up to £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000		
Supplementary Capital Estimates		
Total Supplementary Capital Estimates Requested	-	
Capital Budget Virements		
Education and 14-19 Skills		
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	45,000	The initially budget for the Chelford Planning Area scheme was based of an average cost formula, following a detailed feasibility study, less funding is required to meet the scope of this project. The excess funds are being set aside for Future Years Basic Need projects.
Infrastructure and Highways (inc Car Parking)		
Gurnett Bridge Reconstruction	12,167	This virement from the Part 1 scheme is to cover two claims, a third is anticipated but the amount is not known at this time.
ICT		
Infrastructure Investment Programme (IIP)	20,356	Budget to be vired from Enable Citizens and Business Programme as closed at the end of 2016-17
Total Capital Budget Virements Approved	77,523	
Total Supplementary Capital Estimates and Virements	77,523	

Appendix 7 Request for Supplementary Capital Estimates and Virements above £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
Supplementary Capital Estimates		
Total Supplementary Capital Estimates Requested	-	
Capital Budget Virements		
Total Capital Budget Virements Requested	-	
Total Supplementary Capital Estimates and Virements	-	

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

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to request Council to approve the Capital Virements and SCEs over £1,000,000		
Supplementary Capital Estimates		
Prevention and Support		
Childcare Sufficiency (Early Years)	1,125,307	New Scheme funded from grant provided by the DfE to enable nurseries to adapt there buildings to enable to provide 30 hours free childcare
Infrastructure and Highways (inc Car Parking)		
Safer Roads Fund	1,030,000	We have been successful in a bid for Department for Transport Safer Roads Funding for the A532 West Street, Crewe
Poynton Relief Road	12,638,423	To reflect the revised estimate of the scheme cost.
Total Supplementary Capital Estimates Requested	14,793,730	
Capital Budget Virements		
Education and 14-19 Skills		
Alsager Planning Area (Secondary Schools - 150 Places)	1,074,000	The intially budget for this scheme was based of an average cost formula, following a detailed feasibility study, additional funding is required to meet the scope of this project. The additional funds are been vired from grant set aside for Future Years Basic Need projects.
Total Capital Budget Virements Requested	1,074,000	
Total Supplementary Capital Estimates and Virements	15,867,730	

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				
Infrastructure and Highways (inc Car Parking)				
A500 Widening at Junction 16	3,235,675	3,235,204	(471)	This project has now completed and the S106 which was the funding for the A471 is now being used against the A500 Dualling project.
Local Sustainable Transport Fund	1,286,191	1,243,017	(43,174)	
A34 Corridor	600,000	-	(600,000)	To be replaced as part of a revised scheme
S106 - Victoria Road, Macclesfield	23,000	458	(22,542)	} Project completed
S106 - Broken Cross Macc TM	50,000	3,023	(46,977)	
Growth and Regeneration				
Astbury Marsh Caravan Site Works	200,000	-	(200,000)	} Moved to Addendum following mid year review of the capital programme.
Gypsy and Traveller Sites	3,508,000	1,106,858	(2,401,142)	
Housing Development Fund	1,513,936	302,170	(1,211,766)	
Modular Construction (Gawsworth)	1,779,000	125,462	(1,653,538)	
Volumetric Contruction (Redroofs/Hole Farm)	1,792,000	26,000	(1,766,000)	
Supplier Park	40,000	-	(40,000)	
Total Capital Budget Reductions	14,027,802	6,042,192	(7,985,610)	

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. To maintain diversification of investments over a broader range of counterparties, where practical the Council is also investing with other Local Authorities and some unrated Building Societies on advice from our treasury advisors who are monitoring their financial standing in the absence of any normal credit rating.
4. The Council is also making use of some Variable Net Asset Value (VNAV) Money Market Funds which invest for a slightly longer duration than the standard money market funds but where the

rate of return can be quite variable. In the last two months these have returned 0.51% with some underlying capital growth.

5. Investment activity has been limited due to liquidity and the need to take temporary borrowing. All borrowings have been sourced from other Local Authorities. New borrowings are being taken on a month to month basis where the cost (including fees) is around 0.20%. This compares favourably with other forms of borrowing such as PWLB where the cost is around 1.20% for a one year loan.
6. **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

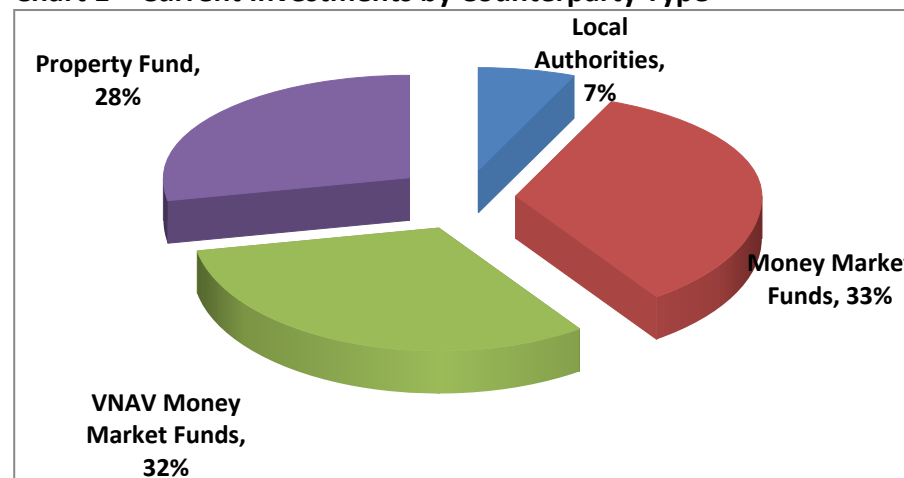


Table 1 – Types of Investments and Current Interest Rates

Instant Access Accounts		Average Rate %	£m
Instant Access Accounts		-	-
Money Market Funds		0.21	8.8

Notice Accounts	Notice Period	Average Rate %	£m
Money Market Funds (VNAV)	2 days	0.47	8.5

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		26.8

Chart 2 – Maturity Profile of Investments

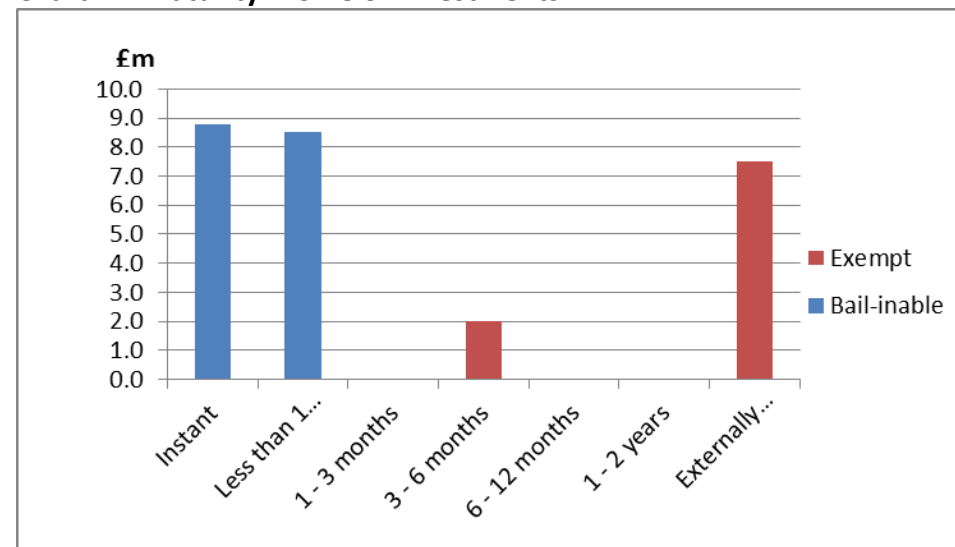


Table 2 – Current Temporary Borrowing

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
East Riding of Yorkshire	28/04/17	31/10/17	0.40	5.0
West of England Combined Authority	28/04/17	28/09/17	0.34	3.0
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
Middlesbrough Council	21/08/17	16/10/17	0.20	5.0
Middlesbrough Council	22/08/17	22/09/17	0.17	3.0
TOTAL				43.0

Appendix 11 Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Place	Neighbourhood Planning Grant (General Purpose)	60	The conditions of grant mean that this funding could be used across the wider Spatial Planning area. This level of funding would be intended to support a number of Community Neighbourhood Plans across the borough.
Total		60	

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 two was £8.5m. This is a increase of £1.5m since June 2017 mainly due to invoices raised by Adults and Public Health.

6. The total amount of service debt over six months old is £3.6m; provision of £3.7m has been made to cover doubtful debt in the event that it needs to be written off.

DEBT SUMMARY (as at 03 Sep 2017)

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
People			
Adults, Public Health and Communities	5,478	2,816	2,844
Children's Social Care (Incl. Directorate)	182	21	21
Education and 14-19 Skills	323	2	2
Prevention and Support	23	1	1
Schools	82	8	2
Place			
Planning and Sustainable Development	103	43	42
Infrastructure and Highways (inc Car Parking)	636	229	229
Growth and Regeneration	516	256	256
Rural and Cultural Economy	25	13	13
Corporate			
Customer Operations	4	3	3
Legal & Democratic Services	139	-	-
Human Resources	57	15	15
Finance and Performance	4	3	3
Professional Services	206	18	18
ICT	355	4	2
Communications	-	-	-
Client Commissioning - Environmental	336	185	185
Client Commissioning - Leisure	11	1	1
	8,480	3,618	3,659

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)	-	Linked to the S256 contribution towards backdated fees, to be used for provider training.
Public Health	536	-	536	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
Communities Investment	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	(59)	-	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	(2,019)	25	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	(226)	50	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 an maintenance.
Legal Proceedings on land and property matters	150	(150)	-	To enable legal proceedings on land and property matters.
Skills & Growth	446	(446)	-	To achieve skills and employment priorities and outcomes.
Transitional Funding-Low Carbon Heat Growth Programme	51	(28)	23	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	-	80	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	(77)	3,962	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	100	223	To provide funds for Election costs every 4 years.
Finance and Performance				
Collection Fund Management	11,337	951	12,288	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	(1,815)	327	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	(2,081)	936	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	3,364	(2,785)	579	Unspent specific use grant carried forward into 2017/18.
Revenue Grants - Other	2,384	(629)	1,755	Unspent specific use grant carried forward into 2017/18.
TOTAL	48,912	(12,363)	36,549	

Notes:

1. Figures exclude Schools balances.

Appendix 14 Flexible Use of Capital Receipts Strategy 2017/18

1. 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.
2. 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.
3. 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.
4. The Mid Year Finance and Performance report now provides this update and requests a recommendation to Council to approve the revised approach to expenditure that meets the criteria and can be funded from available in year capital receipts.
5. 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.
6. 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.
7. Further details will be provided in future quarterly reports to Cabinet.

Appendix 15 Review of the Minimum Revenue Policy (MRP)

1. Introduction

- 1.1 The repayment and management of debt is frequently reviewed, to assess value for money and appropriateness, based on the current financial circumstances of the Council. The Council has posted underspends in the last 4 years to build up a capital financing reserve.
- 1.2 As the Council becomes more self sufficient, it also has to manage significant growth in demand led services, it is now more prudent to use annual income sources to support the direct cost of services.
- 1.3 The review of the Minimum Revenue Provision has identified that significant revenue funding can be used to support front line services without a significant impact on the lifetime costs of managing debt. The change in approach reflects a change in circumstances, and the opportunity to change the approach to financing debt has been made possible through prudent use of balances to date.

2. Background

- 2.1 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).

2.2 *Duty to make revenue provision*

27.—(1) During the financial year beginning on 1st April 2004 and every subsequent financial year, a local authority—

(a) shall charge to a revenue account a minimum amount (“minimum revenue provision”) for that financial year; and

(b) may charge to a revenue account any amount in addition to the minimum revenue provision,

in respect of the financing of capital expenditure incurred by the local authority in that year or in any financial year prior to that year.

- 2.3 The current policy, which has been applied since 2009, is as follows:

(a) **Supported Capital Expenditure** (applied to capital expenditure, pre 2008, which is supported by the Government through the Revenue Support Grant system). Revenue provision is charged at 4% of the previous year’s Supported Capital Financing Requirement (CFR). i.e., the balance of capital expenditure still to be financed.

(b) **Unsupported Capital Expenditure** (applies to capital expenditure, post 2008, under the Prudential system for which no government support is being given and is therefore self-financed). Revenue provision is made over the estimated life of the asset on a straight line basis.

- 2.4 The Council has the option under its current policy to apply the annuity method instead. This results in a consistent charge to Revenue for assets that provide a steady flow of benefits over their

useful lives. It is appropriate to set the annuity rate at estimated inflation. The percentage chosen corresponds with the Monetary Policy Committee's inflation target rate of 2%. MRP will increase by this percentage each year. This reflects the time value of money and can therefore be considered to be fairer on Council Tax payers as it produces a consistent charge as measured in real terms.

2.5 Once set at 2% the rate would not be adjusted annually on the basis of actual CPI as this could result in significant fluctuations in the amount of MRP charged in any one year. However, should a significant and sustained divergence develop between the actual rate of CPI and the target rate or the MPC's target for CPI be amended at any stage then it would be appropriate for the Council to reflect this in an adjusted annuity rate for new unfinanced capital expenditure.

2.6 CIPFA's Practitioners' Guide to Capital Finance in Local Government supports the use of the Annuity method on the basis that the MRP charge to Revenue takes account of the time value of money.

3. Supported Capital Expenditure

3.1 Consideration has been given to adopting an Annuity based calculation for MRP on the supported capital expenditure element of the CFR.

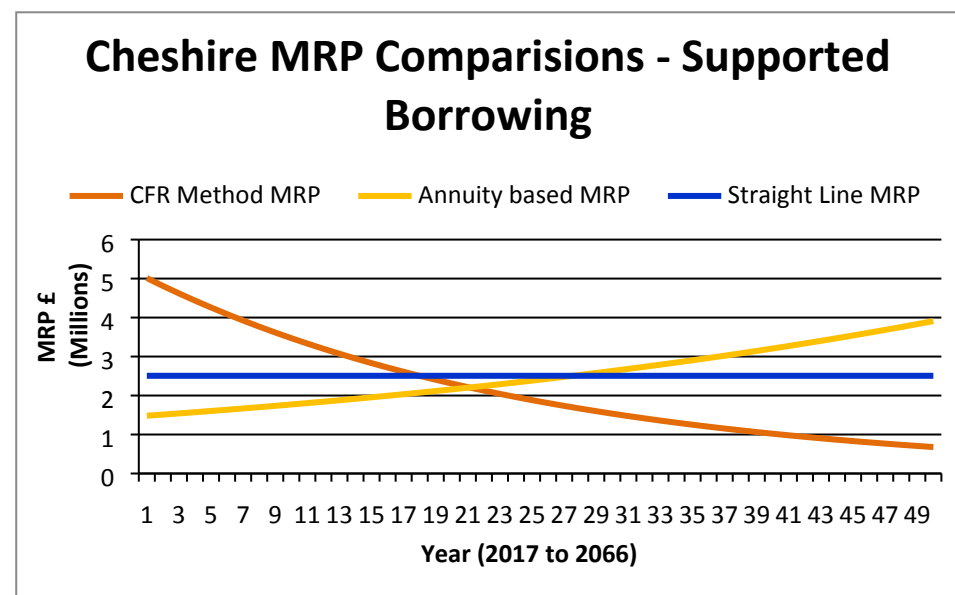
3.2 Under the 2% Inflation based Annuity method this element of the CFR would be fully financed in 50 years' time. This method can also be considered to be more prudent than the current methodology as it fully finances the capital expenditure over the given period of years.

3.3 Under the currently used CFR Method, MRP falls by 4% each year, giving the Council an inbuilt budgetary easing. In the 2% Annuity

method outlined above, MRP rises by 2% each year, giving the Council an inbuilt budgetary pressure each year which would need to be reflected in the MTFS.

3.4 Another option would be to use a straight line method and would result in the same amount of MRP being charged to revenue each year.

3.5 The impact on these three alternative methods on the revenue budget over the 50 year period is shown in the following chart.



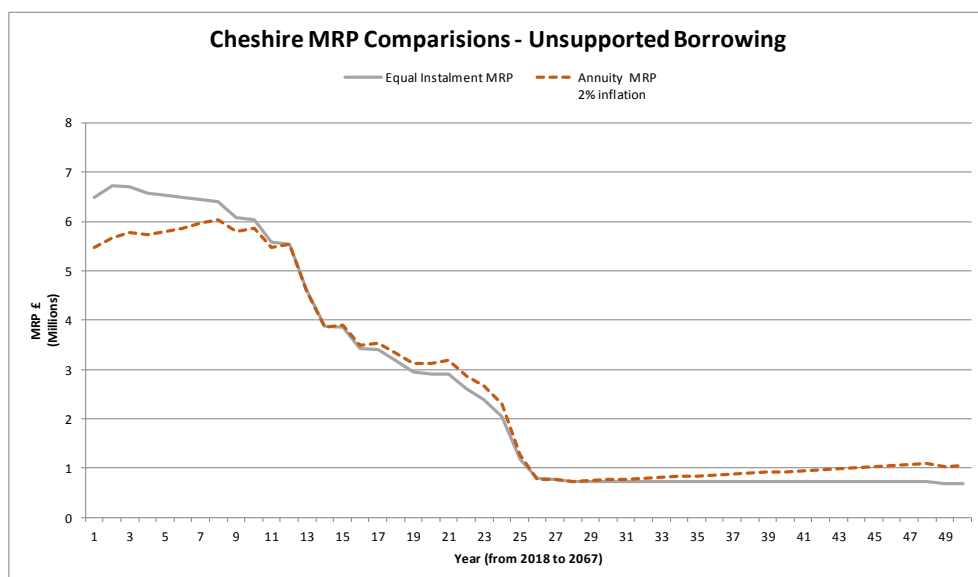
Current CFR Method – £5m charge in 2017/18, which reduces year on year until it, is fully repaid in Year 50 (2066).

Annuity based MRP – MRP of £1.5m charged in 2017/18 rising to £4m in Year 50.

Straight Line MRP – Consistent charge of £2.5m charged each year.

4. Unsupported Capital Expenditure

- 4.1 Consideration has been given to assessing the impact of adopting the Annuity method for the element of unsupported capital expenditure. The unsupported borrowing element of the CFR under the current methodology as at 31st March 2017 was £133m.
- 4.2 The Council's existing 2017/18 budget for MRP on unsupported capital expenditure up to 31st March 2017 using its current methodology would need to be £6.3m. Using the equivalent Inflation based calculations the MRP requirement would be £5.5m, resulting in a £0.7m saving on the revenue budget in 2017/18.
- 4.3 The same amount of MRP will be due to be paid over the 50 year period; the following chart demonstrates the spread of payments.



5. Unsupported Capital Expenditure – Retrospective application of annuity method

- 5.1 By applying the retrospective recalculation of its MRP on unsupported borrowing, this would provide an opportunity to charge a lesser amount to the revenue budget in the current financial year, and realise a budget saving of £1.9m (for the retrospective application) plus an in year saving of £0.7m, £2.6m in total.

5.2 Summary of financial implications

Supported borrowing	Annuity
2017/18 saving	£3.5m
2018/19 saving	£3.3m
2019/20 saving	£3.1m
2020/21 saving	£2.9m

Unsupported Borrowing	Annuity applied retrospectively
2017/18 saving	£0.7m + retrospective £1.9m Total saving = £2.6m
2018/19 saving	£0.7m
2019/20 saving	£0.7m
2020/21 saving	£0.6m

N.B. The figures quoted in this report are based on the 2017-20 Approved Capital Programme, subsequent additions to the capital programme to be funded by borrowing, will increase the charge for the unsupported borrowing element of MRP.

6. Recommendation

- 6.1 Following liaison with the Council's treasury management advisors, Arlingclose and discussion with Grant Thornton, the Council's external auditors, the Section 151 Officer is now recommending that the Council revise the approach to calculating the Minimum Revenue Provision (MRP) and implement the annuity method retrospectively for both the supported and unsupported elements of borrowing.
- 6.2 This revised approach delivers revenue savings in the short term but does not alter the overall liability for the financing of the capital programme. As the charts demonstrate, this proposal increases future years MRP charges in cash terms. However, the Council will seek to mitigate these future pressures through its longer term

financial strategies and the capital financing budget will be adjusted to reflect both the MRP changes and available capital resources, including the use of anticipated capital receipts.

- 6.3 This proposal is in accordance with the Capital Financing Regulations and an allowable option within our MRP policy. Grant Thornton have confirmed that they are comfortable with these decisions as lawful and that they do not cause an issue from a VfM perspective.
- 6.4 This recommendation has been formulated after careful consideration of the options available to the Council and after taking advice from the Council's treasury management advisors, and its external auditor. It has been reached with full regard to and is compliant with the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (as amended). Accordingly it is considered to be a lawful and reasonable approach in all the circumstances.

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Cheshire East Council Pre-Budget Consultation 2018/21

November 2017

This document provides an opportunity for interested parties to review and comment on the Council's Budget proposals. It is available to download on the [Cheshire East Council](#) website and has been distributed to Council buildings, such as libraries too.

The budget proposals described in this consultation document are Council wide proposals and the Council's intention at this stage is that consultation is invited on the broad budget proposals. The implications of individual proposals may be much wider for individuals affected by each proposal. Where this is the case, the Council intends to undertake full and proper consultation with people who would potentially be affected by individual budget proposals.

The document contains a number of questions, providing people with an opportunity to give feedback on the various proposals. An on-line survey can be completed [here](#), or you can alternatively give feedback by speaking to your local Councillor – visit [Find Your Local Councillor](#) on the Cheshire East Council website for contact details.

Comments on this document are welcome until 12th January 2018.

You can also send any comments, queries or other responses, such as alternative areas for savings, to the email address below - all responses will be captured and reported to Cabinet Members and Council. When submitting a response or comment, please also include your name, organisation (if applicable) and contact details.

If you have any comments or queries please e-mail:
shapingourservices@cheshireeast.gov.uk

After this date, interested parties may still submit comments on the budget up to the Council meeting on **Thursday, 22 February 2018** where the Budget is considered by all Members.

Foreword from the Finance and Communications Portfolio Holder

Cheshire East Council values the opinions of local residents, businesses and organisations and this document provides an opportunity for interested parties to engage in the budget setting processes of the Council.

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 as providing good services, whether through performance measures or public sector awards and accreditations.

Dealing with financial Challenges

Funding local government services is a huge challenge across England, where large reductions in Central Government Grants are being experienced, and yet overall demand for services is increasing. The model for providing social care services, for any age group is not sustainable, whether it is paid for by Local Authorities or the NHS. 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 Council will always prioritise services for vulnerable people, despite the financial challenges. This means that other services must come under close scrutiny and deliver cost savings. The Council must explore different ways of working with residents and

our partners and that we will require residents, where they are able, to make greater contributions to service costs.

Local Services, funded locally

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. This document provides details of each proposed change to the Council's existing budget, along with options that were considered but are not currently being recommended.

The proposals include the option to increase Council Tax by up to 4.99% for a second consecutive year. This approach could add up to £1 per week to the average household Council Tax bill each year - Importantly 3% of the potential Council Tax increase will be dedicated to meeting the rising costs in Adult Social Care.

Community funding from New Homes Bonus

I am very aware that local areas will have different priorities and to support this, the Pre-Budget Report contains a proposal to set aside £2m of income from the New Homes Bonus over the next two years. The proposal allows local communities to determine how this money should be spent, and I will be very interested to hear the views of local people on whether this proposal should be set in to the final budget.

Thriving economy

On a further positive note the economy in Cheshire East is thriving with the area providing much higher than average contributions to UK GVA (Gross Value Added). Housebuilding is increasing, and key highways projects in Congleton, Poynton and Middlewich are pressing ahead to unlock more potential and ease traffic problems.

Achieving our plans

All 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.

Your opinion is important

I believe this report provides a strong set of options, that balance the Council's medium term finances, and I welcome your feedback.

Please use the electronic survey questions on the Council's website, or visit one of our many local facilities to pick up a copy of the survey questions.

Paul Bates

Cllr Paul Bates, Finance and
Communications Portfolio Holder



Comment from the Director of Finance and Procurement

The Council continues to look for innovative ways to make every pound achieve the best outcome for local people, and the proposals within this Pre-Budget Report present some important changes to the way we work, the way we fund expenditure and the way we can deliver services.

There is still considerable uncertainty about future funding for local government services despite the Council accepting a multi-year settlement from Government through to 2020. The Better Care Fund, New Homes Bonus and Business Rates are forecast to provide funding of up to £51.7m in 2018/19, which is 20% of the net budget. But all of these funding sources are subject to on-going consultations and constant discussion about change. Cheshire East Council is a large local authority, with over 3,600 staff working to deliver over 500 services every day to meet the needs of local people. 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 medium term finances it is important to reflect the growing demand for services, and balance expenditure with meeting demand whilst maintaining financial control and meeting all statutory requirements. To this end the Pre-Budget Report 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 £8.4m based on the proposals in this Pre-Budget Report.

- The Place Directorate delivers services focused on our highways network, as well as planning services, regeneration projects and the visitor economy. Spending in this area is set to increase by £1.4m.
- The Corporate Directorate commissions our waste and leisure services as well as providing services that help the Council function, such as ICT and HR. spending in this area will reduce by £1.8m.

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 such as new roads. 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. .

The purpose of this document is to engage local people in how deliverable the proposals are, or identify further options that could create an alternative and equally sustainable position. I encourage everyone to have their say on these proposals and the executive would welcome any new ideas that would help with the financial challenge and achieve the best outcomes for our local people.

Jan Willis

Jan Willis MBA IPFA

Director of Finance and Procurement (Section 151 Officer)

Pre-Budget Consultation 2018/19 - Priorities

Achieving the Council's outcomes through improved value in services

Cheshire East Council provides more than 500 services, supporting over 370,000 residents, and over 18,500 businesses.

Outcome 1 – Our local communities are strong and supportive

Individuals and families are self-reliant and take personal responsibility for their quality of life.

Communities are cohesive, with a strong sense of neighbourliness. There is genuine civic pride and mutual respect.

Outcome 2 – Cheshire East has a strong and resilient economy

Cheshire East is a place which is open for business. 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!

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

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.

Outcome 4 – Cheshire East is a green and sustainable place

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

Outcome 5 – People live well and for longer

Local people have healthy lifestyles and access to good cultural, leisure and recreational facilities. Care services focus on prevention, early intervention and physical and mental wellbeing.

Outcome 6 – A responsible effective and efficient organisation

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.

Financial Stability

Strong financial management, achieving outcomes within budget.

Council Tax policy that supports national policies.

Consistently reducing Council debt since 2009.

Managing reserve levels that are appropriate and based on risks.

Enhanced Budget Processes

Maintaining improved timescale for developing and sharing draft Budget Proposals.

Maintaining elected Member input and extended stakeholder engagement.

Development and stream-lining of internal challenge processes.

The Financial Challenge

The Council is facing significant financial pressures and 2017/18 is proving to be a very challenging year for local authorities across the UK. Revenue budgets have come under increasing pressure due to the combined effects of rising inflation, increasing demand and this is compounded by continuing reductions in government funding. Care services in particular are experiencing rising caseloads and increasing complexity of care needs as well as rising costs from minimum wage requirements for care providers.

The 2017/18 budget is balanced, but with the scale of potential changes in funding all services cannot continue unaltered. The strong domestic and non-domestic tax bases in Cheshire East should provide an opportunity to fund services locally, but this has been reviewed by government and this has been taken in to account when proposed reductions in Local Authority Grant settlements has been set.

Cheshire East continues to focus on five key priorities for our local people and the local place, all underpinned by a sixth outcome based on being a Council with a responsible and efficient way of working. This document sets out in detail the proposed changes in each of these areas.

This Pre-Budget Consultation identifies where the Council is making changes to address the potential financial cash deficit whilst still protecting front line services where possible and meeting local needs.

By reviewing current budgets and proposing variations to net expenditure a revised, balanced position has been developed for 2018/19. The proposals include changes to services which are laid out alongside each outcome in specific sections of this report. The

Council's budget reflects a net financial position, meaning all income, expenditure and growth pressures from inflation and demand, associated with all services, is consolidated into one overall net budget. The Pre-Budget Report presents a set of proposals that must deal with financial pressures in excess of £70m. This includes reductions in government grant of nearly £20m, inflation of over £10m and increased demand for services estimated to increase costs by almost £40m.

Despite accepting a multi-year settlement in 2016, further changes in demand and risks associated with government funding mean that potential deficits are again a feature of the medium term financial position.

The Council's Response

Reductions in government grant and the change in national government policy now assumes that Council Tax will be increased each year to 2020 and this forms part of the solution alongside sustainable development of the areas towns and surrounding villages. The proposals in this consultation document assume Council Tax will increase by up to 4.99% in 2018/19 (of which 3% directly relates to funding additional Adult Social Care costs), and a further 1.99% in each of 2019/20 and 2020/21. The potential additional income from this assumption would be £40.7m, leaving further savings to manage from changes and efficiencies within Services.

The management structure of the Council is split in to three directorates: People; Place; and Corporate. Growth and savings proposals for each Directorate can be seen in the table below:-

2018-2021	Growth £m	Savings £m	Net £m
PEOPLE	+81.9	-35.5	+46.4
PLACE	+14.4	-13.1	+1.3
CORPORATE	+19.0	-24.7	-5.7
3yr Change	+115.3	-73.3	-42.1

Throughout the process to balance the annual budget the Council focuses on achieving efficiency, improving productivity and maximising the income available from sustainable growth in the local tax bases.

The net impact on each of the Outcomes is shown below:

Outcome	Budget 2017/18 £m	Proposals 2018/19 £m	Budget 2018/19 £m	Proposals 2019/20 £m	Budget 2019/20 £m	Proposals 2020/21 £m	Budget 2020/21 £m
Outcome 1 – Local Communities are Strong and Supportive	23.8	0.3	24.1	0.4	24.5	0.4	24.9
Outcome 2 – Cheshire East has a Strong and Resilient Economy	32.2	2.4	34.6	0.1	34.7	0.2	34.9
Outcome 3 – People have the Life Skills and Education they need in order to thrive	37.0	2.9	39.9	1.3	41.2	1.4	42.6
Outcome 4 – Cheshire East is a Green and Sustainable Place	29.5	-0.1	29.4	-1.5	27.9	0.1	28.0
Outcome 5 – People Live Well and for Longer	93.0	5.4	98.4	5.3	103.7	5.9	109.6
Outcome 6 – Responsible, Effective and Efficient	33.2	-2.9	30.3	-0.8	29.5	0.7	30.2
Capital Financing and Central Budgets	15.1	-7.6	7.5	5.7	13.2	0.0	13.2
Further Savings required to balance			-		-10.5		-13.1
Total	263.8	0.4	264.2	10.5	264.2	8.7	270.3

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Achieving Outcomes

Cheshire East Council is responsible for providing more than 500 local public services across an area of over 1,100km² for over 370,000 residents. The 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.

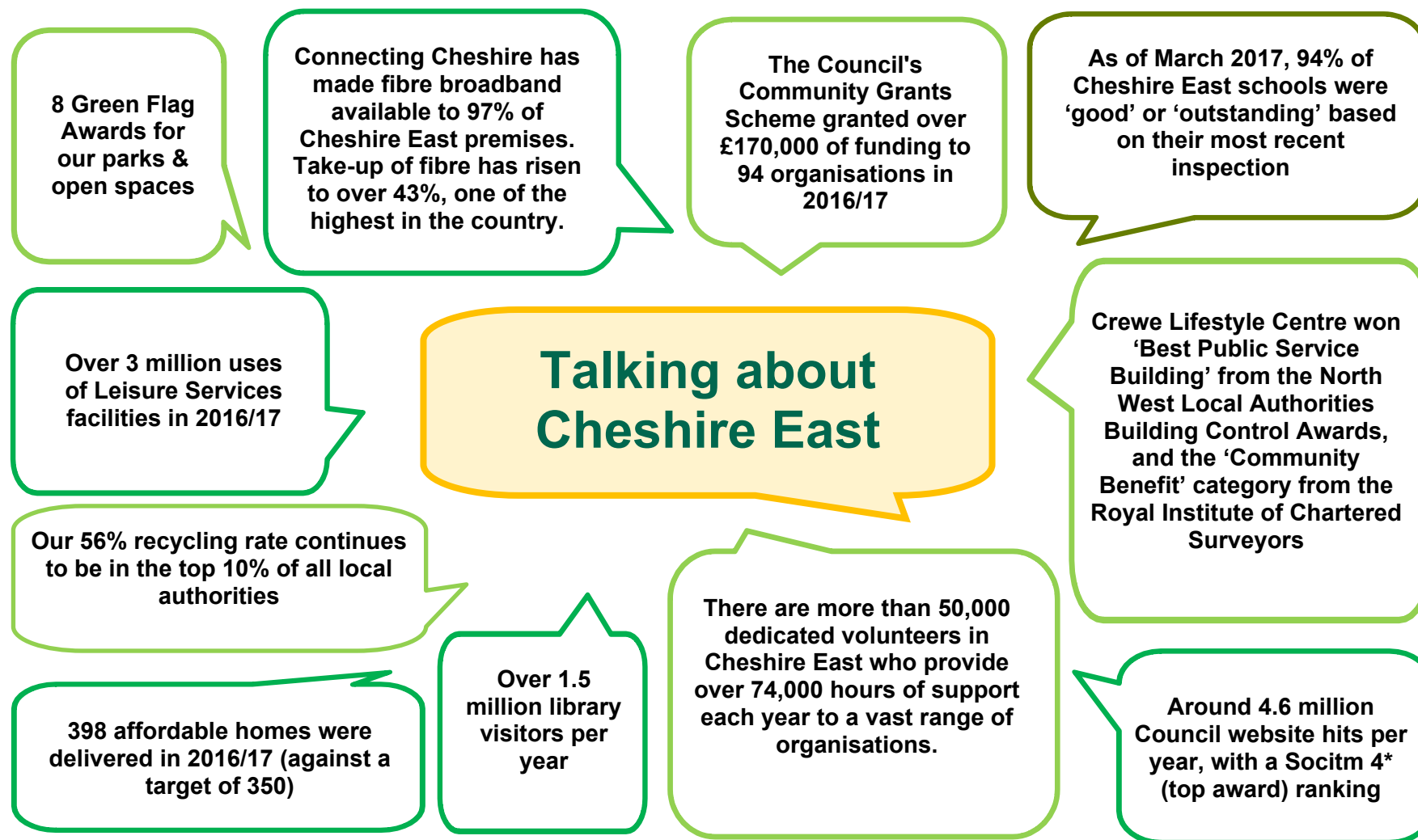
Each of the Council's Priority outcomes is set out on the following pages along with proposed budget changes that will achieve a balanced position over the period 2018/19 to 2020/21.

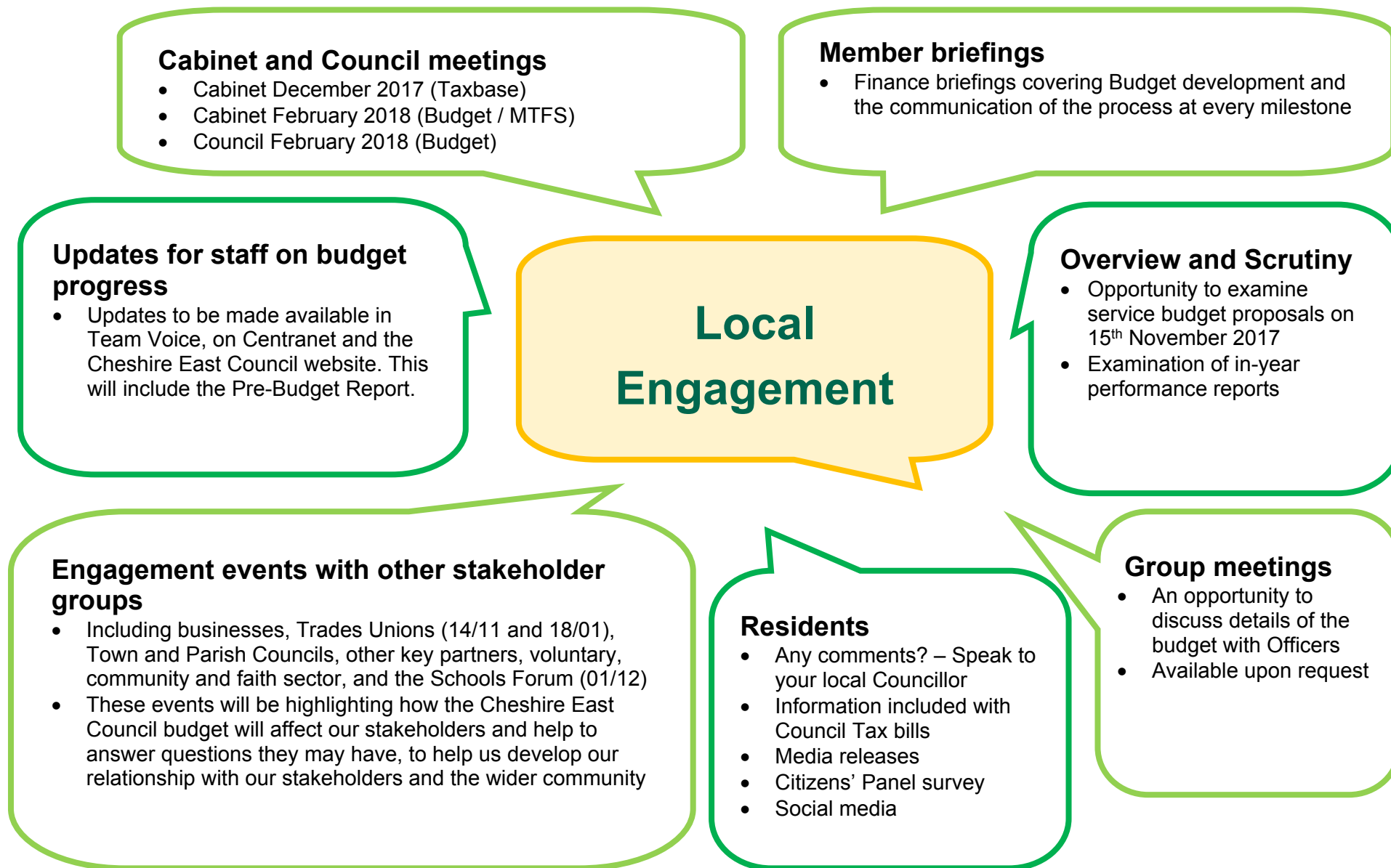
The following pages set out:

- Some of Cheshire East Council's achievements over the last year, as detailed in the Council's Outturn Report.
- A clear indication of the Council's current priorities and the themes the Council uses to indicate achievement of these priorities.
- The engagement plan for the current budget setting process.

The engagement schedule identifies who is being consulted with as part of this budget development process.

These pages are followed by further detail for each of the Council's service areas and corporate initiatives.





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.

Items that are *shaded and in italics* have been considered but are not currently proposed for implementation, but feedback on these items is also welcome.

Each proposed change is included in a table as described below:

Theme of the Potential Change(s) <i>(such as "Changing the way we work" or "Income Generation")</i>	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			
<i>Impact on Services Budget =</i>	-x.xxx	-x.xxx	-x,xxx
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i>			

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

OFFICIAL-SENSITIVE

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%).

OFFICIAL-SENSITIVE

Outcome 1 - Revenue	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Base Budget (2017/18)	23.8	23.8	23.8	
Growth	+0.4	+0.8	+1.2	+2.4
Savings	-0.1	-0.1	-0.1	-0.3
Proposed Revenue Budget	24.1	24.5	24.9	
Outcome 1 - Capital	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Capital programme – no new schemes proposed	-	-	-	-

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 to 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*
1. Review Environmental Enforcement Service based on outcomes (Summer 17) of Flytipping pilot and procurement of patrol company pilot (Revenue Savings) 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*
2. Increase Community Grants (Revenue Investment) <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>			
<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>			

Consultation Questions – Outcome 1

Our local communities are strong and supportive

The proposed budget changes under Outcome 1 are designed to help keep communities engaged with the Council and help local residents to continue feeling safe.

Should the potential changes to budgets supporting Outcome 1, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 1 whilst maintaining an overall balanced budget for the Council?

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 (2015) estimates suggest that the Borough's GVA stands at £11.45bn; a growth averaging 4.5% 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.

Outcome 2 - Revenue	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Base Budget (2017/18)	32.2	32.2	32.2	
Growth	+3.6	+4.1	+4.5	+12.2
Savings	-1.2	-1.6	-1.8	-4.6
Proposed Revenue Budget	34.6	34.7	34.9	
Outcome 2 - Capital	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Capital programme – no new schemes proposed	-	-	-	-

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 major contracts such as the highways service contract. In doing this we will aim to maintain the quality of the highway network.

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*
3. Addressing Budget Shortfall in the Asset Management Service (Revenue Investment) <p>There is 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.</p> <p style="text-align: right;"><i>Impact on Assets Service Budget =</i></p>	<p style="text-align: center;">+0.327</p>	<p style="text-align: center;">+0.249</p>	<p style="text-align: center;">+0.184</p>
4. Visitor Economy (Revenue Investment) <p>Addressing operational issues of Cheshire East's Visitor Information Centres (VICs). Cheshire East Council (CEC) have signed an 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 is 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.</p> <p style="text-align: right;"><i>Impact on Visitor Economy Service Budget =</i></p>	<p style="text-align: center;">+0.032</p>	<p style="text-align: center;">0.000</p>	<p style="text-align: center;">-0.012</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*
5. Removal of Fairerpower payment (Revenue Saving) <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>
<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>			

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*
6. Cheshire East Reflects (Revenue Investment & Savings) 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
7. Shortfall in salary budgets and establishment costs (Revenue Investment) 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*
8. Facilities Management budget shortfalls (Revenue Investment) Recent additions to the Council's estate to improve facilities for residents have resulted in pressures on budgets. For example, legacy buildings and the re-evaluation 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
<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*
9. Create a new Investment Portfolio (Revenue Savings) <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>			
10. Increase Public Rights of Way Fees & Charges (Revenue Savings) <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>			
<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*
11. Changes to subsidised Bus Service (Revenue Savings) <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 would also seek to 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 so that the impact on these proposals can be assessed before a final decision is made. In particular the impact on rural communities and protected groups will be reviewed before a final decision is made.</p> <p style="text-align: right;"><i>Impact on Public Transport Commissioning Service Budget =</i></p>			
12. Tatton Vision Phase 1 (Revenue Savings) <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: 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*
13. Reduce funding to Macclesfield Silk Heritage Trust (Revenue Savings) 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
14. Marketing Cheshire (Revenue Savings) 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
Proposals being considered but not currently put forward for implementation:			
15. Achieve Maximum reduction in Bus Subsidy <i>The full bus service review saving was £1.576m, but this has been adjusted to a revised target of £1m following consultation and scrutiny review. Further savings could be achieved if the maximum reduction was implemented.</i>	-0.576	-0.576	-0.576
<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>			

Regeneration <i>Investment in the infrastructure and towns in Cheshire East.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
16. HS2 Strategy (Revenue Investment) <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: center;">*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p>			

Consultation Questions – Outcome 2

Cheshire East has a strong and resilient economy

The proposed budget changes under Outcome 2 are designed to help promote economic growth and ensure we have the right skills and opportunities for investment.

Should the potential changes to budgets supporting Outcome 2, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 2 whilst maintaining an overall balanced budget for the Council?

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.

Outcome 3 - Revenue	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Base Budget (2017/18)	37.0	37.0	37.0	
Growth	+4.6	+6.0	+7.4	+18.0
Savings	-1.7	-1.8	-1.8	-5.3
Proposed Revenue Budget	39.9	41.2	42.6	
Outcome 3 - Capital	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Capital programme – proposed new schemes	0.2	-	-	0.2

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*
17. Transport - parental subsidy for Available Walking Routes phase 2 (Revenue Investment) 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
18. Children & Families Transport Policy review (Revenue Savings) 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*
19. Reduction in Children's commissioned services (Revenue Saving) <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><i>Impact on Children's Social Care Service Budget =</i></p>			
20. Review of service provision for children with disabilities (Revenue Saving) <p>Carry out a review to ensure efficient management and co-ordination of the short break local offer for children with a disability and their families. 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.</p> <p><i>Impact on Children's Social Care Service Budget =</i></p>	-0.050	-0.050	-0.050
<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>			

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*
21. Care Placements (Revenue Investment) <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>			
22. Revise Interagency Income Budget (Revenue Investment) <p>Interagency income has been significantly reduced due to the collaboration with Adoption Counts across the sub region. Therefore, a growth bid 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>			
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. 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*
23. Housing related accommodation and support facilities (Revenue Investment) 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
24. Children and Families Staffing Gap (Revenue Investment) 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
25. Childcare Sufficiency Programme (Capital Investment) 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*
26. End of Early Intervention short-term funding allocation (non Public Health element) (Revenue Savings) 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
27. Children and Families Transport (Revenue Investment) 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*
28. Provide Schools Meal Subsidy (Revenue Investment) 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>			

Consultation Questions – Outcome 3

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

The proposed budget changes under Outcome 3 are designed to ensure children and young people get a good start in life and are able to realise their full potential.

Should the potential changes to budgets supporting Outcome 3, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 3 whilst maintaining an overall balanced budget for the Council?

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.

Outcome 4 - Revenue	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Base Budget (2017/18)	29.5	29.5	29.5	
Growth	+2.3	+3.5	+4.0	+9.8
Savings	-2.4	-5.1	-5.5	-13.0
Proposed Revenue Budget	29.4	27.9	28.0	
Outcome 4 - Capital	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Capital programme – proposed new schemes	0.1	2.0	2.0	4.1

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*
29. Markets Income (Revenue Foregone) 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*
30. Street Lighting Improvements (Revenue Savings) 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
31. Highways Contract (Revenue Savings) 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 are 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>	-0.500	-0.500	-0.500
<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*
32. Contract Savings and Place Directorate restructuring (Revenue Savings) <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 £470k per annum.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p>	<p style="text-align: center;">-0.470</p>	<p style="text-align: center;">-0.470</p>	<p style="text-align: center;">-0.470</p>
33. Highways Procurement (Revenue Savings) <p>This is a target saving that is dependent on the outcome of a successful procurement of the next highways services contract.</p> <p style="text-align: right;"><i>Impact on Highways 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 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*
Proposals being considered but not currently put forward for implementation:			
34. Review of Alternative Service Delivery Vehicles (ASDVs) <i>A review of each of the Council's ASDVs together with a review how the council manages them has been conducted. Whilst there isn't a specific budget proposal at this stage, the final recommendations arising from the review could deliver further savings proposals to support the council's MTFS.</i>	Value not confirmed		
<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*
35. Planning Reserve (Revenue Investment) 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
36. Lead Local Authority Flood Grant Funding (Revenue Funding) 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	2018/19	2019/20	2020/21
Reviewing our current Waste offer to ensure value for money is achieved.	£m*	£m*	£m*
37. Household Waste Recycling Centre income generation & efficiencies (Revenue Savings) 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
38. Ansa income generation & efficiencies (Revenue Savings) 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
39. Housing Growth , Waste Contract Inflation and Tonnage Growth (Revenue Investment) 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 <i>Reviewing our current Waste offer to ensure value for money is achieved.</i>	2018/19 £m*	2019/20 £m*	2020/21 £m*
40. Food Waste Recycling (Composting Plant) (Revenue Investment) <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 style="text-align: right;"><i>Impact on Client Commissioning - Environmental Service Budget =</i></p>			
41. Supply of Household Recycling & Waste Bins - Cost Avoidance (Revenue Savings) <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 style="text-align: right;"><i>Revenue Income - Impact on Client Commissioning - Environmental Service Budget =</i></p> <p style="text-align: right;"><i>Capital Contribution =</i></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>			

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*
42. Congleton Household Waste Recycling Centre (Capital Investment) 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
43. Environmental Services base budget (Revenue Investment) 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*
44. Parking Strategy (Revenue Savings) <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>	-0.355	-1.142	-1.142
45. Increase planning fees – White Paper proposals (Revenue Saving) <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>	-0.100	-0.100	-0.100
Proposals being considered but not currently put forward for implementation:			
46. Flat rate Car Parking fee increases <p><i>Additional car parking fee increases which would deliver an increase in income of £220k per annum, are not being taken forward following representations made by scrutiny. The Cabinet are now proposing a full review of car parking across the Borough so that fee increases are linked to a more detailed review of car parking in each area.</i></p>	-0.220	-0.220	-0.220
<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>			

Consultation Questions – Outcome 4

Cheshire East is a green and sustainable place

The proposed budget changes under Outcome 4 are designed to ensure Cheshire East's rural and urban character is protected and enhanced through appropriate sensitive development, environmental management, transport and waste disposal policies.

Should the potential changes to budgets supporting Outcome 4, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 4 whilst maintaining an overall balanced budget for the Council?

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.

Outcome 5 - Revenue	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Base Budget (2017/18)	93.0	93.0	93.0	
Growth	+14.3	+21.2	+27.1	+62.6
Savings	-8.9	-10.5	-10.5	-29.9
Proposed Revenue Budget	98.4	103.7	109.6	
Outcome 5 - Capital	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Capital programme – no new schemes proposed	-	-	-	-

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. A growth bid for social care in 2018-19 forms part of these proposals.

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 3 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 £500K 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 with voluntary, community, faith and sector. 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*
47. Commissioning all services currently provided by our in-house provider, Care4CE (Revenue Savings) Cheshire East Cabinet decided on the 8 th 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. 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. <i>Impact on Social Care & Health Integration Service Budget =</i>			
	-1.111	-2.611	-2.611
*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*
48. Operational Pathway Redesign (Revenue Savings) <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 question 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>	-0.440	-0.440	-0.440
<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*
49. Independent Living Fund – Attrition Factor Reductions (Revenue Savings) 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
50. Operational and Commissioning Restructure (Revenue Savings) 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
51. Reducing Agency Spend (Revenue Investment) The reversal of 17/18 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
<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*
52. Restructure Prevention and Support (Revenue Savings) 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
53. Review Safeguarding Children in Education Settings Team (Revenue Savings) 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
54. Review Early Help Commissioned Services (Revenue Savings) This proposal is to 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*
55. Review Social Care Commissioning (Revenue Savings) 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
56. Youth Support Service Restructure (Revenue Savings) 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
57. Alignment of teams to create a People's Commissioning Service (Revenue Savings) 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*
58. Realignment of Children's Social Care Management and Staffing (Revenue Savings) <p>Children's Social Care (CSC) teams have been on a significant improvement journey since April 2013, following an 'inadequate' inspection judgment by Ousted. 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
59. Restructure to create "front gate", across communities (Revenue Savings) <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><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*
60. Review all funding and shift to "asset-based" model (Revenue Savings) 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
61. Reshape commissioning framework (Revenue Savings) 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
62. New assessment and review framework (Revenue Savings) 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
<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*
63. Implement more flexible and responsive commissioning (Revenue Savings) 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
64. Review of Public Health contracts (Revenue Savings) 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*
65. Further saving to go against reversed Cross-Cuttings (Productivity and Contracts) (Revenue Savings) 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
66. Efficiency Savings in Children's Social Care (Revenue Savings) 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
67. Cease provision of services at Lincoln House and Mountview (Revenue Savings) 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
<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*
68. Growth in Demand for Adult Social Care (Revenue Investment) <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 raising demand generally and our older population requiring much more complex care . To ensure the council is well placed to meet this demand it is looking to 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>			
Proposals being considered but not currently put forward for implementation:			
69. Growth in Demand for Adult Social Care <i>Reduced growth due to efficiencies found elsewhere</i>	+2.000	+2.000	+2.000
<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>			

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*
70. Increase Income (Revenue Savings) <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: right;"><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>	-0.100	-0.200	-0.200

Consultation Questions – Outcome 5

People live well and for longer

The proposed budget changes under Outcome 5 are designed to ensure local people can live well and for longer.

Should the potential changes to budgets supporting Outcome 5, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 5 whilst maintaining an overall balanced budget for the Council?

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.

Outcome 6 - Revenue	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Total (£m)
Base Budget (2017/18)	33.2	33.2	33.2	
Growth	+2.9	+3.6	+4.3	+10.8
Savings	-5.8	-7.3	-7.3	-20.4
Proposed Revenue Budget	30.3	29.5	30.2	
Outcome 6 - Capital				
Capital programme – proposed new schemes	4.0	-	-	4.0

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 proposals 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*
71. Reduce costs of core processes (Oracle system review) (Revenue Savings) 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
72. Withdrawal of temporary reduction in funding for Universal Information and Advice service (Revenue Investment) 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*
73. Admin Review (Revenue Savings) <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 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*
<p>74. Restructuring of Services (Revenue Savings)</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budgets (as above) =</i></p>	<p style="text-align: center;">-0.550</p>	<p style="text-align: center;">-0.550</p>	<p style="text-align: center;">-0.550</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*
75. Digital Customer Services - new recurring technology (Revenue Savings) <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>			
76. Contract Savings (Revenue Savings) <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;"><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*
77. Reduce Agency and Consultancy Costs (Revenue Savings) <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>
Proposals being considered but not currently put forward for implementation:			
78. Inflationary Increase for Members <i>To cover year on year increase to Members' Allowances as per Council decision on 28 July 2016 to link the scheme of allowances to the NJC officer pay award.</i>	<p style="text-align: center;">+0.015</p>	<p style="text-align: center;">+0.030</p>	<p style="text-align: center;">+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>			

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*
79. Community Library Provision - Close 3 Libraries (Revenue Savings) <p>This proposal considers delivering further savings from the library service by closing the three smallest libraries within the borough: Alderley Edge, Disley and Prestbury. The Council has a statutory duty to provide a comprehensive and efficient library service for all in the area that want to make use of it, but the Council is able to determine where libraries are provided giving consideration to equalities and best value duties. The Council would welcome proposals from local community organisations to deliver these libraries as community managed libraries as an alternative to closure.</p> <p style="text-align: right;"><i>Impact on Libraries Service Budget =</i></p>	<p style="text-align: center;">-0.150</p>	<p style="text-align: center;">-0.150</p>	<p style="text-align: center;">-0.150</p>
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. 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*
80. The Local Welfare Safety Net (Revenue Savings) 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
81. Macclesfield Leisure Centre Improvement Programme (Capital Investment) 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>			

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*
Proposals being considered but not currently put forward for implementation:			
82. Strategic Events Framework <i>The Cabinet approved the strategic events framework on 7 November. This framework will be used to inform future decisions regarding which events the council will be able to support in the future and provide these decisions on a consistent basis.</i>	Value not confirmed		
83. Community Library Provision <i>Close an additional two libraries (Holmes Chapel and Bollington)</i>		-0.243	-0.243
84. Community Library Provision: Transfer service to ESAR <i>Cheshire East has adopted a “best fit” approach for the most appropriate delivery mechanism for our services to enable us to achieve our corporate outcomes. Everybody Sport and Recreation (ESAR) is the Charitable Trust established in 2014 responsible for delivering leisure services in partnership with the council. It has quickly established a track record of success in delivering financial savings, improving service quality and increasing participation. This proposal to transfer the Library service to ESAR would deliver some financial benefits in the medium term while also providing the foundations for longer term savings and a more entrepreneurial outlook to the provision of library services.</i>	-0.000	-0.230	-0.230
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</p> <p>Values are not cumulative</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*
85. Childcare Team Costs (Transitional funding ends 2018/19) (Revenue Investment) <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: center;">+0.490</p>	<p style="text-align: center;">+0.490</p>	<p style="text-align: center;">+0.490</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>			

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*
86. External income – Fees & Charges (Revenue Savings) <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>			

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*
87. 3% reduction in Operational Management Fee (ESAR) (Revenue Savings) <p>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.</p> <p><i>Impact on Client Commissioning - Leisure Services Budget =</i></p>	<p>-0.051</p>	<p>-0.100</p>	<p>-0.148</p>
88. Changes to “Everybody Options” Scheme Investment (ESAR) (Revenue Savings) <p>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.</p> <p><i>Impact on Client Commissioning - Leisure Services Budget =</i></p>	<p>-0.045</p>	<p>-0.108</p>	<p>-0.108</p>
89. Car Park Refunds (Revenue Savings) <p>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.</p> <p><i>Impact on Client Commissioning - Leisure Services Budget =</i></p>	<p>-0.045</p>	<p>-0.045</p>	<p>-0.045</p>
<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>			

Cross Service Efficiency Targets	2017/18 Allocation	2017/18 Achieved in year	2018/19 £m*	2019/20 £m*	2020/21 £m*
90. Replace Former Cross-Cutting Savings with specific savings proposals <p>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.</p> <p>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.</p> <p>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.</p>					
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
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18</p> <p>Values are not cumulative</p>					

Outcome 6 - Workforce Development

People Plan 2017/18

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. These priorities will be built on in 2018/19:

1. **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.
2. **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.
3. **Connected Council** – to develop and implement a leadership and management model and development strategy which increases leadership impact and facilitates cultural change.
4. **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.
5. **Engagement and Wellbeing** – to continue to build from the findings of the Staff Survey 2016 with particular focus on improving staff wellbeing, resilience and attendance management, to ensure our workforce are engaged and performing at the highest level.
6. **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.

7. **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, reach their potential.
8. **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.

It is anticipated that further savings will need to 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.

In order to achieve required financial savings a series of on-going interventions will be introduced to achieve cost reductions in the following areas:-

1. Reduction of agency and consultancy costs.
2. Review of all current staff vacant positions and a future "vacancy management" protocol.
3. Reductions in overtime costs.
4. Restructuring to effect more efficient service provision in People, Place and Corporate Services Directorates including a reduction in overall management costs.

5. Review of sickness absence processes and procedures to reduce absence and costs.

Any business change or efficiency proposal with a FTE impact will be shared and consulted on with the relevant staff and Trade Unions at the appropriate time.

Living Wage

The Council implemented a Local Living Wage on 1st November 2015 of £7.85 which is currently under review. The impact of the new National Living Wage (currently £7.50, increase due 1st April 2018), which will rise to £9 per hour by 2020, is being monitored as it will overtake the current Local Living Wage and lead to an increased cost on the Council's pay budget and also on commissioned services.

As a result, the local review will consider the impact on the Council's pay structure, effect on supervisory differentials and options available to the Council in moving forward on this matter.

NJC Pay Spine Review

Local Government national negotiations for 2018/19 are underway. It is understood that Unison have submitted a one year pay claim for 2018/19 5% increase on all pay points with signs of public sector pay rises starting to increase beyond the 1% cap. A formal response to the trade unions from the national employers is expected in the autumn.

The NJC pay spine was last reviewed in 1997. A technical review of the pay spine is now well underway. The details of new pay spine are not yet available but key factors in the review are that revised pay spine would be legally compliant with the national living wage and 'future proofed' to absorb yearly increases in the rate. It is understood that local flexibility is retained regarding job design,

incremental progression, performance related pay. The pay spine will potentially come into effect from 1st April 2019.

Apprenticeship levy

Through the Finance Act (2017), the payment of an apprenticeship levy became a statutory requirement in April 2017. The levy is paid by employers (including the public sector) on 0.5% of 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 £3 million or above. The Council's total liability is forecast to be approximately £689,000 per year.

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

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. Latest forecasts on the increasing contribution rates, of +1.5% continued to be factored in to the figures within this report.

Headcount analysis and trend

Date	Headcount	% change from previous year	FTE	% change from previous year
30-Apr-09	6,522	n/a	4,891.5	n/a
30-Apr-10	6,155	-5.63	4,582.8	-6.31
30-Apr-11	5,860	-4.79	4,385.4	-4.31
30-Apr-12	5,449	-7.01	4,080.2	-6.96
30-Apr-13	5,103	-6.35	3,880.7	-4.89
30-Apr-14	4,403	-13.72	3,232.7	-16.70
30-Apr-15	3,812	-13.42	2,883.5	-10.80
30-Apr-16	3,763	-1.29	2,891.7	0.28
30-Apr-17	3,623	-3.72	2,835.3	-1.95
30-Sep-17	3,615	NA	2,840.0	NA

Between April 2009 and September 2017 the Cheshire East Council employee headcount has reduced by 45%, and the overall number of FTE Cheshire East Council employees has decreased by 42%. Reductions of more than 10% between April 2013–2014 and April 2014–2015 are attributable to the restructuring of services and the TUPE transfer of staff to Alternative Service Delivery Vehicles.

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*
91. Pay and Pensions Allocation (Revenue Investment) 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, living wage increases 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 1% on pay budgets has been provided for in 2018/19.				
PEOPLE		+2.157	+3.617	+5.071
PLACE		+0.597	+1.194	+1.791
CORPORATE		+1.300	+2.769	+4.238
<i>Impact on Cross Service Budgets =</i>		+4.054	+7.580	+11.100
<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>92. Mutually Agreed Resignation Scheme (Revenue Savings)</p> <p>The Council will aim to develop a local MARS scheme, originally developed within the National Health Service and extended into other areas of the public sector. Savings would be achieved by mutual reductions in post numbers, and associated costs would be funded by the most appropriate means (such as either Capital Receipts or Revenue Reserves)</p> <p>The NHS MARS scheme is defined as follows:</p> <p><i>A Mutually Agreed Resignation Scheme (MARS) is a form of voluntary severance, designed to enable individual employees, in agreement with their employer, to choose to leave their employment voluntarily in return for a severance payment.</i></p> <p><i>The scheme supports employers by creating job vacancies that can be filled by redeployment of staff from other jobs or as a suitable alternative for those facing redundancy. It also gives greater flexibility to organisations in managing cost reductions as they address periods of change in light of the tough financial circumstances in which they operate.</i></p> <p><i>(Source: NHS Employers)</i></p> <p style="text-align: right;"><i>Impact on Cross Service Budgets =</i></p>	-1.500	-1.500	-1.500
<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 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

Consultation Questions – Outcome 6

A responsible, effective and efficient organisation

The proposed budget changes under Outcome 6 are designed to ensure quality and best value for local people by getting it right first time and using resources as efficiently and effectively as possible.

Should the potential changes to budgets supporting Outcome 6, listed above, be altered, and if so in what way (please include a proposal number if referring to a specific item)?

What other proposals should be considered to achieve Outcome 6 whilst maintaining an overall balanced budget for the Council?

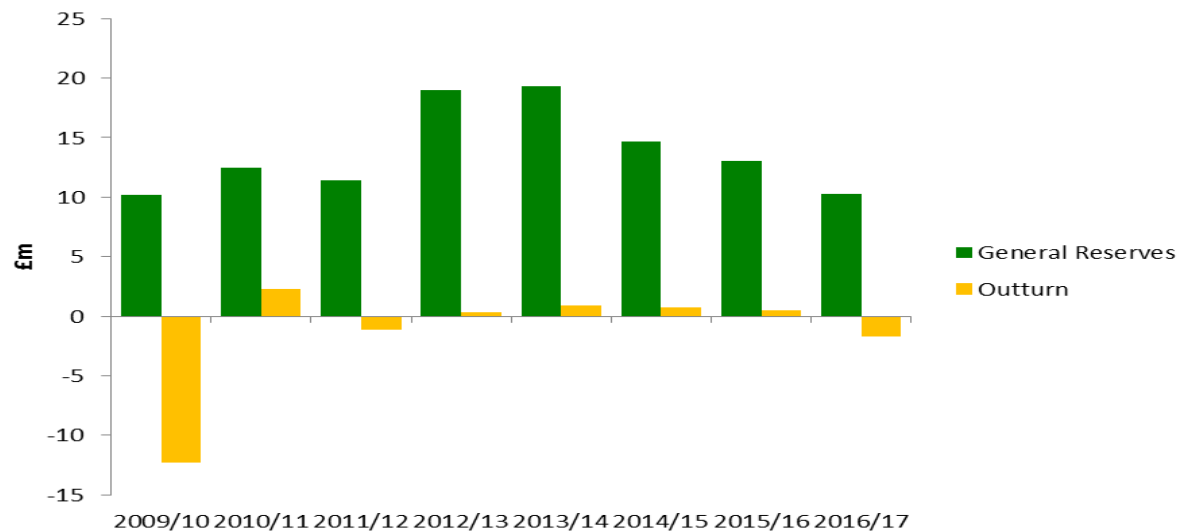
Outcome 6 - Maintaining Financial Stability

Overview

Key financial indicators, such as levels of borrowing, reliance on government grants and the growth in the local tax base, are evidence that the financial stability of Cheshire East Council is strong. But there is also evidence of significant financial stress from the growing demand for services and the rapid reductions in government support.

Chart 1 shows how positive financial outturns have been a feature of the Council's performance since 2010, but also highlights how reserves have been required to drive innovation and change. Maintaining general reserves at £10.3m is proving a real challenge in 2017/18 according to the latest forecasts

Chart 1: Reserves remain appropriate despite planned reduction in recent years



Source: Cheshire East Council Statements of Accounts

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Fairer Funding

Government are planning to review the fairness of local government funding, although timescales for this review are still not clear enough. This issue can be highlighted when looking at the difference between funding for the largest authorities in the Northwest, Manchester, Liverpool and Cheshire East.

Cheshire East Council provides services with low levels of government grant. In addition the accelerated reductions in grants, have been severe through to 2019/20, to reflect the relative opportunity for the Council to replace funding with additional income from Council Tax and other local sources.

Funding for the three largest Authorities in the North West is very different

Funding per Head Comparisons 2017/18			
	Cheshire East	Manchester	Liverpool
	£	£	£
Government Grants (budgeted grants including schools)	763	1,256	1,489
Council Tax (excluding Parish Precepts)	507	260	322
Retained Business Rates	109	629	513
Total	1,379	2,145	2,324

Source: CIPFA

Despite the difference in Council Tax received per head, the actual Band D Council Tax charges are quite different. The charge in Cheshire East is £1,324.92 , while in Liverpool it is much higher at £1,511.61 but in Manchester it is lower at £1,279.87.

Also, the amount of business rates retained by Cheshire East Council is only equal to 31% of the amount that is collected in the area (£131m). This is very different to the positions in Manchester and Liverpool, where business rates retained, as shown in the table, actually exceed the amount collected. The amount retained in Manchester is 103% of the amount collected and in Liverpool it is 130%.

Capital Financing

The Council approved a Capital Programme of £332.5m on 23rd February 2017.

Capital expenditure relates to money spent on major items such as new highways; schools and ICT systems. These costs are met through the Council's capital financing budget which takes into account funding from borrowing, capital grants and receipts from sales as well as annual income from Council Tax Business Rates and grants.

The Council applies an agreed Treasury Management Strategy to ensure capital financing is affordable in the medium term. During 2017/18 the S151 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. £1.9m of which has been retained in an earmarked reserve. The Capital Financing budget will also be reduced from £14m to £10m in 2018/19.

This revised approach delivers budgetary savings in the short term but does not alter the overall liability for the financing of the capital programme. The Council will seek to mitigate these future pressures through its longer term financial strategies, the capital financing budget will be increased accordingly and will take account of available capital resources, including the use of anticipated capital receipts.

The programme is expected to be partially funded from capital receipts, and depending on the timing of these receipts the start times of some projects may be brought forward or delayed. The current status of the land and property market will be kept under review by the Asset Management Service. The programme will be reviewed if the resource position changes.

The capital programme is intentionally aspirational, reflecting the Council's priority to promote local sustainable growth. To support this ambition the Council actively pursues funding from private sector organisations and government as well as attempting to maximise receipts from asset sales. Resources are 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.

Longer term proposals are included in an addendum to the programme for planning purposes. Where costings are not yet available indicative estimates are included and these will be updated as projects progress, variations will be reported to Members via quarterly reports.

Capital Forecasts	2018/19 £m	2019/20 £m	2020/21 £m	Total Scheme Costs £m
Committed Schemes - In Progress	130.4	141.3	87.6	359.3
Funding Analysis:				
Government Grants	68.1	102.6	11.9	182.6
External Contributions	5.9	19.1	44.9	69.9
Cheshire East Resources	56.4	19.6	30.8	106.8
Total Funding	130.4	141.3	87.6	359.3
Balanced Position	0.0	0.0	0.0	0.0
Addendum *	65.5	61.5	40.5	167.5

* The addendum includes projects that have been added to the programme owing to their strategic importance to the Council. However detailed business cases are not yet in place as the precise details are not yet known. Work is currently being progressed and they are expected to commence in the 2018-2021 period once the detailed business cases are approved and funding is in place. At the stage where the business cases are sufficiently developed and they are deemed to be affordable the Portfolio Holder for Finance & Communications and the Director of Finance & Procurement (Section 151 Officer) will provide the additional approval for these schemes to proceed and form part of the main capital programme.

	2018/19 £m*	2019/20 £m*	2020/21 £m*
93. MRP Revision from Straight Line to Annuity Method <p>The repayment and management of debt is frequently reviewed, to assess value for money and appropriateness, based on the current financial circumstances of the Council. The Council has the option under its MRP policy to apply the annuity method instead of the currently used straight line method.</p> <p>This revised approach delivers budgetary savings in the short term but does not alter the overall liability for the financing of the capital programme as the liability will be deferred to future generations of taxpayers to fund. The Council will seek to mitigate these future pressures through its longer term financial strategies, the capital financing budget will be increased accordingly and will take account of available capital resources, including the use of anticipated capital receipts.</p> <p style="text-align: right;"><i>Impact on Central Budget =</i></p>			
	-4.000	-2.000	-2.000
<p>* Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</p> <p style="text-align: right;"><i>Values are not cumulative</i></p>			

Other Central Adjustments

Past Pensions Adjustment

	2018/19 £m*	2019/20 £m*	2020/21 £m*
94. Past Service Pension Income 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.			
<i>Impact on Central Budget =</i>	-0.900	-1.000	-0.000
* Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative			

Capital Receipts

	2018/19 £m*	2019/20 £m*	2020/21 £m*
95. Capital Receipts Income <p>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. The Council has reviewed the guidance and expects to identify potential expenditure that meets the eligibility criteria within each financial year, as laid out in the guidance document.</p>			
<i>Impact on Central Budget =</i>	-2.000	-1.000	-1.000
<p>* Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p>			

Contingency Budget

	2018/19 £m*	2019/20 £m*	2020/21 £m*
96. Contingency Revenue Budget 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			

Community Budget

	2018/19 £m*	2019/20 £m*	2020/21 £m*
<p>97. Community Budgets funded from New Homes Bonus</p> <p>The Council is proposing to set aside a fund of £2m (£1m in each of 2018/19 & 2019/20) to allow local people to engage with how services are delivered at a local level. As new homes can impact on the services required in an area, the allocation of funding will reflect where new houses have been built, and where funding has subsequently been received through the New Homes Bonus .</p> <p>The Council can provide support to local communities, to develop and implement spending plans, but decisions will be made locally.</p> <p>Criteria will be developed to ensure the following key principles are achieved:</p> <ul style="list-style-type: none"> • Anyone from the local area will be able to make proposals under the Community Budgeting scheme • Spending should normally support the achievement of Outcomes within the Corporate Plan • Governance arrangements must be in place before any spending takes place • Proposals will only be limited by law, and may include new services or facilities, or the amendment or retention of existing ones • Proposals must be self-sufficient and not generate commitments that cannot be funded in the future <p>Cross party working will help to develop the scheme, which in itself will be subject to appropriate scrutiny. The proposal here is seeking views on whether the approach to allocating an element of the New Homes Bonus to a locally controlled fund is desirable or not. Views are not yet being sought on how this funding would actually be applied at this stage.</p> <p style="text-align: right;"><i>Impact on Central Budget =</i></p>			
	+1.000	+1.000	0.000
<p>* Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</p> <p style="text-align: right;">Values are not cumulative</p>			

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Reserves

The Chief Operating Officer must use professional judgement about the level of Council reserves to ensure they are adequate. The Council's Reserves Strategy forms part of the Medium Term Strategy that is reported to Council each February. Based on the forecasts included in this consultation document there is no proposal to vary the current reserves strategy.

Reserves to remain adequate	2018/19 £m*	2019/20 £m*	2020/21 £m*
98. General Reserves Judgement is used to determine an appropriate level of General Reserves based on the financial risks facing the authority. Based on the changes to the budget detailed within this report, the proposal is to maintain the level of General Reserves at £10.3m, which is in line with the Strategy approved by Council in February 2017.	No change to existing strategy (February 2017)		
99. Earmarked Reserves Earmarked Reserves are set aside for specific purposes and then drawn down when needed. The Council's Reserves Strategy identifies the appropriate processes for setting up and using Earmarked Reserves, and updates and changes are reported as part of the quarterly monitoring process. Current Earmarked Reserves stand at £48.9m and will continue to be reviewed on a quarterly basis. This proposal requires the drawdown of £2.840m of Earmarked reserves that have been accumulated from income to the Collection Fund and changes to the Capital Financing Requirement.			
<i>Impact on Earmarked Reserves =</i>	-2.840	0.000	0.000

Funding Envelope

Local Taxation

Locally collected taxes that are directly retained by the Council provide c.80% of the Council's net funding. 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.

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.

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 this increase equally over the first two years. As such, it is proposed that Council Tax is increased by a further

4.99% for 2018/19 (including the 3% rise for ASC) to give a Band D charge of £1,391.03 for 2018/19.

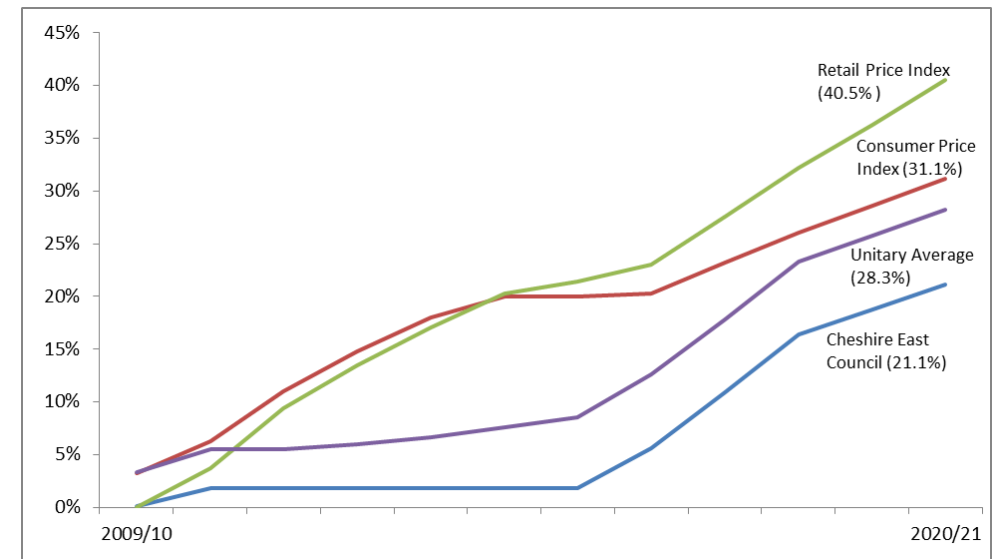


Chart 2: Gap between inflation levels and Council Tax increases

Source: Cheshire East Finance

	2018/19 £m*	2019/20 £m*	2020/21 £m*
Council Tax			
100. Growing the domestic tax base			
Each new home brings additional Council Tax revenue, New Homes Bonus and, in the medium term, a possible Community Infrastructure Levy. But homes also bring additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully examined to achieve maximum value to ensure Council Tax increases for residents are kept to a minimum overall.	+3.900	+6.200	+8.700
101. Council Tax % charge increase			
The Council had not increased Council Tax for the five consecutive years up to and including 2015/16. In 2016/17 and 2017/18 the Council Tax charge was increased by 3.75% and 4.99% respectively (2% (2016/17) and 3% (2017/18) was ring-fenced specifically for use within the Adult Social Care area).			
Increases proposed for the medium term are as follows:–			
General inflationary increase	+3.800	+7.700	+11.600
Adult Social Care Precept	+5.700	+5.700	+5.700
<i>Impact on Funding Envelope =</i>	+13.400	+19.600	+26.000
<p><i>*Values represent a +/- variation to the Cheshire East Council approved funding envelope for 2017/18.</i></p> <p><i>Values are not cumulative</i></p>			

	2018/19 £m*	2019/20 £m*	2020/21 £m*
Business Rates			
102. Promoting Economic Growth Business growth can result in additional income being retained for local investment, subject to certain thresholds. This supports the Council's approach to invest in economic growth through unlocking development land and supporting inward investment.	+0.800	+1.300	+1.800
103. National Multiplier Increases / Baseline changes Figures as per Department for Communities and Local Government (DCLG) forecasts (February 2017).	+1.300	-0.200	-0.200
104. Business Rates Pooling The Council is maximising the benefit of the business rates retention scheme by continuing to pool with Greater Manchester councils and taking part in a growth pilot, one of only two in the country. Both of these initiatives aim to retain as much local Business Rates as possible (2017/18 income levels expected to continue)	No change	No change	No change
<i>Impact on Funding Envelope =</i>	+2.100	+1.000	+1.600
<i>*Values represent a +/- variation to the Cheshire East Council approved funding envelope for 2017/18. Values are not cumulative</i>			

	2018/19 £m*	2019/20 £m*	2020/21 £m*
105. Release of funds from Collection Fund Income from Council Tax and Business Rates has been accumulated to mitigate costs of non-collection and appeals as well as from growth that has exceeded forecasts. Accounting for the liabilities in this area has proved accurate so it is reasonable to consider release of some of these reserves now. <i>Impact on Funding Envelope =</i>			
	-1.000	-1.000	0.000
* Values represent a +/- variation to the Cheshire East Council approved funding envelope for 2017/18 . Values are not cumulative			

General Government Grants

The table below sets out the estimated scale of reductions in Government unring-fenced grant over the medium term. Expenditure directly related to grants is reviewed when the full list of grants is known. This is expected to follow the Autumn Statement (due 22nd November 2017).

	2018/19 £m*	2019/20 £m*	2020/21 £m*
106. Revenue Support Grant (RSG) The final settlement announced by the Department of Communities and Local Government in February 2017, confirmed the total Government unring-fenced grant income levels for the medium term. RSG is set to reduce from almost £40m in 2015/16 to nil by 2019/20.	-8.000	-13.400	-13.400
107. New Homes Bonus (NHB) Increasing development in Cheshire East means NHB is expected to exceed recent expectations. However, changes to the number of years the grant is paid for, plus the introduction of a threshold have actually reduced income compared to the 2017/18 level.	-1.500	-1.300	-1.000
108. One Off Funding Transitional and Adult Social Care Grant is not being anticipated from 2018/19, however additional support could be announced at the provisional settlement or Autumn statement	-4.500	-4.500	-4.500
109. Other Grants Other specific grants, such as health and care, have been maintained at previous medium term forecasts. These are based on best estimates or just a general reduction of 15%.	-0.800	-0.800	-0.900
<i>Impact on Funding Envelope =</i>	-14.800	-20.000	-19.800
* Values represent a +/- variation to the Cheshire East Council approved funding envelope for 2017/18 . Values are not cumulative			

Protecting Against Risk and Supporting Investment

Cheshire East's strong taxbase and greater independence provides financial stability and offers some 'local protection' from the impact of national economic fluctuations. Compared to most other English councils, Cheshire East is less reliant on government revenue grant as local businesses and residents provide a higher proportion of the Council's overall funding. In this context, it is also important to note that compared to neighbouring local authorities, total spending per head of population is below average. Given this national and local context its overall financial risk profile is lower than previous years. The Council's consideration and response to threats, and its ability and capacity to recognise and seize new opportunities, underpin its successful performance.

The Council continues to strengthen its risk management framework including the approval of a strategy and policy statement by Cabinet. Risk management is a key principle of effective corporate governance, and operating within the framework ensures that there is a mechanism in place to support effective decision making and appropriate risk responses. This will increase the likelihood of the Council achieving its business objectives and outcomes for the residents.

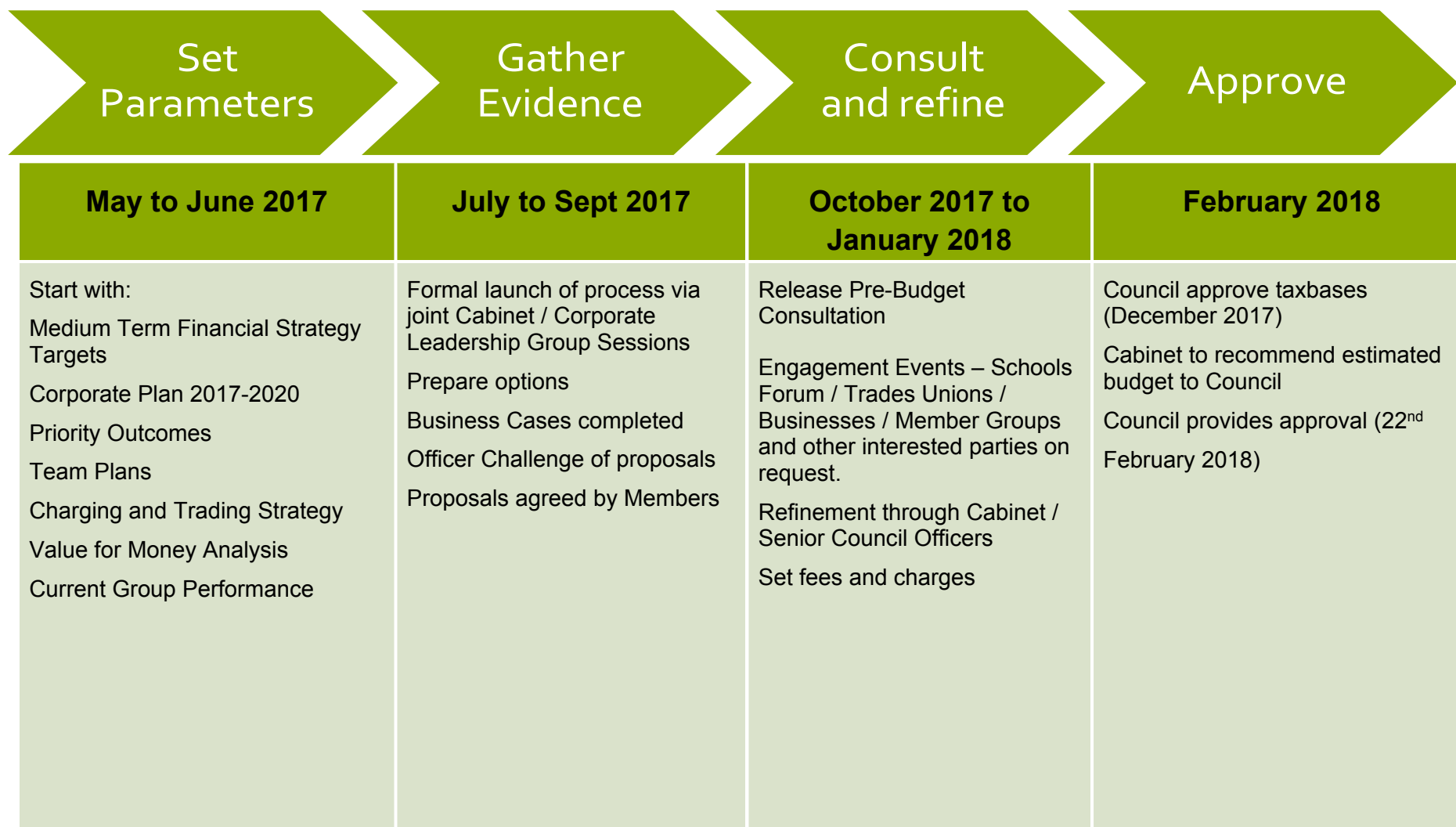
Supporting the Council's budget with adequate reserves is a key element to creating financial resilience, and the publication: [Guidance and Data on the Financial Resilience of the Council](#) provides clear evidence of an improving trend of robust forecasting of performance and improvements in the level of general reserves.

Since Local Government Reorganisation in Cheshire in 2009 the Council has invested one-off income sources such as Council Tax freeze grants and Transitional Funding to pay for items such as redundancy costs or to support transformation in service delivery. The Council also establishes a level of reserves that are adequate to protect the Council against financial risks, such as emergencies, which are not specifically budgeted for in individual years.

The Council will continue to be flexible about investing revenue funding in maintaining sustainable services and reflecting changes to the risks facing the Council. The full Budget Report will include a revised Reserves Strategy for 2018/19 to provide further detail on estimated balances and the application of reserves in the medium term.

***Annexes to Pre-Budget
Consultation
2018/21
November 2017***

1. Developing the Budget



OFFICIAL-SENSITIVE

	2017/18 (revised) £m	2018/19 £m	Change £m	2019/20 £m	Change £m	2020/21 £m	Change £m	3 Year Change £m
PEOPLE	153.4	161.8	+8.4	168.7	+6.9	176.2	+7.5	+22.8
PLACE	34.4	35.8	+1.4	34.3	-1.5	34.5	+0.2	+0.1
CORPORATE	60.9	59.1	-1.8	58.5	-0.6	59.5	+1.0	-1.4
TOTAL: SERVICE BUDGETS	248.7	256.7		261.5		270.2		+21.5
Capital Financing	14.0	10.0	-4.0	12.0	+2.0	12.0	0.0	
Past Pension Adjustments	1.2	0.3	-0.9	0.2	-0.1	1.2	+1.0	
Income from Capital Receipts		-2.0	-2.0	-1.0	+1.0	-1.0	0.0	
Contingency		1.0	+1.0	1.0	0.0	1.0	0.0	
Community Budget		1.0	+1.0	1.0	0.0	0.0	-1.0	
Use of/Transfer to EMR	-0.1	-2.8	-2.7	0.0	+2.8	0.0	0.0	
TOTAL: CENTRAL BUDGETS	15.1	7.5		13.2		13.2		-1.9
<i>Further Savings Required to Balance</i>						-10.5		
TOTAL BUDGET	263.8	264.2		274.7		272.9		
Council Tax	-191.1	-204.5	+13.4	-210.7	+6.2	-217.1	+6.4	+26.0
<i>Taxbase Increases</i>			+3.9		+2.3		+2.4	
1.99% increase			+3.8		+3.9		+4.0	
3.00% ASC increase			+5.7		0.0		0.0	
Non Domestic Rates	-41.0	-43.1	+2.1	-42.1	-1.0	-42.7	+0.6	+1.7
<i>Taxbase increases</i>			+0.8		+0.5		+0.6	
<i>National Multiplier/Baseline changes</i>			+1.3		-1.5		0.0	
Government Grants	-30.3	-15.6	-14.7	-10.4	-5.2	-10.5	+0.1	-19.8
Sourced from Collection Fund	-1.4	-1.0	-0.4	-1.0	0.0	0.0	-1.0	-1.4
TOTAL FUNDED BY	-263.8	-264.2		-264.2		-270.3		
POTENTIAL FUNDING DEFICIT	0.0	0.0		10.5		2.6		

2. Key Budget Events for the 2018/19 budget

Event	Comments
1. Council 23 rd February 2017	Reported a balance budget over the medium term
2. Joint Corporate Leadership Group and Cabinet Members Away Day – - 6 th June 2017	Focus on 2017/18 budget pressures and confirm potential funding deficit for 2018/19 and the process to manage it. Discuss high level proposals
3. Cabinet 13 th June 2017	Receive 2016/17 Final Outturn
4. Corporate Overview and Scrutiny Committee 15 th June 2017	Receive 2016/17 Final Outturn
5. Joint Corporate Leadership Group and Cabinet Members Away Days – - 19 th September 2017 - 9 th October 2017 - 1 st November 2017	Refine proposals
6. Budget Challenge Group – October/November	Challenge / Review proposals

3. Timetable to Approval

2017	Event	Comments
15 th November Nov to Feb	Corporate Overview and Scrutiny Committee	Receive Mid -Year Performance Report and introduction to Budget Consultation
	Consultation on Pre-Budget Proposals	With Residents, Trades Unions, Schools Forum, Businesses, Town & Parish Councils, Community, Voluntary and Faith organisations and other interested parties
7 th November	Cabinet	Receive Mid -Year Performance Report
5 th December	Cabinet	Council Taxbase (Domestic / Non Domestic)
14 th December	Full Council	Agree Council Taxbases
Mid December	Funding announcements	Expected from Government
2018		
January	Final proposals issued	Bringing together consultation outcomes, taxbases and funding settlement
Mid January	Final Budget Report released	
Jan/Feb	Final Settlement from Government	
1 st February	Corporate Overview and Scrutiny Committee	Receive Quarter 3 Performance Report
6 th February	CABINET MEETING	Receive Quarter 3 Performance Report and recommend 2018/19 MTFS / Budget Report to 22 nd February Council
22 nd February	COUNCIL MEETING	Agree 2018/19 MTFS / Budget Report and Capital Strategy

4. Forecasts

Forecasts presented to the Council in February 2017 presented a balanced budget in the medium term.

Proposals in this Pre-Budget Consultation set out an updated position, whilst maintaining financial resilience for the future.

	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

5. Feedback

We want you to be involved in decision making in Cheshire East...

To register to be involved in consultations undertaken by Cheshire East Council, you can do so by joining the Digital Influence Panel.

Please use CTRL and Click on the light bulb to join.

If you would like to view the results of previous consultations undertaken by Cheshire East Council, please click [here](#).





Corporate Overview and Scrutiny Committee

Scrutiny Review of the Oracle Replacement Programme – Best4Business
Update Report



As Chairman of the Cheshire East Council's Corporate Overview and Scrutiny Committee, I have pleasure in presenting the Joint Scrutiny Working Group's update report on the Council's Scrutiny Review of the Oracle Replacement Programme – Best4Business.

The Best4Business programme is a joint implementation exercise between Cheshire East and Cheshire West and Chester Councils. As such, 3 Members from Cheshire West and Chester's Overview and Scrutiny Committee have agreed to form a Joint Scrutiny Working Group with 3 Members from Cheshire East's Corporate Overview and Scrutiny Committee, which will meet to scrutinise:

- The governance process supporting the approval of the solution design;
- The approach to business change and training; and
- The outcome of the processes which support the recommendation to go live with the new solution.

The Joint Scrutiny Review Working Group previously met for the first time on 27 June 2017 to undertake the scrutiny review ahead of the pending Cabinet decision. The Cabinet meeting on 12 July approved that:

- 1) Agilisys Ltd be appointed as Preferred Bidder and conditionally awarded the HR & Finance System framework contract;
- 2) the updated business case be noted;

- 3) a capital budget increase to the HR & Finance System Replacement capital allocation of £0.525m in 2017-18 and £0.116m in 2018-19, to a total of £4.891m, fully funded on an Invest to Save basis be approved;
- 4) an appropriation from the HR & Finance System Replacement Revenue Reserve to fund the revenue implementation costs in 2018-19, currently estimated at £0.8m, contributing to total revenue costs of £1.014m be approved;
- 5) an alternative funding strategy for this programme will be considered as part of the Councils First Quarter Review of Performance Report be noted;
- 6) the Council's share of the business case savings, being £0.3m corporate service savings, plus the Council's share of £0.4m Transactional Service Centre savings, plus the Council's share of £1.1m ICT Delivery savings, which will be used to repay the cost of investment be noted;
- 7) the principles underpinning the Inter Authority Agreement be noted;
- 8) the principle of a contractual framework agreement, operated by Cheshire East Council, allowing Cheshire West and Chester Council and the other named Councils (Stockport MBC, Trafford Council, Warrington MBC, Wirral BC) the ability to call off from the framework during the first four years of the contract be approved;
- 9) the Director of Corporate Services and the Director of Governance be given delegated authority to award the HR & Finance System framework contract to Agilisys unconditionally, subject to the satisfactory resolution of all outstanding matters;
- 10) the Director of Corporate Services and the Director of Governance be given delegated authority to finalise outstanding contractual issues and the Inter Authority Agreement with Cheshire East Council; and
- 11) The Director of Governance be authorised to enter into all necessary contractual documentation with chosen supplier and with Cheshire East Council.

At the first Joint Scrutiny Working Group meeting in June, the Group agreed that it would like to continue the joint scrutiny review, and scrutinise the ongoing implementation stage, under the terms of reference described above.

The Joint Scrutiny Working Group met on the 9 October at Winsford. At the end of the meeting, the Working Group confirmed that they were comfortable with implementation stage of the project to replace the Oracle HR and Finance system. The Working Group also agreed that it had a greater understanding of the process which led to the Cabinet decisions in July and the progress made on the programme since then.

Members reiterated the importance for the Working Group to be involved at key milestones going forward and the need for members to be made aware of key decisions and sign offs in between Working Group meetings.

Finally, on behalf of Working Group Members and the wider committee, I would like to thank the officers involved in the review and look forward to continuing working closely together on this important project.

Councillor Margaret Simon

1. JOINT SCRUTINY WORKING GROUP DETAILS

2.1 Cheshire West and Chester Council Members:

Councillor Martin Barker
Councillor Sam Naylor
Councillor Nigel Jones

Cheshire East Council Members:

Councillor Margaret Simon (Chair)
Councillor Sam Corcoran
Councillor Lesley Smetham

2.2 Cheshire West and Chester Officers:

Aaron Thomas – Programme Governance Lead
Apologies: Mark Wynn – Director of Corporate Services / Programme Sponsor

Cheshire East Officers:
Peter Bates – Chief Operating Officer
Dominic Oakeshott – Programme Senior Responsible Owner

2.3 Cheshire West and Chester Scrutiny officer support:

Andrea Thwaite – Democracy Programme Manager (Scrutiny)
Email: andrea.thwaite@cheshirewestandchester.gov.uk
Laura Bootland – Democracy and Elections Officer

Cheshire East Scrutiny officer support:
Mark Nedderman – Senior Scrutiny Officer

2.4 For further details about this report or additional copies please contact:

Scrutiny Team
Cheshire West and Chester Council
2nd Floor
Nicholas Street
Chester

Tel: 01244 972283

Email: Scrutiny@cheshirewestandchester.gov.uk
www.cheshirewestandchester.gov.uk/scrutiny

2. OUR APPROACH

3.1 What we referred to:

Oracle is the current shared HR and Finance system used by Cheshire West and Chester Council and Cheshire East Council. It supports processes such as: recruitment, payroll, purchasing, payments to suppliers, billing and debt collection, financial accounting and reporting.

The Cabinets of both Councils approved a recommendation in July 2017 to replace the Oracle solution with the Unit 4 Business World product, and to award a contract to Agilisys for the implementation of, and ongoing support to, this product.

The updated Terms of Reference for the Joint Scrutiny Working Group's meeting, agreed during the meeting, are attached at Appendix One.

3.2 What we did:

The Joint Scrutiny Working Group met on 9 October 2017 to scrutinise the progress to date with the implementation stage of the replacement of the financial and HR system. This is the first time that the Working Group has met since the Cabinet made its decision on 12 July 2017 to replace the Oracle system with Unit 4 Business World.

During the meeting the Working Group received presentations from Officers and scrutinised progress to date with the implementation phase of the project.

The Joint Scrutiny exercise was broken down into the following elements:

1. Business Case review
2. Quality Assurance and Internal Audit
3. Programme Timeline
4. Risks and Issues
5. Summary conclusions

3. FINDINGS

4.1 **Business Case Review:**

The Working Group were provided with an update of the Business Case for the replacement of the Oracle HR and Finance system, based on the information presented to the two Cabinets in July 2017. The business case presentation included information on the existing costs associated with the current system, proposed savings, and details of the Business World implementation costs. Details of the payback period were also outlined to the group.

The Working Group were also reminded that the Best4Business Programme's vision was to deliver an HR and Finance solution for the Councils and our subsidiaries and partners, which supports our vision for how we want to work in future.

The Working Group was advised about the non-financial benefits which also support the business case, such as:

- More flexible licencing model – ability to share licences amongst partners (eg Council owned companies, other public sector bodies)
- Industry standard processes designed for local government
- Externally hosted and managed solution – significant transfer of risk including availability, performance, upgrades and security
- Flexible & mobile working – accessible via a range of devices via the Internet including home and mobile

Following discussions regarding the transfer of data, the Working Group was assured that all statutory data retention requirements would be met and are being considered as part of the programme's data migration and archiving strategy.

The Working Group scrutinised whether any future capital investment would be required. Officers confirmed that the solution will be externally managed and hosted, which means that the two Councils would not need to invest in physical hardware; also, future upgrade costs are included in the ongoing revenue costs.

Members confirmed they were happy with the business case information presented by officers. The Working Group was reassured that required data flows from the Councils' social care ICT system Liquid Logic to the new Business World solution would be preserved.

4.2 Quality Assurance and Internal Audit

Officers gave an overview of the sources of external assurance which the programme have drawn upon during the work undertaken so far. These include:

- A procurement “readiness assessment” carried out by Ernst & Young
- External advice and support to the procurement process provided by Ameo
- External legal advisors to the procurement exercise were Sharpe Pritchard
- Implementation support is being provided by Ameo

The Working Group was advised that a Joint Internal Audit Assessment had been undertaken with the following terms of reference:

“To provide assurance that the governance, programme management and procurement arrangements through to contract award are robust and effective in enabling the selection of an appropriate replacement ERP system that meets the needs of both Cheshire West and Cheshire East Councils and their subsidiaries.”

The Working Group was assured that the Internal Audit had confirmed that the procurement has not followed the path that was expected, resulting in one final tender being received. However, there is confidence that the Programme Board has followed a legitimate and justified process to arrive at this position. There is confidence amongst those who have contributed to the programme that they have met the objectives outlined in the contract specification. The overall “score” provided by the internal audit review in respect of the internal control environment for this programme was 3, on a scale of 1 – 4, where 4 is best.

The Working Group queried whether the cost of external support and assurance was in addition to the programme costs already outlined. It was confirmed that these costs were already included in figures previously shared. The Working Group were pleased to note that there were no ongoing concerns, and that further joint internal audit reviews would be carried out to support key programme milestones.

4.3 Timeline

The Working Group scrutinised progress to date with the timeline and the forthcoming milestones for the Implementation stage. The table below summarises the key programme milestones with associated dates and supplier payments:

No	Milestone	Value	Planned Date
1	Sign-off programme initiation document	£0.66m	25/09/2017
2	Sign-off of solution detailed design	£0.66m	20/11/2017
3	Sign-off of integration approach	£0.66m	16/10/2017
4	Sign-off of testing strategy	£0.66m	21/09/2017
5	Build complete	£0.66m	26/02/2018
6	Sign-off of training approach	£0.33m	24/01/2018
7	Sign-off of user acceptance testing	£0.66m	12/07/2018
8	Go live	£1.65m	03/09/2018
9	Exit from three-month intensive support	£0.33m	26/11/2018
10	Decommissioning of legacy Oracle platform	£0.33m	26/11/2018

The Working Group considered the following key milestones at which further scrutiny sessions could be held:

- **February 2018:** The supplier to translate the Councils' requirements into a solution design and solution build process. The supplier to provide a training strategy and plan which supports the Councils' business change approach.
- **July 2018:** The solution which has been built is tested to confirm that it is fit for purpose.
- **September 2018:** The supplier to transfer all required data from the old system to the new. The Councils to ensure that the system is working correctly and that people are being paid correctly. The Councils to begin using the new system.

The Working Group raised concerns relating to whether there were any financial penalties if milestones were not met. Penalties were associated with milestone 5 (build complete) and 8 (go live). Penalties could apply to Agilisys and to the Councils. The Working Group queried the design and whether it was suitable for the Council's needs. The Working Group's concerns would be discussed with the external advisors regarding the design.

In relation to the solution design signoff in November, the Working Group queried how they could be assured that the design being approved was giving both Cheshire East and Cheshire West and Chester Councils what they needed. Officers agreed to consider how this assurance could be communicated to the Working Group without the need for an extra Working Group meeting.

4.4 Key risks

The Working Group scrutinised an update on the risks and issues associated with the project and officers provided them with reassurance that appropriate mitigating actions are in place. Key risks and mitigating actions are shown in the table below:

Risk	Mitigation
End Users (managers or staff) are reluctant to accept changes to processes and adhere to new approach, leading to business case savings not being achieved.	Solution design process – change impact of decisions on solution design and process will be identified and mapped against stakeholders to identify change effort needed. Ongoing engagement with stakeholders to identify concerns
Insufficient programme resources, or inefficient use of available resources and skills available, to deliver project workload, leading to programme milestones being missed and delay to implementation.	Detailed activity plans per workstream leading to solution design signoff. Regular review of deliverables, commitments to design workshops, and other activities, to identify any resource gaps.
Failure to appropriately engage senior stakeholders including Programme Board members as the Solution Design deliverable is developed, leading to a failure to achieve signoff of this key deliverable and a delay in the programme timeline.	Development of clear process which ensures design decisions are captured, reviewed, approved at an appropriate level, business change impact identified, shared with stakeholders, and communicated to Programme Board ahead of signoff.
Failure to develop effective partnership with Agilisys, both during the 12 month implementation programme, but also in support of the remainder of the 7 year contract, leading to suboptimal outcomes.	Regular and open dialogue with Agilisys about process and outcomes. Design decisions hold to the programme vision (the “four Ss”) and consider long term impacts as well as shorter term programme timeline.

4.5 Conclusions

- Members were comfortable with the process which has led to the Cabinet decisions in July and the progress since then.
- The next meeting of the Working Group will be set for March 2018, to avoid the busy Budget period for both Councils.
- Tony Entwistle, the programme Transformation Lead, to be invited to the next meeting in relation to the approach to business change approach and training strategy, including how the impact on end users is being assessed.

4. SUPPORTING DOCUMENTS:

Appendix One: Joint Scrutiny Working Group terms of reference

Links to the Cabinet reports in June 2016 approving the launch of the procurement process:

CWaC Cabinet:

<http://cmttpublic.cheshirewestandchester.gov.uk/documents/s48487/Cabinet%20-%20HR%20and%20Finance%20System%20Replacement%20-%208%20June%202016%20-%20final%20v1.0.docx>

CE Cabinet:

<http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s48048/ERP%20Replacement%20Programme%20-%20report%20final.pdf>

Links to the Cabinet reports in July 2017 providing recommendations following the completion of the procurement process:

CWaC Cabinet:

<http://cmttpublic.cheshirewestandchester.gov.uk/documents/s53950/HR%20Finance%20System%20Replacement%20-%20v1.0%20final.pdf>

CE Cabinet:

<http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s56849/HR%20Finance%20System%20Replacement%20-%20report%20final.pdf>

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CHESHIRE EAST COUNCIL

REPORT TO: CORPORATE SCRUTINY COMMITTEE

Date of Meeting: 15 November 2017
Report of: Head of Governance and Democratic Services
Subject/Title: Work Programme update

1.0 Report Summary

- 1.1 To review items in the 2017/2018 Work Programme listed in the schedule attached, together with any other items suggested by Committee Members.

2.0 Recommendations

That the 2017/2018 work programme be reviewed.

3.0 Reasons for Recommendations

- 3.1 It is good practice to agree and review the Work Programme to enable effective management of the Committee's business.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including - Carbon reduction - Health

- 6.1 Not known at this stage.

7.0 Financial Implications

- 7.1 Not known at this stage.

8.0 Legal Implications

- 8.1 None.

9.0 Risk Management

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- 9.1 There are no identifiable risks.

10.0 Background and Options

- 10.1 The schedule attached has been updated to reflect the decisions taken by the Committee at its previous meeting.
- 10.2 Members are asked to review the schedule attached to this report, and if appropriate, add new items or delete items that no longer require any scrutiny activity.
- 10.3 When selecting potential topics, Members should have regard to the Council's new three year plan and also to the general criteria listed below, which should be applied to all potential items when considering whether any Scrutiny activity is appropriate.
- 10.4 The following questions should be asked in respect of each potential work programme item:
- Does the issue fall within a corporate priority;
 - Is the issue of key interest to the public;
 - Does the matter relate to a poor or declining performing service for which there is no obvious explanation;
 - Is there a pattern of budgetary overspends;
 - Is it a matter raised by external audit management letters and or audit reports?
 - Is there a high level of dissatisfaction with the service;
- 10.5 If during the assessment process any of the following emerge, then the topic should be rejected:
- The topic is already being addressed elsewhere
 - The matter is subjudice
 - Scrutiny cannot add value or is unlikely to be able to conclude an investigation within the specified timescale

11 Access to Information

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

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the report writer:

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Designation: Scrutiny Manager
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Corporate Overview and Scrutiny Committee 2017/18 updated October 2017

15 November 2017 Time: 2.00pm Venue: Committee Suite, Westfields	11 January 2018 Time: 2.00pm Venue: Committee Suite, Westfields	1 February 2018 Time: 2.00pm Venue: Committee Suite, Westfields	5 April 2018 Time: 2.00pm Venue: Committee Suite, Westfields
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Essential items

Item	Description/purpose of report/comments	Outcome	Lead Officer/organisation/Portfolio Holder	Suggested by	Current position	Key Dates/Deadlines
Performance Management Information	Quarterly reports on Performance and Budget	A responsible effective and efficient organisation	Chief Operating Officer, Finance and Assets Portfolio Holder	The Committee	Reports are considered in line with the Cabinet reporting cycle	15 June 2017, 7 September 2017, 15 November 2017, 1 February 2018
Budget Consultation 2018/19	Corporate will begin the 2017/18 budget consultation process in September 2016 and finally will collate ,on behalf of the 5 other O&S committees, a formal 'scrutiny' response	A responsible effective and efficient organisation	Chief Operating Officer, Finance and Assets Portfolio	The Committee	Formal consultation on the draft budget TBA	Pre-Budget report on 15 November 2017 agenda

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			Holder			
Capital Programme	To be fed into the budget consultation process	A responsible effective and efficient organisation	Chief Operating Officer, Finance and Assets Portfolio Holder	The Committee	Formal consultation to be part of the budget process	TBA
Member facilities/Accommodation/Culture	To review member facilities and accommodation	A responsible effective and efficient organisation	Chief Operating Officer, Finance and Assets Portfolio Holder	The Chairman	Task and Finish group appointed 7 July 2016.	Review completed;final report expected Autumn 2017
Devolution	To receive an update on devolution plans in Cheshire	Cheshire East has a strong and resilient economy.	Chief Executive/Leader of the Council	The Committee	Update received on 6 April. Now awaiting the final report of the cross member working	TBA
Digital Customer Services	To receive an update.	Cheshire East has a strong and resilient economy.	Chief Operating Officer Highways and Infrastructure portfolio Holder	The Committee	Presentation to be provided on 15 June 2017.Further updates to be provided as the project develops	Ongoing

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ORACLE (Best4Business)	To consider a proposal to inform and guide the formal consultation on the proposal to replace Oracle, prior to Cabinet decision.	Cheshire East has a strong and resilient economy	Chief Operating Officer, Democratic and Public Engagement, Assurance and ICT Portfolio Holder	Portfolio Holder	A joint working group with CWAC met on 27 June 2017 and formulated a draft joint response to the formal consultation. Periodic progress reports to be received in future.	Update report on 15 November 2017 agenda
Private Enforcement	To review the success of the procurement of a private company	Our local communities are strong and supportive	Portfolio Holder for Communities and Health.	Portfolio Holder	The contract has been re-let (Sept 17) for a further 12 months. Update to the Committee in 6 months.	5 April 2018
Fly-tipping-Neighbourhood Cohesion	To scrutinise the recommendations of the Task & Finish Group.	Our local communities are strong and supportive	Principal Manager – Partnerships & Communities. Task & Finish Group.	Chair of Scrutiny Committee.	Transferred form Health Adult Social care and Communities	TBA
Low Risk Domestic Violence	To scrutinise the success	People live well and for longer	Head of Communities Portfolio Holder for Communities and Health. Judith Gibson.	Committee	Transferred form Health Adult Social care and Communities	TBA

Monitoring Items

Possible Future/ desirable items

Review the Council's working arrangements with partners and other third parties specifically in relation to value for money.



FORWARD PLAN FOR THE PERIOD ENDING 28TH FEBRUARY 2018

This Plan sets out the key decisions which the Executive expects to take over the period indicated above. The Plan is rolled forward every month. A key decision is defined in the Council's Constitution as:

"an executive decision which is likely –

- (a) to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising one or more wards or electoral divisions in the area of the local authority.

For the purpose of the above, savings or expenditure are "significant" if they are equal to or greater than £1M."

Reports relevant to key decisions, and any listed background documents, may be viewed at any of the Council's Offices/Information Centres 5 days before the decision is to be made. Copies of, or extracts from, these documents may be obtained on the payment of a reasonable fee from the following address:

Democratic Services Team
Cheshire East Council
c/o Westfields, Middlewich Road, Sandbach Cheshire CW11 1HZ
Telephone: 01270 686472

However, it is not possible to make available for viewing or to supply copies of reports or documents the publication of which is restricted due to confidentiality of the information contained.

A record of each key decision is published within 6 days of it having been made. This is open for public inspection on the Council's Website, at Council Information Centres and at Council Offices.

This Forward Plan also provides notice that the Cabinet, or a Portfolio Holder, may decide to take a decision in private, that is, with the public and press excluded from the meeting. In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, 28 clear days' notice must be given of any decision to be taken in private by the Cabinet or a Portfolio Holder, with provision for the public to make representations as to why the decision should be taken in public. In such cases, Members of the Council and the public may make representations in writing to the Democratic Services Team Manager using the contact details below. A further notice of intention to hold the meeting in private must then be published 5 clear days before the

meeting, setting out any representations received about why the meeting should be held in public, together with a response from the Leader and the Cabinet.

The list of decisions in this Forward Plan indicates whether a decision is to be taken in private, with the reason category for the decision being taken in private being drawn from the list overleaf:

1. Information relating to an individual
2. Information which is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including to authority holding that information)
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority
5. Information in respect of which a claim to legal and professional privilege could be maintained in legal proceedings
6. Information which reveals that the authority proposes (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

If you would like to make representations about any decision to be conducted in private at a meeting, please email:

Paul Mountford, Executive Democratic Services Officer
paul.mountford@cheshireeast.gov.uk

Such representations must be received at least 10 clear working days before the date of the Cabinet or Portfolio Holder meeting concerned.

Where it has not been possible to meet the 28 clear day rule for publication of notice of a key decision or intention to meet in private, the relevant notices will be published as soon as possible in accordance with the requirements of the Constitution.

The law and the Council's Constitution provide for urgent key decisions to be made. Any decision made in this way will be published in the same way.

Forward Plan

Key Decision and Private Non-Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 16/17-11 Crewe HS2 Masterplan	To approve the HS2 masterplan for Crewe, and to authorise the Executive Director Place to enter into a public consultation on the masterplan in 2017.	Cabinet	7 Nov 2017		Andrew Ross	No
CE 17/18-13 Bus Service Review - Proposals for Implementation	To consider the feedback from the public consultation and approve the proposals to redesign the supported bus network to take account of the consultation results and maximise value for money within the reduced budget approved by Council in February 2017. The report will seek authority for officers to take all necessary actions to implement the proposals by April 2018.	Cabinet	7 Nov 2017		Jenny Marston	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-17 Cheshire East Integrated Carers Hub	<p>The current contracts for Cheshire East's Carers Services are due to expire on 31st March 2018. The proposal for Cabinet is for:</p> <ul style="list-style-type: none"> • Service redesign and transformation through a programme of engagement and co-production with carers and the market. • To develop, procure and commission a Cheshire East Integrated Carer's Hub to provide a single point of contact for carers, both adults and young carers, through the coordination and delivery of a wide range of services. • To support the development and procurement of a Cheshire East Integrated Carer's Hub utilising the funding available through the Better Care Fund. <p>The authority to enter into a contract with the supplier(s) will be delegated to the Executive Director of People in consultation with the Portfolio Holder for Adult Social Care and Integration.</p>	Cabinet	7 Nov 2017		Hayley Doyle	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-22 Construction-related Consultancy Services Framework	To approve the establishment of a framework agreement through which to commission construction-related consultancy services. To delegate authority to the Executive Director of Place, in consultation with the Portfolio Holder, to award contracts to providers meeting the requirements of the framework, and to abort the procurement should it no longer be required.	Cabinet	7 Nov 2017		Debra Wrench	N/A
CE 17/18-24 Local Flood Risk Management Strategy 2017	To approve the adoption and publication of a Flood Risk Management Strategy.	Cabinet	7 Nov 2017		Paul Traynor	N/A
CE 17/18-16 CERF Alternative Pension Scheme	To approve the appointment of an alternative pension scheme provider for the CERF group of companies; and to approve the closure of the LGPS to all new starters in the CERF group of companies from 1 st December 2017.	Cabinet	5 Dec 2017		Peter Bates, Chief Operating Officer	Fully exempt - paras 3, 4 & 5

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-18 Substance Misuse Service - Recommissioning	<p>The Cheshire East Substance Misuse (SMS) contract is due to expire on the 31st October 2018. The proposal to Cabinet is for:</p> <ul style="list-style-type: none"> • service transformation of the SMS through a programme of consultation, engagement and co-production with stakeholders; • to re-commission an integrated early intervention and prevention, treatment and recovery SMS (Drugs and Alcohol) for young people and adults; • to go to the market with an open tender procurement process. <p>The authority to enter into a contract with the supplier(s) will be delegated to the Executive Director of People in consultation with the Portfolio Holder for Health.</p>	Cabinet	5 Dec 2017		Shelley Brough	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-19 Respite Review	To seek approval to review, engage and co-produce a new more effective offer of respite to be re-commissioned. To enable authorised officers to take all necessary actions to implement the proposal following the prescribed procurement process. The authority to enter into a contract with the supplier(s) will be delegated to the Executive Director for People in consultation with the Portfolio Holder for Health.	Cabinet	5 Dec 2017		Joanne Sutton	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-20 Commissioning of Care at Home	To seek approval to review, engage and co-produce a new more effective offer of care at home (domiciliary care) to be recommissioned. To authorise officers to take all necessary actions to implement the proposal, following the prescribed procurement process. The authority to enter into a contract with the supplier(s) will be delegated to the Executive Director People in consultation with the Portfolio Holder.	Cabinet	5 Dec 2017		Joanne Sutton	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-21 Commissioning of Accommodation with Care	To seek approval to review, engage and co-produce a new more effective offer of accommodation with care (residential and nursing care homes) to be recommissioned. To authorise officers to take all necessary actions to implement the proposal following the prescribed procurement process. Authority to enter into a contract with the supplier(s) will be delegated to the Executive Director People in consultation with the Portfolio Holder.	Cabinet	5 Dec 2017		Joanne Sutton	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-23 Building an Investment Portfolio	<ol style="list-style-type: none"> 1. To authorise the Executive Director of Place to commission consultants to search for investment opportunities that fit within the criteria set out in the report. 2. To delegate to the Executive Director of Place in consultation with the Portfolio Holder for Housing, Planning and Regeneration and the Portfolio Holder for Finance and Communications and in consultation with the Director of Legal Services and the Director of Finance and Procurement: <ol style="list-style-type: none"> a. the decision to acquire; and b. the decision to establish management arrangements for the newly-acquired asset. 	Cabinet	5 Dec 2017		Andy Kehoe	Part exempt - paras 3 & 5

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-25 North West Crewe Package - Funding and Delivery Strategy	To recommend that Cabinet approve the scheme estimate, approve a funding strategy, authorise a capital budget provision and authorise forward funding to enable the delivery of the North West Crewe Package.	Cabinet	5 Dec 2017		Chris Hindle	N/A
CE 17/18-14 Congleton Leisure Centre	To recommend to Cabinet the appointment of the preferred bidder for the redevelopment of Congleton Leisure Centre; to submit the awarded design to planning; and subject to this, to commence construction and the redevelopment of the facility.	Cabinet	16 Jan 2018		Mark Wheelton	Exempt - para 3

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-26 Sydney Road Replacement Bridge - Scheme Implementation	To update Cabinet on progress with the scheme and seek authority to: enter into an implementation agreement with Network Rail for the construction of the scheme; accept 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 and any easement agreements with Network Rail as necessary; authorise officers to enter into discussions with land owners, utility companies, Network Rail and third parties in relation to acquiring the necessary land and acquiring granting rights to deliver the scheme; implement the required temporary road closure for the scheme; and confirm the funding strategy.	Cabinet	16 Jan 2018		Chris Hindle	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-27 North West Crewe Package - Procurement Strategy	To authorise the Executive Director Place, in consultation with the Portfolio Holder for Environment, to approve the preferred procurement strategy for North West Crewe and to authorise the officers to take the necessary actions to commence the procurement process.	Cabinet	16 Jan 2018		Chris Hindle	N/A
CE 16/17-47 Medium Term Financial Strategy 2018-21	To approve the Medium Term Financial Strategy for 2018-21, incorporating the Council's priorities, budget, policy proposals and capital programme.	Council	22 Feb 2018		Alex Thompson	N/A
CE 17/18-5 Cheshire East Council Housing Strategy 2018-2023	To consider and adopt the Cheshire East Council Housing Strategy.	Cabinet	13 Mar 2018		Karen Carsberg	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 17/18-15 Implementation of the Homelessness Strategy 2018-2021	To approve and adopt the Homelessness Strategy, commit to the resources detailed within the Strategy for the lifetime of the Strategy, and authorise officers to deliver the actions contained within the Strategy.	Cabinet	13 Mar 2018		Lynn Glendenning	N/A