Medium Term Financial Strategy

2015/18

Executive Summary

February 2015

This report has been updated in line with the recommendations from Cabinet on 11th February 2015 and Council on 26th February 2015 which were agreed and recorded in the Council minutes.

This document is available to download on the Cheshire East Council website, it will form part of the 11th February 2015 Cabinet Agenda and the final version will be distributed to all Members as part of the 26th February 2015 Council Agenda.

You can give feedback on the proposals in this report by speaking to your local Councillor – visit Find Your Local Councillor on the Cheshire East Council website for contact details.

Comments on this document are welcome until 19th February 2015.

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 26th February 2015 where the Budget is considered by all Members.

Executive Summary – Delivering Our Three Year Plan

Best in the Northwest

The Council focuses on five local outcomes which put residents first and has led to the area being recognised, once again, as having the best quality of life in the Northwest of England. There is a wealth of evidence to support this claim, such as unemployment being at its lowest level for 10 years and the fact that 93.6% of local schools in Cheshire East are good or outstanding.

Cheshire East is the third largest council in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Annual spending is more than £750m, with a balanced net budget for 2014/15 of £272.4m.

The complexity of customer demands whether related to social care, employment opportunities or environmental services means it is vital to effectively manage performance and control expenditure. Everyone knows that the public sector is under increasing financial pressure and innovation and creativity are essential to maintaining good quality services from a lower cost base.

Financial stability

This Council is proud of its financial achievements to date, but recognises it needs to go further.

In 2015/16 the headlines of the financial strategy are to:

- Freeze Council Tax for a fifth consecutive year.
- Not take on any additional external borrowing.
- Reducing reliance on resources from Central Government.
- Reducing net expenditure overall, but
    - Investing extra into Adult Social Care.
    - Cutting bureaucracy, waste and minimising non essential spending throughout the Council.
- Increasing investment on capital projects, such as roads maintenance, infrastructure and regeneration – to boost economic prosperity for all.
- Continue to support innovation through developing new Alternative Service Delivery Vehicles (ASDVs) and building on the achievements of those already set up.

This will be achieved by carefully managing change, focusing on what matters - our residents and making every £ work harder.

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

Table 1	2014/15	2015/16	Change
Net Revenue Budget	£272.4m	£264.9m	(£7.5m)
Capital Budget	£134.0m	£146.3m	£12.3m

Net Revenue Budget 2015/16

- Income is estimated to vary from 2014/15 as follows:
    - Growth in Council Tax Base (+£1.5m)
    - Additional New Homes Bonuses (+£1.3m)
    - Council Tax freeze grant (+£1.8m)
    - Revenue Support Grant (incl. 14/15 Freeze Grant) (-£9.5m)
    - Business Rates Retention (+£0.7)
    - Other specific grants (-£3.3m)

- Expenditure is estimated to vary from 2014/15 as follows:
    - Adult Social Care (+£1.0m)
    - Capital Financing (+£1.5m)
    - Removal of One Year Budgets (-£2.9m)
    - Other Budgets (-7.1m)

Note: Gross service expenditure and income will change from £609.7m to £579.9m over the medium term (see MTFS Report page 98).

Capital Budget 2015/16 to 2017/18

The three year capital plan includes expenditure plans of almost £0.5bn. Almost 60% of the funding for this ambitious programme will come from government grants or contributions from other external partners. In addition, almost 25% will come from the Council's own work to maximise the value of its assets to support development in the local area.

- The main forecasted income sources are:
    - Government Grants (£210m / 46%)
    - Other external contributions (£68m / 15%)
    - Receipts from Council Assets (£110m / 24%)
- Expenditure is estimated in the following areas:
    - Highways (£240m)
    - Economic Growth & Visitor Economy (£60m)
    - Education Support (£61m)
    - Other schemes, such as health & wellbeing, environmental, estate management and IT (£95m)

The potential impact of the schemes in the capital programme is to generate a net reduction in revenue costs in the region of £5m per year by the end of 2017/18.

Reserves

General Reserves are focused on the Council's potential exposure to risk. In addition, where a particular area has been identified as specific risk or investment opportunity, then an amount will be earmarked for that specific purpose.

Reserves are not being utilised to support annual spending in the net revenue budget for 2015/16. This shows that, despite reductions in funding, the Council is again managing to provide local services within its means. For example in 2014/15 Earmarked Reserves were used to smooth out volatility in the new business rates system, which has protected Council Tax payers against a potentially large bill in 2015/16.

Table 2: Good financial management reduces the overall need for reserves

	Closing Balance		
Table 2	**2014/15**	**2015/16**	**Change**
General Reserves	£14.2m	£12.5m	(£1.7m)
Earmarked Reserves	£24.3m	£13.4m	(£11.1m)
Total Revenue Reserves	**£38.7m**	**£25.9m**	**(£12.8m)**

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

Achieving Outcomes for Residents

Outcome 1

- Our local communities are strong and supportive
  - Nearly a million people visit our libraries each year, and satisfaction levels are at 95%. We will continue to develop community hubs, local area working agreements and support for volunteers. Benefits will be realised from the investment of £2.5m in targeted financial support to the community during last year. Access to the Council will be enhanced by investing £4.9m in providing better digital services to simplify and enhance the customer experience.
  - Overall, this will see savings of £0.9m. This will enhance our already great customer offer in 2015/16.
  - Realising our ambition to be an enforcing Council.
  - Supporting rural communities through our commitment to rural community hubs and rural proofing our decisions.

Outcome 2

- Cheshire East has a strong and resilient economy
  - The Council has been working to bring in over £1.5bn worth of investment including a major highways programme, the exciting developments at Alderley Park Bioscience Hub and Bentley Automotive's planned expansion. These are of national significance to both the local and UK economy.
  - In 2014 Sir David Higgins published two papers both supporting the addition of a North West Hub Station at Crewe to the original HS2 Phase Two plans, capitalising on Crewe's 360° connectivity which will spread the benefits of HS2 across the North West, North Wales, Stoke and Staffordshire. Sir David's work was supported by the Prime Minister and Chancellor.
  - The High Speed Broadband coverage project is on track to reach 96% by spring 2015, and has agreed a project extension to reach 98% by summer 2017.
  - The Council continues to work with local employers to maintain local growth. Jobseeker numbers are at their lowest for 10 years at just 1%.
  - The Council will look to maximise the amount of business rates retained locally as a result of economic growth by pooling business rates with the Greater Manchester authorities in 2015/16.

Outcome 3

- People have the life skills and education they need to thrive
  - 93.6% of Cheshire East schools are Good or Outstanding and when young people leave school the Council is striving to reduce the numbers of eligible "Not in Education, Employment or Training" (NEETS) to nil.
  - The continuing development of the most effective local care offer for young people is also providing significant cost savings. Better for young people and cheaper for the Council tax payer. The budget in this area will reduce by £3.2m in 2015/16.
  - The Council supports the excellent work of teachers and headteachers and will continue to pass on 93% of Dedicated Schools Grant (DSG) directly to schools. This is one of the highest levels nationally.

Outcome 4

- Cheshire East is a green and sustainable place
  - Funding will be pursued to convert to LED streetlights to reduce carbon emissions, increase safety and reduce costs.

- Up to £0.5m will be saved from efficiency within waste services and targets for reducing landfill and increasing recycling will increase.
- New facilities for Environmental Services will be developed during 2015, with up to £15m of capital investment.

Outcome 5

- People live well and for longer
  - The award winning foster care service will continue to benefit local children and achieve around £1m of budget savings.
  - Adult Social Care will benefit from an additional investment of over £1m per year. This reflects the increasing demand for local care, but also utilises savings from moves to in-borough provision of residential care.
  - Our contract with the Leisure Trust (ESAR) is progressing well and more people are being encouraged to get active.

The Council has also recently introduced a sixth underpinning internal outcome to ensure we continue to improve and be a responsible, effective and efficient organisation. Savings of over £5m have already been achieved by reducing management costs, and further cost reductions of £2m will be delivered by enhancing returns from investments, streamlining processes and rationalising assets in order to focus as much investment as possible towards front line services. Growth in the tax base also contributes to reducing the level of savings required in 2015/16 by £1.5m.

A listening Council

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

Enhanced Stakeholder Engagement

- Significant improvement to the timescale that supported development and sharing of draft Budget ideas.
- Greater elected Member involvement through scrutiny and planning and licensing processes.
- Extended stakeholder engagement via open meetings and consultation.
- Development of effective internal challenge processes.
- Continued improvement of financial and performance reporting.
- Listening to residents in important considerations such as care options.

The Council will be holding elections in May 2015; this coincides with the revision of the Council's medium term plan, as the current Three Year Plan ends in March 2016. This will allow the opportunity to review the current stated outcomes and consider again how best to meet the needs of local people in the medium term from within the available level of resources.

Changing the way we work

Cheshire East has established itself as a commissioning council. This means we provide the service options that best fit the needs of our residents, regardless of historical approaches to service delivery. Since 2009 over £50m of savings have been achieved through adopting efficient and effective ways of working. The number of staff employed directly by the Council has also been reduced by 40%. Front line staff have been protected though, and since 2012 the number of senior managers has been reduced by a third.

Putting residents first supports innovative thinking and a flexible approach. The Council does not believe in privatisation; if the Council is the best provider in the local area then efficient and effective in-house

services will be used. In some cases the Council has set up its own companies to improve value for local residents.

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

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

Privately owned contractors:

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

Delivery vehicles wholly owned by the Council:

- Ansa (Waste Services)
- Orbitas (Bereavement services)
- Tatton Park Enterprises
- Transport Service Solutions Ltd
- Building Control and Planning Support (planned for 2015)

Charitable organisations:

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

In-House Council Services:

- Care4CE
- Four4adoption
- Cheshire East libraries
- Local Authority maintained schools
- Assessment and case management services for children & adults

The effective management of service providers allowed the Council to set a balanced budget in 2014/15 and established a strong base for 2015/16. Vital services have been protected and opportunities for further efficiencies and commercialism have been created.

We have a strong and established management team in place to take this Council into 2015 and beyond.

Mike Suarez – Chief Executive

Lorraine Butcher – Executive Director of Strategic Commissioning

Peter Bates – Chief Operating Officer

Caroline Simpson - Executive Director of Economic Growth and Prosperity

Other, senior leaders and statutory posts include Heather Grimbaldeston (Director of Public Health), Brenda Smith (Director of Adult Social Care and Independent Living), Tony Crane (Director of Children's Services), Anita Bradley (Head of Legal Services and Monitoring Officer), Steph Cordon (Head of Communities) and Judith Tench (Head of Corporate Resources & Stewardship).

The Council has been given a clean bill of health by the external auditors, Grant Thornton, and the financial statements and value for money opinions are unqualified. This provides confidence that the leadership team of the Council understand the costs associated with local needs and is managing such issues properly.

The Medium Term Financial Strategy (Full Report)

Cllr Peter Raynes, Finance Portfolio Holder, has developed the medium term strategy, with the professional support of Peter Bates (Chief Operating Officer) and his team.

This comprehensive report provides further information on the issues facing the Council in the medium term and shows how these are being addressed to present a balanced financial position for the 2015/16

financial year. The report also includes medium term estimates showing that the Council faces further financial challenges from 2016.

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

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

Cllr Michael Jones

Leader of Cheshire East Council
February 2015

Annex 1

Total budget and total funding for Cheshire East Council (excluding ring-fenced grants)

	2015/16	2016/17	2017/18
	£m	£m	£m
Children and Families	42.9	43.2	43.9
Adult Social Care and Independent Living	95.4	96.3	99.5
Public Health and Leisure	2.3	2.5	2.5
Environmental	27.5	27.5	26.6
Highways	11.0	11.0	11.2
Communities	9.2	9.2	9.4
Economic Growth and Prosperity	22.2	22.4	22.7
Chief Operating Officer	39.3	39.4	40.6
Corporate Contributions and Adjustments	0.9	0.9	0.9
Sub Total: Service Budgets	**250.7**	**252.4**	**257.3**
Capital Financing	14.0	14.0	14.0
Early Retirement Costs	0.0	0.0	0.0
Contribution to Earmarked Reserve	0.2	0.0	0.0
Additional Reductions to closing Funding Deficit Yr 2/3			*-13.0*
TOTAL NET REVENUE BUDGET	**264.9**	**266.4**	**258.3**
Funded by:			
Business Rate Retention Scheme	-77.7	-68.0	-62.1
Specific Grants	-18.4	-14.7	-14.9
Council Tax	-168.8	-170.7	-171.1
TOTAL FUNDING	**-264.9**	**-253.4**	**-248.1**
Potential Funding Deficit	**0.0**	**13.0**	**10.2**

Source: Cheshire East Finance

Medium Term Financial Strategy

2015/18

February 2015

Foreword from the Finance Portfolio Holder

This is the seventh annual Medium Term Financial Strategy developed by Cheshire East Council. The financial challenges considered by the elected Members of the Authority in making their decisions have never been greater. Economic growth is now recovering, but public sector expenditure will continue to be under pressure. The National Budget Deficit as a percentage of GDP has been halved in the last five years. It remains at 5.5% and the total national debt is predicted to reach 81.1% of GDP in 2015. Local government is being expected to play a significant part with savings of £1.7bn being expected for 2015/16 (HM Treasury Budget 2014).

This financial strategy shows how Cheshire East Council is continuing to meet this challenge while maintaining services for residents. The plan we present here is based on strong foundations. Performance against spending targets has never been better and quality of service has not been compromised with all facilities remaining open where they are needed. Our financial management has allowed us to achieve all this while paying back £12m of debt, reducing the interest burden on the Council in the future.

The strategy is to reduce net revenue expenditure by £7.5m (2.8%) in 2015/16. The focus is very much on putting residents first and supporting the local economy. Council Tax is being frozen for a fifth year in a row saving the average household £210 a year and no supplementary charges are being imposed on businesses by this Council.

Unemployment claimant figures are significantly below national levels, as low as 0.8% in some areas of the borough. Not in Education, Employment or Training (NEET) figures are also low in Cheshire East at just 3.4%, but the Council aims to reduce this to zero to help people get the best start in life.

The programme of capital spending proposed by the Council is extremely ambitious, with spending plans of almost £0.5bn over the medium term, however, in support of the need to reduce public sector debt, the Council aims to reduce external loans and there are no proposals for additional external borrowing in 2015/16. The Council will work hard to create the right conditions to get the private sector to invest and also to maximise grants, surplus asset sales and external contributions to enhance local economic growth.

Financially the Council is in a strong position. And operationally the 'best fit' approach to providing local services is working well through the commissioning model that the Council has developed. The Council is now buying services from a range of suppliers through well developed contracts that put residents first.

As part of the medium term plans the Council will be looking at further developing joint community facilities providing a number of Council Services in a local and more suitable setting.

I am confident we are preparing a robust budget again and will spend within it.

As in previous year's plans we show a deficit in years two and three. I remain confident that savings proposals and our capital investment programme will enable those gaps to be closed.

Peter Raynes

Cllr Peter Raynes, Portfolio Holder Finance
February 2015

Comment from the Chief Operating Officer (Section 151 Officer)

Local government continues to go through a period of unprecedented change and financial challenge. This Medium Term Financial Strategy Report provides further evidence of how Cheshire East Council is addressing these risks and creating sustainable and affordable services based on local needs.

I have reviewed the strategy and can confirm that the estimates for income and expenditure, in relation to revenue and capital, are based on robust evidence. The Council's reserves strategy remains strong and focuses on the fluctuating levels of risk.

I have restructured elements of my team to build on the need for strong governance and effective stewardship of public funds. This approach has helped me to analyse risk and to determine that the reserve levels proposed in the strategy are adequate.

The financial planning arrangements and achievements for 2013/14 and 2014/15 provided a strong foundation for the future. The Council has enhanced this good practice during the development of the Budget for 2015/16, sharing ideas much earlier than in previous years.

This has encouraged feedback and engagement with all stakeholders and provided assurance that the Council is listening. Changes to the budget proposals have been made based on feedback we have received from local people and cross party suggestions. This also demonstrates increasing confidence and control over the operation of the business and shows the strength of the financial position.

Maintaining strong governance and stewardship is vital to control costs and improve or maintain services for local residents. It is clear that the level of resources available to local government and Cheshire East Council will continue to reduce for the foreseeable future.

We delivered our intention to achieve a clean bill of health from our external auditors for both the Statement of Accounts for 2013/14 and a positive unqualified Value for Money opinion. We are determined to build on this success and to continue to improve our arrangements for the future.

The landscape of public service delivery is changing with greater integration and collaboration essential to meet the needs and expectations of local residents. We are determined to meet this challenge head on and this budget is a strong and robust commitment to putting residents first and making the best use of the resources that we have available.

The current financial and operational performance of the Organisation during these difficult times is impressive and the direction of travel is positive but many more challenges and difficult choices lie ahead.

PJ Bates

Peter Bates CPFA CIPD MBA

Chief Operating Officer
(Section 151 Officer)

February 2015

Table 1 - Three Year Summary Position

	2014/15	2015/16	2016/17	2017/18	Three Year Change	Three Year Change
	£m	£m	£m	£m	£m	%
Children and Families	46.1	42.9	43.2	43.9		
Adult Social Care and Independent Living	94.4	95.4	96.3	99.5		
Public Health and Leisure	2.2	2.3	2.5	2.5		
Environmental	28.3	27.5	27.5	26.6		
Highways	10.7	11.0	11.0	11.2		
Communities	10.1	9.2	9.2	9.4		
Economic Growth and Prosperity	24.7	22.2	22.4	22.7		
Chief Operating Officer	41.3	39.3	39.4	40.6		
Corporate Contributions and Adjustments	1.0	0.9	0.9	0.9		
Sub Total: Service Budgets	**258.8**	**250.7**	**252.4**	**257.3**		
Capital Financing	12.5	14.0	14.0	14.0		
Early Retirement Costs	1.1	0.0	0.0	0.0		
Contribution to Earmarked Reserve	0.0	0.2	0.0	0.0		
Additional Reductions to closing Funding Deficit Yr 2/3				*-13.0*		
TOTAL NET REVENUE BUDGET	**272.4**	**264.9**	**266.4**	**258.3**	**-14.1**	**-5.2%**
Funded by:						
Business Rate Retention Scheme	-86.5	-77.7	-68.0	-62.1	24.4	-28.2%
Specific Grants [Note 1]	-18.6	-18.4	-14.7	-14.9	3.7	-19.9%
Council Tax	-167.3	-168.8	-170.7	-171.1	-3.8	2.3%
TOTAL FUNDING	**-272.4**	**-264.9**	**-253.4**	**-248.1**	**24.3**	**-8.9%**
Potential Funding Deficit	**0.0**	**0.0**	**13.0**	**10.2**		

Source: Cheshire East Finance

Note 1 - Specific grants budget for 2014/15 do not reflect the final allocation of Education Services Grant which results in a reduction of £0.4m.

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1. Delivering the Council's Outcomes

Cheshire East in Profile

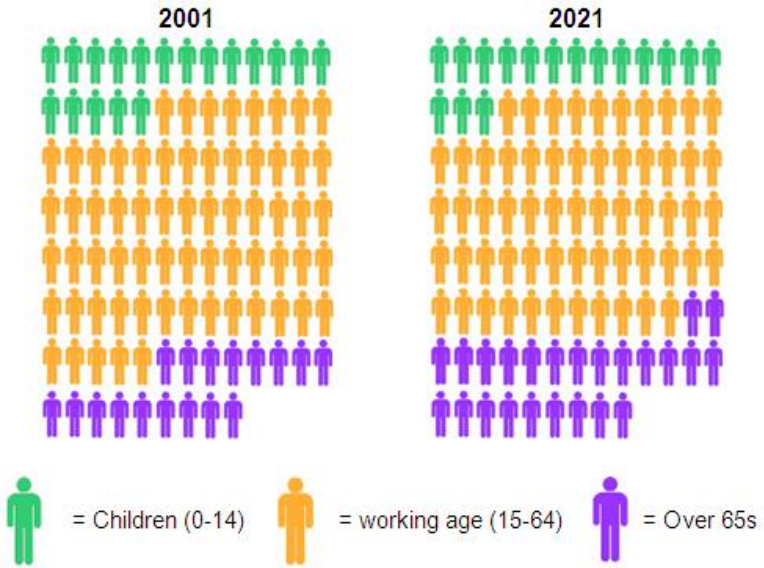
1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km^2 for over 370,000 residents.

2. With an estimated population of 372,700[1] Cheshire East is the third biggest unitary authority in the North West and the thirteenth largest in the country. The population density is 3.2 residents per hectare[2], making Cheshire East less densely populated than the North West (5.0 per hectare) and England (4.1 per hectare).

3. From 2011 to 2021 the population is expected to increase by 15,700 people (4.2%) to 385,800, a greater increase than the North West (3.7%) but less than England (7.5%)[3]. The number of children (aged 0-14) is estimated to increase by 4%, with a slight decrease (-2%) in those of working age (15-64).

4. The number of residents over the age of 65 is expected to increase substantially by 19%, however this increase is similar to England (20% increase). Caution should be exercised when using any predictions about the future population, as they assume trends in recent years will continue into future years.

Proportion of residents by broad age groups – change over 20 years[3,4]



5. The Council provides a range of statutory, mandatory and discretionary services to meet the needs of its residents. Recent research suggests that overall satisfaction with the Council is improving but we recognise that there are areas where we could do better.

Meeting the Council's Priorities – Putting Residents First

6. The budget to deliver services in the period April 2015 to March 2016 will be over £750m, which is raised from a combination of local taxes, national taxes (received in the form of government grants) and payments direct from service users and other organisations.

7. Continuing to improve services and provide better outcomes for local people within reducing funding levels requires constant challenge to the way services are provided. In order to plan good quality services that continue to meet people's needs the Council reviews its priorities, consults with residents and regularly analyses data. This section provides details on the Council's service delivery arrangements and describes the way the Council is making changes to existing budgets that improve value for money, minimise waste and maximise benefits to residents.

Achieving Outcomes

8. The following pages set out the key local issues, service levels and the changes being made for 2015/16.

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.

9. The Outcome is focussed on the role that the Council will play in leading communities, shaping local areas and bringing public services together. Strong communities have a sense of independence, and the ability to influence what services we commission in the future. This outcome brings together a diverse range of services that impact on individual localities such as customer services, communities and partnerships, libraries, revenue and benefits, community safety, and enforcement.

10. The Council has significant ambitions in 2015/16:

    - We will match our ambition to be an Enforcing Council without increasing resources.
    - Keep bucking the national trend of declining library usage.
    - Develop our community hubs.
    - Realise commercial opportunities within short timescales to maximise value.
    - Keep our staff motivated, valued and focussed on a Residents First approach.
    - Continue to support our residents through welfare reform.

11. As a Residents First Council, it's about what you want from us and your expectations of us as a Council. We want to provide a responsive and customer friendly approach that means you have the same good customer experience using us as if you dealt with John Lewis or Amazon. We are proud to be realising our ambition to be an enforcing Council which is tough on those that are selfish and cause danger to others.

12. We receive 500,000 telephone calls a year and deal with 45,000 face to face enquiries in our Customer Service Centres and our website receives more than 4,000,000 visits in a year. We have virtually doubled our customer satisfaction rates since 2011. Our level of complaints has dropped significantly as well. We continue to challenge how we as a Council can best deal with your requests for services, complaints, the way we ask you to pay your Council Tax Bills and Business Rates and how you can claim benefits from us. One approach to this challenge is to further digitalise and improve our services so that customers who want to contact us digitally can do so and have a positive experience. Promoting services that are digital by design, will increase access to users and achieve greater efficiency in the future. This will be developed as part of a capital investment programme of over £4.9m.

13. 167,500 Council Tax bills are issued during annual billing. This year we have already collected 98.81% of Council Tax and this puts in the top quartile of unitary councils for collection rates. Our new operating model for Customer Services, Revenues and Benefits will give us savings of £113,000 in 2015/16 which will enhance our collection rate and increase the number of people paying online. Capital investment in better customer access of £279,000 will enable organisations such as Citizens Advice Bureau and the Credit Union to use our libraries for the benefit of our residents.

14. Following continued economic growth in the area, with new jobs being created, there has been a decrease of over 1,000 benefit cases from last year. As a Council we believe that people who can work should work, but for those who are genuinely unable to do so we will support them. This is despite increased pensioner numbers, whose claims are protected. We currently have 25,525 live benefit cases which are predominantly rent allowances. Over 600 residents and their families have been given funding from our Central Government funded emergency assistance scheme. The Government funding ends in 2014/15, but through careful financial management we will be able to carry on a targeted scheme to help our most vulnerable residents.

15. The Central Government subsidy funding for Housing and Council Tax Benefit is reducing by £211,000 and the base budget is being reduced in line with this in 2015/16. Further reductions are expected in later years of £550,000 and will reflect potential changes from the introduction of the Universal Credit.

16. Nearly 1,000,000 visitors pass through the doors of Cheshire East libraries each year. We have undertaken a comprehensive review to find out what people want and need and balanced the expectations of our traditional library users who want to borrow books with those of our residents who visit our libraries to get help in finding a job, accessing benefits and taking part in community activities. Our libraries give people what they want and our book issues is the highest in the North West and the 2nd highest (per 1,000 population) of all authorities nationally with only Westminster City Council ranking higher. A further £264,000 of capital funding will be spent on libraries and revenue savings of £100,000 will be achieved through a number of ongoing initiatives such as surplus stock sales, digitisation and introducing e-books. We firmly believe that libraries are for residents and we haven't closed any.

17. As a Council with a strong focus on putting residents and businesses first, we have stepped up our enforcement actions to prosecute people and businesses where they cause harm to others. At the same time we have been reviewing the work of our key enforcement services to ensure that they are focussed on the right issues. This has meant that there are elements within the services that can be delivered differently on a more commercial footing and also a pulling back on more national projects that don't necessarily benefit us locally, this will achieve savings of £110,000 in 2015/16. We want to focus on our most vulnerable residents at risk of being targeted by scams and rogue traders.

18. We know the effects of drinking too much alcohol is a blight on our community and our Licensing Committee is looking at what we can do about this, particularly at night time. We expect them to come up with some strong ideas to tackle this and we plan to employ some more people to make this happen.

19. The number of Penalty Charge Notices issued is over 22,100 per annum. We plan to target those with irresponsible dogs and those that litter our communities. We plan to step up the number of Fixed Penalty Notices we give out and target hot spots. We are shifting the emphasis from off street car parks to on street and targeting those that park in disabled car parking spaces with no right to do so. We also want to increase enforcement in areas where lines and signs have worn away and have a priority programme of works of £150,000 to do that.

20. We have agreed to do a cost neutral car parking strategy in 2015 which will set out a comprehensive approach to what we should be doing around our car parks to support economic viability and increase traffic flow. As a Council we don't believe that services should be paid for from car park income. In 2015/16, we have

included a reduction in income to the budget, of £750,000, to reflect actual levels of car parking income. We will use £34,000 to make further improvements to our car parks.

21. We applaud our Town and Parish Councils who have funded and directed where CCTV cameras will go. Crime has gone down as a result and we will invest a further £100,000 in our CCTV network, as we continue to target those that cause anti-social behaviour and intimidate our communities.

22. Having strong and supported communities is not possible without the essential contribution of £400,000 from the public health budget. We will invest this into our library service, with a key focus on improving mental health and wellbeing, and into our regulatory and health services to show that we are protecting the health of the public.

23. Public Health investment is critical to support our most vulnerable residents, especially the elderly.

24. We are committed to strengthening our approach to supporting rural communities. As a Council, we have done some great things through our commitment to Resident First Plans and our ambition is to give key workers the opportunity to access affordable housing. These things will continue, as will our essential work around partnerships at a local level and the commitment to rural community hubs. We will continue to rural proof our decisions and not forget the challenges and opportunities faced by our residents in these areas.

25. The community grants scheme will also continue to support our voluntary, community and faith sector to grow and strengthen our communities. We have contributed to £3.5m worth of spend in the community already in 2014/15. We actively listen to our communities and reflect their views in what we deliver, we are not afraid to take considered risks and try new ways of working. We'll use the local area working arrangements to provide services that are flexible and responsive to local people's needs.

26. We have put aside investment of £100,000 in 2015/16 towards a community hub linked to one of our vibrant churches to enable the people on the Upton Priory estate to access outreach Children's Centre activities. We also have £975,000 in the capital programme for Hurdsfield Family Centre in 2016/17. The plan is to make this much more of a community hub and consultation has started with the community on what this might look like. We will also target support to our communities to help increase their volunteering base and increase the number of community partnerships.

27. Up until November 2014, we have had 85 unauthorised gypsy and traveller encampments. We have a really pro-active service that immediately responds to these and helps work with the community and looks after the welfare needs of the gypsies and travellers. This doesn't solve the problems and so we are developing plans for transit accommodation for gypsy and travellers to reduce the impact of encampments on local residents and businesses, whilst providing a safe temporary location for travellers. Capital investment of £3m including grant income, is included in the Budget to support our approach.

28. At its meeting of 29th January 2015, the Constitution Committee approved the order for the establishment of a new Macclesfield Parish Council, with effect from 1st April 2015, with elections of Parish Councillors to be held on 7th May 2015. The order included a budget requirement for delivery of functions, to enable the setting of a precept for 2015/16, and a schedule of land and property to be transferred. Cheshire East Council's service budgets will be adjusted to reflect the transfer of functions to the parish council in accordance with the order.

Outcome 2 ~ Cheshire East has a strong and resilient economy

Cheshire East is the best place to live and do business in the North West – with one of the strongest economies in the country we continue to attract high quality inward investment, support a high quality workforce and develop new businesses that thrive in a dynamic environment.

29. Cheshire East Council has set out a clear vision and strategy for sustainable economic growth. This is centred on driving the Borough's economy and supporting businesses to invest and grow, taking advantage of the unique characteristics of the area. Our vision and strategy articulates the rationale and plans for increasing productivity and creating high quality new jobs, based on the strong competitive advantage and track record that the Borough has in terms of its skilled workforce, existing business base, entrepreneurial spirit, quality of life and infrastructure connectivity.

30. Cheshire East has all the right ingredients to see sustained improvements including a step change in economic productivity and the realisations of our high value growth gains.

31. Our growth ambitions in the longer-term focus on securing a Northwest Gateway HS2 Hub station in Crewe, to provide the catalyst for billions of pounds of investment, and tens of thousands of new jobs for Crewe and the wider sub-region.

32. Momentum is growing in developing a Science Corridor across North Cheshire linked with Greater Manchester capitalising on the nationally significant science assets of Alderley Park, Hurdsfield, Jodrell Bank and our wealth of smaller science and technology industries that are focusing on innovation and developing new products and services.

33. Balancing growth with sustaining the quality of our environment will continue to be central to our ambition.

34. We will put 'Sustainable' Planning at the heart of our approach, ensuring that growth and development is supported by continued investment in our town centres, focus on our heritage and cultural assets, and importantly focusing on ensuring quality of design.

35. Finally, we will continue to develop our transport and connectivity with major investment in new roads and broadband to make it easier to get around within the Borough as well as our connections to the rest of the UK.

Key Considerations

36. Cheshire East's economic output (Gross Value Added) per head is 16% above the UK average and 34% above the regional average.

37. An estimated 37% of the Northwest region's Research and Development jobs are based in Cheshire East.

38. Cheshire East contains 5.1% of the North West region's working-age residents[5], but accounts for an even greater share (5.6%) of the region's employees[6]. In terms of economic output, its contribution is much greater still, at 6.6%[7]. Furthermore, Cheshire East is host to around 18,100 businesses, second only to Manchester in the North West region (18,300)[8]. On a per head basis, Cheshire East has 79

businesses per 1,000 residents of working age, the highest ratio in the North West where the average is 53 per 1,000 residents of working age.

39. Around 40% of Cheshire East's workforce is qualified to degree level, significantly higher than the regional and UK averages. The number of adults with NVQs increased in 2013/14 to 58.4%.

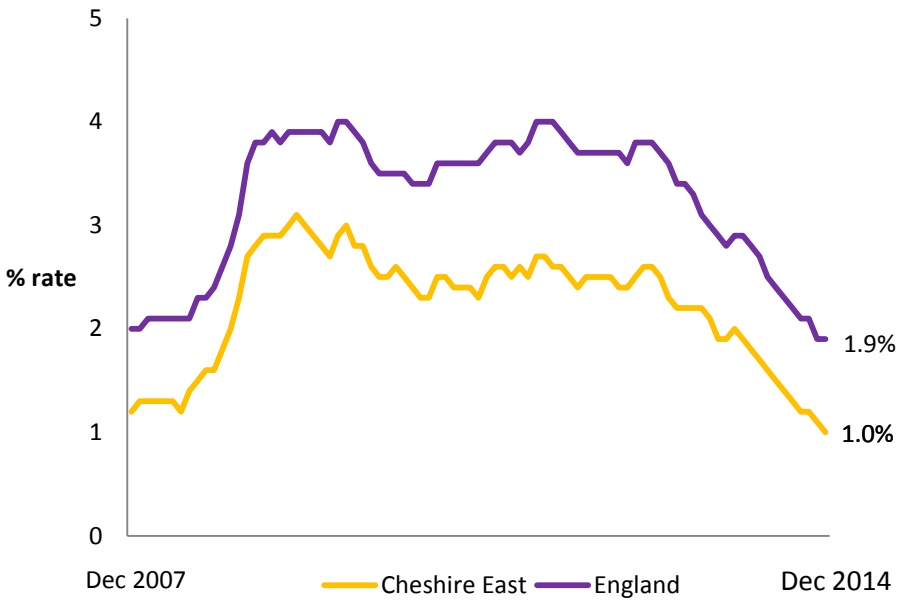
40. Average (median) household income levels are high (£33,000) compared to Great Britain (£28,500)[9]. However, there is a considerable range of average household income levels at ward level, from £18,800 in Crewe St Barnabas ward to £53,700 in Prestbury.

41. Across Cheshire East there are 16 of 231 statistical areas (Lower Super Output Areas) which are within the top 20% of most deprived areas in England, affecting 26,100 or 7.2% of Cheshire East's population[10]. Eleven of these areas are in Crewe, with two in Wilmslow / Handforth, two in Macclesfield and one in Congleton. Overall, relative deprivation levels were worse in 2010 than 2007, as only 14 areas were within the top 20% of most deprived areas.

42. Executive wealth is high in Cheshire East, according to data analyses that provides recognisable classifications based on demographics, affluence and spending habits[11]. Compared to a United Kingdom average of 12% the 'Executive Wealth' group in Cheshire East is 27%. There are also approximately five times more residents in the 'lavish lifestyles' groups within Cheshire East compared to the UK, although this group constitutes a small proportion of all Cheshire East's residents (6%).

Claimant numbers in Cheshire East are consistently below England averages, and have fallen considerably since 2011

(Chart shows Job Seekers Allowance claimants (unemployed) for residents aged 16-64)[12]



Medium and Longer Term Budget Proposals

43. Cheshire East Council's ambition is to create high quality places which appeal to the different needs of existing and new businesses, households and occupational classes. There are a number of existing projects and initiatives underway to deliver new investment into the towns of Cheshire East, with a Capital allocation of (£22m) towards major economic growth plans for Crewe, we will focus on leisure, culture, retail and residential uses that will increase its vitality and viability and wider links through Mid Cheshire and along the M6 Corridor (High Growth City). This will be delivered in alignment with the 'All Change for Crewe Regeneration' programme.

44. To build on investment to date additional capital investment of £0.5m is planned for the regeneration of Macclesfield, to support the regeneration of the Market Place, continuation of our Shop Front Improvement Scheme and developing a Silk Quarter for Macclesfield.

45. Our growing energy programme (£16.7m) will focus on addressing fuel poverty in the Borough by ensuring lower cost sustainable energy to residents and businesses through a range of transformational projects.

46. A further £80,000 growth in revenue will support our Investment Service to build capacity, support more businesses and leverage more investment from private sources and from Government. Additional resources may be made available through ear-marked reserves as required to capture opportunities arising from HS2 and other initiatives.

47. Further capital investment of £1m will support our science assets as part of our Science Corridor across North Cheshire.

48. There will be a continued focus on the costs associated with our Planning Service, particularly costs of planning appeals. To recognise the risks associated with spending in this area funding is being earmarked to ensure that the Council can defend our planning position and puts residents first.

49. Further capital investment of £4.9m towards Tatton Park which last year again won the award of Large Visitor Attraction of the Year for England. Gate entry prices will remain fixed for six years on the run whilst Tatton gains more income and reduces the subsidy that the Council contributes. Tourism is worth £737m to the local economy with a potential to reach £1bn over the next five years. Tatton Park on its own is worth over £9m (SQW 2006) to the economy each year.

50. The Council will continue to sweat our own strategic land assets and continue our development programme which will deliver housing and jobs in sustainable locations and use our assets to drive economic growth.

51. We are creating conditions for sustainable growth via the implementation of a Superfast Broadband programme to increase the competitive edge of businesses and maximise the opportunities arising from superfast broadband connections. The vast majority of firms have internet access and their own website. However, access to Broadband in rural areas is still a challenge. The project aims to further invest in Broadband, as part of the full project cost of £6.7m, towards a second phase of the Connecting Cheshire rural Broadband project. It will connect 10,000 premises across Cheshire, Halton and Warrington with fibre connectivity by September 2017.

52. We aim to make savings on our Assets programme of £0.6m through a Rationalisation Project, income generation and farms estate review.

53. Investment in strategic and local infrastructure will continue with over £175m capital set aside for current and future investment for both delivering against existing infrastructure schemes but leveraging in more investment from Government and the private sector to deliver a large programme of new roads and highway improvements.

54. The following are an example of schemes we are investing in to improve strategic and local infrastructure:

- Congleton and Poynton Relief Roads (£107m).
- Congleton Public Realm (£1m) to increase the commercial investment by developers and occupiers by improving the infrastructure of the town, including the carriageway and footpaths.
- A34 Corridor Improvements (£16m) development of measures to reduce congestion on the A34 linked to the possible development of the Handforth East site and the local plan.
- Macclesfield Movement Strategy (£6.3m) to assess traffic management improvement at key junctions within Macclesfield.
- A51/500 Corridor – Nantwich (£4m) delivery of highway improvements, including Burford Cross roads and Alvaston roundabout - Some Section 106 contributions in place.
- King Street Enhancement Scheme (£2m) improved pedestrian facilities, reduced congestion. This scheme is key to improving the retail environment of Knutsford.
- Sydney Road Bridge (£9m) to undertake improvements to Sydney Road Railway Bridge.
- A6 Corridor Improvements (£2m) traffic management measures to help mitigate the traffic impact of the semmms road scheme.
- Crewe Transformation - Phase 3 (£16.5m).
- Crewe Replacement Bus Interchange Facility (£3m).

Outcome 3 ~ People have the life skills and education they need 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.

55. Every child matters in Cheshire East and the focus is on providing children with a good start in life in their early years, raising aspiration and achievement across primary and secondary education, and working closely with partners to protect vulnerable children including those placed in the care of the Council.

56. Achievements will be measured through improvements in areas such as increased numbers of recognised qualifications, reducing numbers of those "Not in Education, Employment or Training" (NEETs), improved safety of vulnerable children, the number of children adopted, and less children and young people getting involved in anti-social behaviour. The Council has set the ambition to have no more young people who are not in education, employment and training.

57. Cheshire East's 0-25 Strategy sets out the Council's ambitious plans to provide a comprehensive and holistic approach to ensuring that children and young people have a good start in life and have the skills and education they need to thrive. This includes delivering world class education, skills and the right economy, providing better life chances for young people, tackling inequality and creating a family friendly borough.

58. Cheshire East has some of the best levels of school attainment in the UK; the Borough's schools are the third best in England, according to a ranking based on performance in Ofsted inspections. This is an excellent platform for further improvement. A growing number of primary and secondary schools are taking a fresh approach to learning.

59. The emphasis in 2015/16 is on flexible approaches to learning through strong links with employers, further education providers and the local community. Progression from school into work, training or further or higher education is critical for young people and for our economy locally and nationally. We need to ensure young people are ready for work, apprenticeships and further education when leaving school and improving links between employers and schools in areas of higher unemployment. We equally need to be the very best corporate parent to children in our care or leaving our care.

60. Closing the gap between those with additional needs or on free school meals and those who are not will continue to be a priority and investment in early years will ensure that children, especially the most disadvantaged, develop and are ready to learn by the time they reach school age as the first step in addressing some of these inequalities. In 2015/16 Cheshire East will set out to improve co-ordination between early years providers, parents / carers, primary schools and social care and health services, promote excellence across all settings, narrowing the gap in progress of children from disadvantaged backgrounds, tackling underperformance in schools and early years settings and aligning education with career progression and economic growth.

Key Considerations

61. In 2013 there were 3,770 live births in Cheshire East. The 0–4 population totalled 20,100.

62. At the time of the School Census, October 2014, there were 50,745 pupils attending schools in Cheshire East, with 22,809 pupils in Primary schools and 22,195 pupils in Secondary education.

63. There are 20,624 pupils attending schools which have Academy status in Cheshire East, with 15,044 pupils attending Academy Secondary schools and 5,580 pupils attending Academy status primary schools.

64. Pupils are also becoming increasingly diverse. Using information from pupils attending Cheshire East schools, in 2007, 7.0% of pupils were from ethnic groups other than White British; by 2012 this proportion had increased to 8.4%[13]. In terms of other languages spoken, in 2007, 2.1% of pupils' first language spoken at home was not English; this had increased to 4.0% in 2012.

65. There are 151 Local Authority maintained schools in Cheshire East including primary, secondary and special schools as well as one nursery school. In addition, there are a growing number of schools now converted to academies some of which are part of multi academy trusts[14].

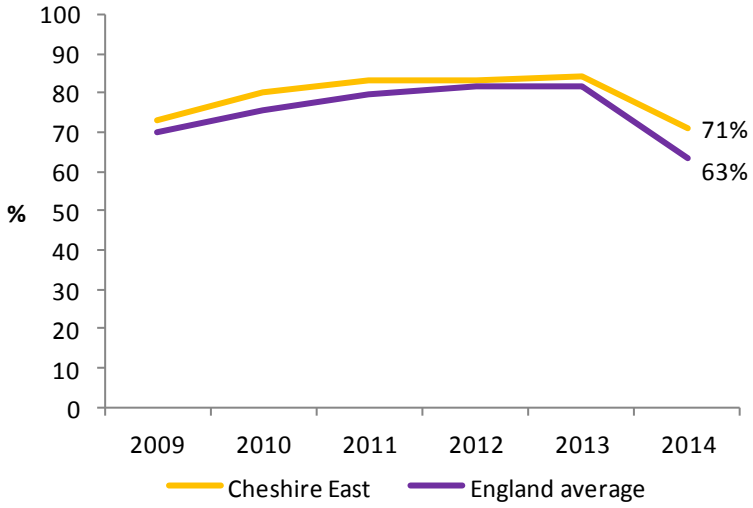
66. Currently 93.6% of primary and secondary schools in Cheshire East are rated good or outstanding by Ofsted[15]. This is the highest it has ever been and puts the Council in the top three in the country. Across the primary phase of education, key attainment and progress measures for Cheshire East place the Authority consistently within the top 10% of all authorities in the country.

67. At Secondary, the performance of our schools has significantly risen with 61% of learners achieving 5+A*-C including English and Maths[16]. This places Cheshire East 25th compared to all other authorities compared to 56th in the previous year. At both the primary and secondary phase, Cheshire East achieves very high rankings compared to our 10 statistical neighbour authorities. It is regularly ranked first which is an excellent achievement.

68. Achievement in the Early Years Foundation Stage continues to improve with 62% of learners achieving the required Good level of Development in 2013/14.

Cheshire East schools pass rates constantly exceed national averages

(GCSE candidates acheiving 5+ A* to C grades, 2009-14)[16]



Note: 2014 data is provisional

Challenges for 2015/16:

- Accelerating the achievement in the Early Years Foundation Stage especially in relation to narrowing of the gap in relation to those in the lowest 20% and the rest.
- Further improving the achievement in primary and secondary education.
- Closing the gaps of certain vulnerable groups to ensure their achievements are the highest they can be.
- To achieve 95% in relation to schools judged good or outstanding by Ofsted.
- Improving outcomes for identified Crewe Secondary schools as part of the 'All Change for Learners in Crewe' initiative.
- No young people who are not in education, employment or training.

Further Details of the Medium Term Budget Proposals

69. The Council continues to implement its Three Year Plan to make significant savings in the cost of children's care placements. The recent review of adoption and fostering is already creating more Council foster carers and adopters which realises significant savings, as does the continuing reduction in the need for expensive out of borough placements. The response to the issue of child safeguarding will see an increase of resources of £300,000.

70. The Council is re-configuring its back office support functions and looking at how clients interact with its services both now and in the future. As a result savings of -£0.4m will be made in 2015/16.

71. The Council has some on-going savings in the area of home to school transport and these will be delivered by the new TSS Ltd Company by using more agile procurement processes to ensure better value for money regarding the transport it purchases. Also better planning of journeys and a reduction in the number of young people placed out of borough will reduce costs.

72. In 2015/16 Dedicated Schools Grant of £243m will be received (with £82m of that being passed to Academies). This funding will be used to provide education etc across Cheshire East. Cheshire East is one of the highest Authorities in the country in relation to the amount of DSG funding delegated to schools at 93%, with the majority of the remainder being spent on special educational needs.

73. The Council must maintain schools to appropriate standards and the capital programme includes the following new expenditure items, most of which are fully grant funded:

    - Basic Need Programme £10.8m – to provide additional school places where needed in their area.
    - Capital Maintenance Programme £11.1m – to enable local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in their area.
    - Capital investment programme of £30m in schools funded by grant. These investment programmes are centred upon Crewe (£20m) and Knutsford (£10m) to integrate primary and secondary learning leading to improved outcomes for learners.
    - Plans for the creation of an all age (2-18) school in Knutsford will transform education provision, preparing young people to become successful lifelong learners who will be able to maximise their skills, knowledge and aptitude to meet the needs of the modern business world. Learners of all ages will belong to one learning campus and have access to the highest quality facilities, resources and expertise. Similarly,

‘All Change for Crewe’ provides a unique opportunity to shape education provision from pre-school through to further and higher education to benefit all young people, staff within the various institutions as well as the wider community, including the establishment of a University Technical College.

74. Young people, of 14 years and above, will be able to benefit from engineering led opportunities created by the new University Technical College being developed has now agreed within Cheshire East with its location being in Crewe.

Other budget changes

75. In 2014/15 the Council received a one year grant for SEN Reform. This paid for reform activity which has now been completed and the budget is being reduced in line with the loss of grant of -£0.4m.

76. In addition, the Council received a one-year grant in relation to Extended Rights to Travel. This money has been used to support children from low-income families to be able to attend schools further from home than the statutory walking distances and is now falling out of the budget -£0.2m.

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.

77. This Outcome incorporates a wide range of front line operational services that are delivered by the Council and used by all residents who live in and travel through Cheshire East.

78. The Council has established alternative service delivery vehicles to provide the main services that will achieve this outcome. Such services range from those that are essential to all residents such as waste collection, development, roads and bereavement services; to services that enhance the environment, such as the Countryside and Public Rights of Way network all of which are vital and valued by the communities within Cheshire East.

79. Achieving this outcome focuses on improving the local area for residents, putting local people's needs first and innovating to offer better value for money. The Council will work towards being greener and is targeting to eliminate landfill waste by 2016.

80. The Council will continue to improve the efficiency of services by consolidating what we are doing well and, through our Council owned companies, begin to build upon new business opportunities with other public and private sector partners. Over time this includes the development of new income streams to the Council, as part of our ambition for the companies to reduce their reliance on Council led funding, while still maintaining high quality delivery of services to residents.

81. Service providers have changed significantly in the last year, this includes our waste and environmental services, transport, and bereavement services. Additionally, later in the year the Council owned Company for Building Control and Planning Support Services is planned to commence business providing a one-stop shop for people who are seeking advice or planning to make investments in the Borough.

82. Efficient waste collection and disposal arrangements are vital to delivery of a sustainable Waste service. The Council provides such services through an alternative service delivery vehicle, Ansa Ltd. The business plan for the company includes targets to continue to make efficiency improvements and reconfigure services in line with major capital investment in facilities to support implementation of the Waste Strategy.

83. £14m of capital funding will be invested in continuing to deliver high quality environmental and waste services by developing a single Environmental Hub in Middlewich. Building this hub to the required high environmental standards will contribute towards further improving our environment in the longer term.

84. The Council's waste service provider, Ansa Ltd, empties over 240,000 bins every week in Cheshire East, 12.5 million bins are emptied in a year and high percentages of waste continue to be recycled. Recycling rates are already encouraging following the introduction of the silver bin scheme in 2011 with a recycling rate for 2012/13 of 53.8%, an increase from 49.0% prior to the scheme. These results place Cheshire East as third highest for household recycling rates in the North West and 39th out of 352 councils in

England[17]. Household waste sent to landfill also continues to decrease from 95,796 tonnes in 2009/10 to 81,597 tonnes in 2012/13 following the silver bin scheme roll out.

85. High resident satisfaction levels will continue to be a priority for the Environmental Hub.

86. There should be no service shortcomings in the collection of bins while the transition to a new Environmental Hub takes place and high resident satisfaction levels will continue to be a priority.

87. New facilities will deliver significant benefits to residents in the form of a fit for purpose depot and transfer station to deliver the Council's Waste Strategy, elimination of landfill long term, reduced waste bulking costs, reduction in the need for duplicate facilities and costs in the North and South of the Borough, and securing the further rationalisation of Council's assets. The timing and delivery of the capital investment will impact on this program with the major revenue savings expected in 2016/17 and 2017/18. Importantly, maintaining the highest standards of service performance in terms of bin collections for residents will be a key priority during this period of change, but this will be achieved with medium term cost reductions of up to £1.2m per year when the facility is operational. Net savings of £3m are included in the proposals up to 2017/18.

88. Capital investment of £0.1m will fund essential litter bin replacements, and new and replacement household bins will be provided from further capital investment of £0.6m. This recognises the Council's plans for significant housing growth in the area.

89. The Council will continue to maximise the investment in our highways over the medium term with forecast spending of £51.8m, including a Highways Investment Programme of £16.5m and a maintenance block of £29.3m. Strengthening our asset management approach to ensure this investment provides the greatest long term financial benefits.

90. The Highways Service will benefit from £0.8m of revenue growth in the medium term, partly to address contract and inflationary pressures and to remove street lighting savings (£0.2m), which cannot be delivered at present. These will be replaced in the long term by larger savings following further capital investment. Additional spending of £0.25m will assist in delivery of the Council's flood defence responsibilities under the Flood and Water Management Act 2010.

91. The Council is introducing a new Highways permit scheme from 2015 to ensure that any work done on the road has the minimum impact on residents and businesses. This will enable the Council to recover additional net income of up to £0.2m to meet the costs incurred in co-ordinating road works and carrying out inspections.

92. The Highways Service is working with the Enforcement Service to improve "signing and lining" throughout the borough to ensure proper enforcement activities can take place. An additional £150,000 will assist in maintaining the flow of traffic on the network and help support our towns by addressing inappropriate parking.

93. Following significant investment and prioritisation of highway condition, following feedback from residents, more than 100,000 potholes were repaired in 2013 using the Highways Investment Programme. This has resulted in improved resident satisfaction levels and a significant reduction in claims from residents for pothole damage to vehicles. 56,270 gullies were also cleaned during 2013/14 to reduce flooding, which has contributed to improved satisfaction levels with the highways service.

94. The Local Plan is a critical tool in delivering Outcome 4, as well as meeting economic growth objectives under Outcome 2. As the benchmark for determining planning applications – it not only guides the scale and location of new development but also shapes the form of all kinds of new building and land use across the Borough. It therefore contributes significantly towards the 'liveability' of towns and villages and the provision of new community facilities – including those for nature conservation, open space and recreation.

95. The Cheshire East Local Plan Strategy was submitted in May 2014 and guides new development in the Borough through to 2030. The Local Plan Examination is currently suspended following the initial 3 weeks of hearings, but a comprehensive programme of work is now underway to ensure the plan continues to progress.

96. The Local Plan will be supported both through the examination period and subsequent modifications and adoption. Work on site allocations and neighbourhood planning will also require ongoing support. Funding for 2015/18 will depend on progression and circumstances over the period and will be subject to careful review.

97. Securing a local planning framework will enable plan-led growth and limit the uncertainty caused by speculative development. By June the work to address the Inspector's concerns will be completed and it is intended that hearings resume later in the summer to deliver a Local Plan that will help maintain the local environment.

98. The Council has made a commitment to help reduce the number of local households in fuel poverty, seek to gain energy security and independence, and support a growing energy business. A Cheshire East Council Energy Framework has been devised and a program of sustainable alternative energy sources is being explored, to ensure a lower cost and resilient supply of energy and heat for local communities and businesses.

99. A programme of energy projects is being developed to deliver the ambitions of the framework. This includes development of a district heat network in connection with deep geothermal energy and seeking to secure decentralised energy and working in partnership with an energy knowledge transfer network partner to seek further external funding and drive innovation. There will also be development of a specification for generating energy from garden waste and a series of renewable energy projects for the Council's buildings to reduce carbon, increase efficiency and achieve long term sustainability.

100. Key achievements to date include:
    - Establishing an energy knowledge transfer partnership with Keele University which as led to a £88,000 grant funding opportunity.
    - Securing £198,000 towards the Geothermal project development and a joint venture partner will be announced in 2015.
    - Working to establish an energy supply contract with a national provider to combat fuel poverty, providing competitively priced energy to Cheshire East residents and businesses.

101. The Council's ongoing ambition will be supported by capital investment of up to £16.7m, which will be secured through focusing on grant opportunities and options for working with partners.

102. Street lighting stock will also be reviewed, and capital investment of £5.3m, will facilitate the replacement of structurally defective lighting columns, whilst also supporting opportunities to help

sustainability and safety through the increasing introduction of LED lighting.

103. Street lighting forms a major part of the Council's energy use and the Council is looking at investment in the latest technologies to reduce both our carbon and energy costs whilst maintaining the existing level of street lighting provision.

104. Work will continue on reducing energy use by the Council. The capital funding for energy projects will also support improvements to buildings such as replacement boilers and other renewable energy, using technology such as solar panels. In addition there is a continued target reduction for fleet carbon dioxide emissions.

105. Spending on parks is being maintained to ensure these facilities can continue to be used and enjoyed by residents to improve their health and well being. This continued support is expected to maintain the high satisfaction levels with country parks, which was at 94.6% in 2013/14. Capital funding will be provided for ongoing park development, with additional specific funding for restoration work of Coronation Valley, Queens Park (£80,000) and the South Park Lake (£190,000).

106. The Council's Bereavement Services are provided by Orbitas Ltd. The company will explore further opportunities to make efficiency savings and increase income in 2015/16. Savings of -£0.1m are estimated in this report. Capital spending of £109,000 will support replacement cremators and £1m of funding will allow completion of refurbishment works at Crewe Crematoria. This will ensure that the Council is able to offer high quality and modern facilities to residents at a sensitive period in their lives. The facilities will also accord with the highest environmental standards.

107. To maintain service levels the Council will continue to monitor and review performance through regular client and contractor meetings, and with the appropriate formal reporting to the New Delivery Vehicles and Environment Overview and Scrutiny Committee.

Outcome 5 ~ People live well 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. Targeted use of public health funding is to underpin a better quality of life for all.

108. Early intervention is working in Cheshire East. The focus on reducing eligible Not in Education, Employment or Training (NEETS) to nil and award winning adoption services is benefiting young people in the area, where achievement is already increasing. The alignment and effective use of resources surrounding the range of investment into improving the health of children and young people has had a positive impact on base budgets. The range of plans / initiatives and intelligence from work across the country has been pulled together into the Council's 0–25 strategy.

109. The main areas of investment in 2015/16 include the delivery of a children and young people powered health programme with a focus on emotional health and wellbeing, physical activity and healthy food choices, significant Government investment into physical activity in schools and the procurement of a 0–19 healthy child programme. The powered emotional health and wellbeing programme includes 4 distinct but aligned streams which will be co-produced, co-designed and co-delivered with young people:

    - **The Emotionally Healthy School ~** to equip schools with knowledge, skills and school pastoral teams will be a key focus for this project.
    - **Self-Harm ~** to develop our understanding of self-harm and its triggers, and exploring the evidence base about good practice (including National Institute for Health and Care Excellence guidance) and most effective interventions. We will produce a best practice / effective practice toolkit (resources for practitioners and information and resources for young people on good mental health).
    - **Help people to help each other ~** test new models of peer education, support and training, and service user networks, looking at stigma, resilience, engagement, children, young people and family's experiences, and young person's peer support.
    - **Child Sexual Exploitation ~** the pan Cheshire campaign will continue and will encompass how we engage better with the public on this issue to raise their awareness and mobilise their capacity to act as a protective factor and be informed by the views of Children and Young People.
    - **Vulnerable children ~** we are ever vigilant on child abuse. Cheshire East Council holds a zero tolerance approach in what is a society issue.

110. The approach to physical activity will be carefully considered in order to ensure no duplication with the significant Government funding into school sports. The children and young people powered health programme will look to re-balance and increase the number of boys and girls accessing healthy activities, such as improved posture. This variety of physical activity should be built on to ensure that young people drive the initiatives that make a difference and that they will sustain across their lifetime.

111. The programmes above are expected to remove duplication. In addition, effective and early application of our resources will reduce demand and ensure that we work at the right time with the right children in order to improve their life outcomes.

112. Improved safety of vulnerable children, the number of children adopted, and less children and young people getting involved in anti-social behaviour is a key priority. The Council recently passed a rigorous Ofsted progress inspection of safeguarding services and targeted preventative activity has seen the number of children in care reduce by 11.4% in the last year.

Public Health and Wellbeing

113. Improving the health and wellbeing of the residents of Cheshire East is a priority for the Council. The focus is on promoting and supporting better lifestyles through delivering choice and personalisation. Achievements within Adult Care will be measured through improvements in areas such as self-management, lifestyle services, greater use of universal services and community resources, and a refocus on prevention and early intervention, increasing re-ablement and increases in choice and control.

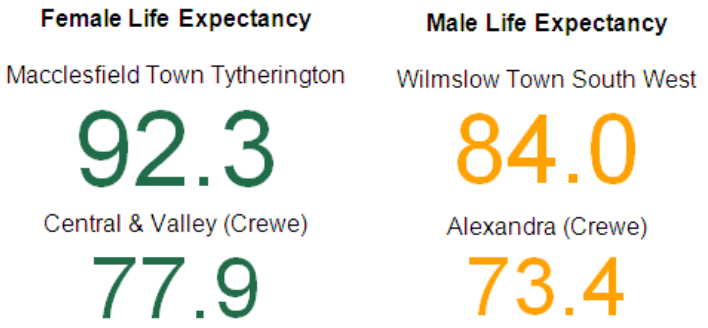
114. Outcome 5 focuses on helping people to stay healthy. This includes helping people to reduce their risk of illness, decreasing the effects that illness can have on an individual and controlling the spread of disease. Services and activities are being refreshed to provide a greater focus on prevention and early intervention and supporting people in taking ownership of their healthy lifestyle choices. These services are continuing to develop collaborative relationships across the Council and with local partners to develop health and wellbeing services and the wider determinants that affect the health and wellbeing of the local population.

115. In 2015/16 the Council will continue to deliver some of these services through the Alternative Service Delivery Vehicle, Everybody Sport and Recreation Trust, which was set up in May 2014.

Key Considerations

116. Whilst the overall health profile of Cheshire East is good, there are areas where improvement is required and demographic pressures that need to be planned for. Between the 2001 and 2011 census, the median age of residents has increased from 40.6 years to 43.6 years[3]. Between the same years, the number of over 65s has increased by 11,700 residents or 26%, which is a greater increase than the North West (15%), and England and Wales (20%). Whilst this may present a pressure to the Council in terms of providing services to older residents, currently only a small proportion (3.6%) of residents aged 65 to 89 receive some form of social care funded by the Council[18]. This proportion increases to 24% for residents over the age of 90, of which there are an estimated 3,300.

Male and Female Life Expectancy at birth[19]

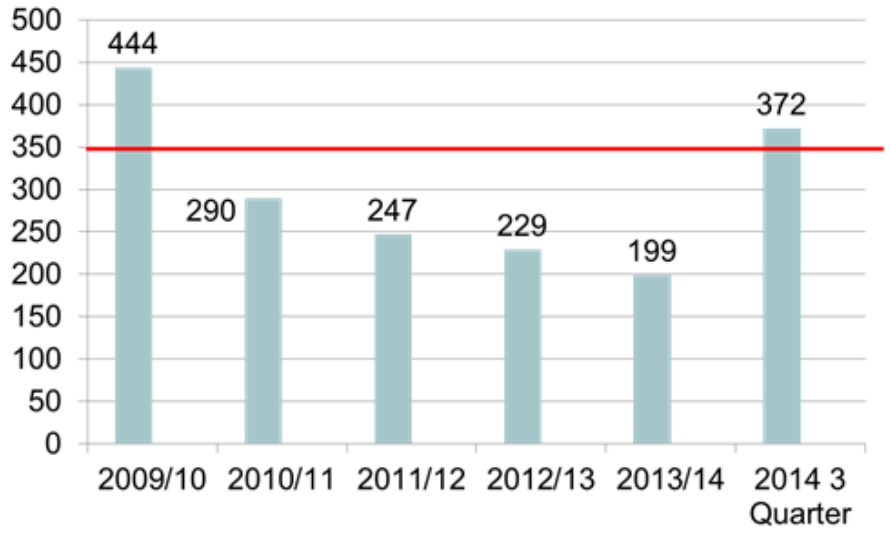


117. The level of excess winter deaths in Cheshire East remain higher than average and this continues to be a priority. There are links to fuel poverty, social isolation, quality of housing and uptake of flu

vaccinations – all of which impact upon the vulnerability of older residents.

118. Ensuring an adequate supply of affordable housing for our residents is a priority. Good housing contributes significantly to positive health and wellbeing outcomes. We have a target of 350 units of affordable housing per annum. Trends show that completions had fallen below this level for a number of reasons including changes to the way in which affordable housing is funded. The National Affordable Housing Programme, which is administered by the Homes and Communities Agency, is over the four year period 2011/12 to 2014/15. The majority of completions are forecast for completion at the end of this financial year as shown below:

2014 has seen a strong increase in providing affordable homes in the area[20]



Source: Cheshire East Council

Further Details of the Medium Term Budget Proposals

Children and Families

119. In 2014/15 the Council received a one year grant for Adoption Reform. This paid for reform activity which has now been completed and the budget is being reduced in line with the loss of grant of -£0.3m.

120. Cheshire East has reduced the average cost of cared for children external agency placements over recent years. Whilst this has improved, it continues to be a priority for 2015/16, including improving value for money, maximising in-house provision, whilst retaining the quality and stability of provision that is vital for this group of children.

121. We are increasing the number of foster carers recruited and the level of specialism and experience they offer. This will maximise in-house provision and negate the need to utilise the external agency market. In addition, best use will be made of the existing North West framework contracts. This includes the effective negotiation of fees with potential providers and ensuring that any additional costs are monitored and removed in a timely manner when appropriate. (Continued efficiencies in the value for money of all placements for Children in Care -£0.7m; Continue successful adoption collaboration and introduce fostering collaboration including LEAN recommendation -£0.35m).

122. The offer of early help and support will continue to be important to ensure potential demand for out of borough residential placements is kept to a minimum. Having a strong and resilient range of internal options (including fostering, adoption, residential children's homes and special schools) prior to consideration of out of borough residential care will be key. When internal provision cannot be achieved, out of borough provision will be

commissioned that is as close to a young person's home address as possible to ensure connections with family, community and also effective professional support / review where possible. (Further reduce use of out of borough residential provision for both social care and special educational need -£0.4m).

123. In 2015/16 it is planned that current in-borough care residential provision will be reconfigured and will link with care leaver independent housing. The Council currently provides 12 residential children's home placements across three (4 bed) homes. The mixed economy of utilising internal and external provision is to be reviewed in 2015/16 in order to ensure the best use of resources, quality of provision and achievement of excellent outcomes for our cared for children. The 4 bed model that currently operates is frequently under-occupied.

124. The review will assess need and the external market to form an opinion on the best fit for internal provision; the number of beds overall, their configuration and whether managed internally or on a partnership basis. The review will also take the opportunity to assess the menu of options to move young people aged 16+ towards independence and good quality sustainable properties beyond 18. Delivering good pathway plans with the right accommodation and support for young people will ensure preparation for adulthood that leads to positive life outcomes. (Joint Funding / Continuing Healthcare Assessments -£0.1m; Reconfigure current in borough care residential provision and link with care leaver independent housing commission -£0.37m)

125. Outcome 5 funding for improving the health of the 5-19 population -£0.2m.

126. The Council has been allocated a share of Youth Justice Good Practice Grant £0.3m. This is being added to the budget for one year only pending any further announcements. The Council also receives a grant for troubled families (£230,000 in 2014/15). While figures have not yet been confirmed for 2015/16 the Council is estimating that this grant will reduce by 15% and is adjusting the budget accordingly.

127. The Council needs to increase the work of its Safeguarding service in relation to child sexual exploitation. This follows recent high profile instances, for example, those in Rotherham where practice has been found to be less than satisfactory. The impact on costs for Cheshire East Council has resulted in permanent growth in 2015/16 of £300,000. This increased investment will be a mixture of externally commissioned services and internal staffing. This represents the Council's contribution to a multi-agency response to tackle child sexual exploitation, which includes input from Health, Police and Education. The Local Child Safeguarding Board, at which the Council is a lead partner, will take a strategic overview of how the partners work better together to improve outcomes in dealing with issues in this area.

128. Capital ~ Care Leavers - Supported Accommodation £0.1m ~ to provide a new facility to support care leavers within the Borough and improve their transition through to adulthood.

129. Capital ~ Purchase of Multi Purpose Vehicles - Working on Wheels £0.36m ~ the vehicles will be adapted to be multi-functional, serving the Early Years and Youth Service specifically in the rural areas of Cheshire East.

Adult Social Care and Independent Living

130. The world of Adult Social Care is changing. The Redesign of Adults Social Care Services in Cheshire East, the implementation of the Care Act 2014 and the integration of Health and Social Care

services all offer tremendous opportunities to reshape the offer of care and support to provide true choice and control for residents.

131. The Cheshire East Council Adult Social Care Service is transforming how we work so that we can ensure that people can access services when they need them. This is to be achieved by refocusing our range of services to ensure we facilitate access to early help and advice, reducing duplication by working in an integrated way with Health and other partners, and ensuring that a wide range of care and support services are available to allow choice.

132. In addition, Adult Social Care is reviewing the opportunities to make available improved access to information about what services are available and how to access them. This will be included in the wider Council proposals to increase the digital interface with residents. Our aim is to ensure people can access services in their local communities as far as possible.

133. The implementation of the new Care Act 2014 from April 2015 will increase the numbers of people and their carers requesting assessments from the Council. The new legislation increases the rights of carers to access an assessment and where appropriate an allocation of a personal budget. For individuals who may have care and support needs the access to assessments to identify eligible care needs is anticipated to increase.

134. This additional demand for care services is also impacted by the increase in numbers of young people who are moving through transition from Children's into Adults social care services. The increasing demand including Children in Transition is predicted to be an additional £7.6m over the medium term.

135. Whilst it is recognised that this will create additional financial challenges for the Council it is also seen as a an opportunity to continue to focus on the health and well being of the local population and to support the initiatives within Children and Families to promote health and well being from an early age and into adulthood.

136. The increasing numbers of people over 65 and the increasing longevity of this group does mean that we have more people living longer often with multiple long term conditions, dementia and frailty. The impact of this is an increasing demand on care and support services which will continue to grow in future years. By refocusing on the principles of self care and self management on an individual level and within communities the Local Authority and its partners need to make available the information, advice and support to empower people in their own quest for physical and mental health and well being. Our intention is to support people to live at home for as long as possible.

137. The Council is committed to ensuring that our Social Workers in Adult Social Care are able to use their professional skills to provide people with the most appropriate advice and support to ensure that people are able to live independently for as long as they are able. We have recruited additional Social Workers and will continue to ensure we have sufficient resources to meet the increasing demands of the demographic changes we are facing.

138. From April 2016 additional duties on the Local Authority will increase this number further as individuals who have been able to fund their own care up to this point will be entitled to have the costs of care to meet eligible needs calculated within a Local Authority held 'care account' which will be subject to a maximum cap above which the Local Authority will be expected to fund (subject to agreed conditions).

139. To meet the increased demand and to continue to deliver a high quality service, Adult Social Care services in Cheshire East will continue to maximise the efficiencies in the back office functions and ensure that our social workers and assessment professionals concentrate on the face to face contact with people and their carers, by using new technology and streamlined processes to reduce the administrative elements of the job.

140. It is imperative that we can target our resources where and when they are most needed and most effective. We are increasing our social care capacity overall to meet the new demands but it is important to ensure that our current commitments are regularly reviewed to ensure that people who can be supported to become more independent receive this support as part of a recovery focused model of care. To this end we will continue to focus on regular reviews of the care and support provided to individuals. This will be achieved as part of a robust reassessment of need and the exploration of what support is available to people across a range of options which may include opportunities to access support within the local community or via user led approaches.

141. In addition we will continue to review the commissioning of a range of services to ensure that they achieve the best possible outcomes for those people assessed to need them. A refocusing on outcomes for individuals will enhance our commissioning activity to ensure that we can be confident that we are commissioning services which provide quality services focused on outcomes and can evidence value for money and ensure that people can live well for longer in their own homes.

142. Cheshire East Council aims to achieve £2.4m of savings via these commissioning reviews which at one end will focus on individual care and support packages and at the other consider wholesale review of services being commissioned internally and externally by the Council on its own and in some case with partners, such as health commissioners. These reviews will include carer respite services, the Shared Lives (adult placement) service, supported tenancy services and housing related support services.

143. The Shared Lives service is about finding and matching community and family based care as an alternative to residential care, day care and similar provision. Shared Lives carers open their homes and families to adults in need of support, in much the same way as foster carers for children. For those adults whose personal goal is real family life, this service offers personalised care and support to help achieve that outcome.

144. The Shared Lives service has been running for over twenty years in Cheshire East. There are currently 240 adults supported via Shared Lives in Cheshire and, of these, 16 now reside with their Shared Lives carer. To support the personalisation agenda and the implementation of the Care Act we are investing significantly in the Shared Lives service to increase the capacity of the service. We have taken on an additional three social workers and are now working on increasing public awareness and interest in becoming a Shared Lives carer with the aim of recruiting an additional 25 Shared Lives carers per year. We will also be working with our existing service users to identify those for whom Shared Lives may be appropriate and who would want to move into a Shared Lives setting.

145. The main benefit of the Shared Lives service is improving outcomes for the people supported by the service. However, Shared Lives can also reduce the cost of providing care and support for people. On average, research suggests that £25,000 per annum is saved by providing care in a Shared Lives family setting compared with other care settings. Over the next twenty four months, the reduction in care costs could be as much as £0.75m which can be reinvested

into the Adult Social Care service whilst providing a family environment for the individual and rewarding and valued employment for those who become Shared Lives carers.

146. Reviewing the services within supported living schemes (also known as supported tenancy schemes) is an important element of our plans. With the development of recovery focused models of care, advances in the use of technology to support individuals to remain safe and well whilst still achieving independence and privacy, and the focus on people with long term health problems and disability being supported to access education and employment, it is important that we systematically review the services being commissioned. This will ensure that the models of care and support continue to promote recovery and maintain or increase independence by utilising a range of evidence based interventions and support which maximise, where appropriate, the use of new technological solutions.

147. One of the tools that we will have begun to use to review the commissioning of supported living schemes is the Care Fund Calculator (CFC). This will be applied to the Supported Living services commissioned across the public (Care4CE), private and voluntary sectors. The assessments of the individuals using these services will be robust and take account of their strengths and potential for increased independence. They will also review the potential support available for the individuals with new technological solutions. The allocation of the care and support hours in such schemes are often focused on the group of tenants as a whole and have at times been limiting for the flexibility of being able to use the allocation of a personal budget in a more personalised way. This will be a major element of the reassessment of need.

148. The Medium Term Financial Strategy has to take account of increasing challenges in terms of the Care Act, the transfer of the Independent Living Fund to the Local Authority in 2015, additional costs associated with the Deprivation of Liberty Safeguards within the Mental Capacity Act 2005 and Pay & Pension allocations. In total these four areas create a need for an additional £7.3m over the medium term.

149. The new Care Act will help make the care and support system more consistent across the country. 'Care and support' is the term used to describe help with things like washing, dressing, eating, getting out and about and keeping in touch with friends or family. Many of us will need care and support at some point in our lives and the new national changes are designed to put the person in control of the help they receive. Any decisions about care and support will consider the person's wellbeing and what is important to them and their family, so they can stay healthy and remain independent for longer.

150. The Cheshire East Council approach to implementing the Care Act begins and finishes with the customer's perspective. We started by designing a new customer journey through Adult Social Care which will be supported by a new ICT system which will be implemented by July 2015. There are new responsibilities which in turn have an impact on the Adult Social Care budget. We have sought to minimise the impact of these additional financial responsibilities by harnessing efficiencies enabled by new technology and ways of working. However we still require additional funding to meet the requirements of the Care Act.

151. In March 2014 the Supreme Court passed judgement in relation to the Deprivation of Liberty safeguards element of the Mental Capacity Act 2005. The judgement established case law which has a significant impact for all local authorities governed by the

legislation. Since April 2014 Cheshire East Council has seen a huge increase in the number of Deprivation of Liberty Safeguards (DOLS) cases. The Association of Directors of Adult Social Services (ADASS) estimates the increase to be 100%. The demand on resources is significant requiring trained social work and medical expertise to conduct the assessments as well as Local Authority authorised signatories to review each case. We have invested in additional training and capacity both for Social Workers and signatories in order to remain compliant with the legislation.

152. To mitigate the increased cost of the areas of growth detailed above, Adult Social Care services will introduce a range of efficiencies which relate to Business Systems and Processes, new ways of working at the front line, tighter controls and budget management and a review of service commissioning to ensure we explore all options to do more for less by considering how we can do things differently. These initiatives will aim to deliver savings of £4.8m over the medium term. The focus of this work is to ensure we maximise the collaboration with partners across a range of sectors to ensure we combine our efforts and available budgets to align our commissioning activity to achieve the best outcomes from working together. This will reduce areas of duplication by agreeing with partners joint areas of commissioning and provision.

153. In addition, it will be necessary to review the range of different opportunities to meet need and deliver outcomes. This will involve us reviewing the type of services we commission and who is able to provide them going forward. This will require a flexible approach to doing things differently. We will commission a range of new services from potential new providers to achieve this going forward.

154. The Council has invested in new technology and systems to support social care. The new ICT social care system will be implemented by July 2015 and will deliver a revised robust electronic client care record with clear control and authorisation processes in addition to providing a data capture system which will improve our business intelligence function in the Council. This is supported by a number of complementary systems such as the Adults Financials IT system which was implemented in 2014. Together these systems streamline the recording of case information, automate previously manual tasks and enable the service to do more for less.

155. The Council is also proposing to make changes to our financial charging policy for social care. In order to meet the additional demand for care and support, the Council needs to ensure that income is maximised. This means that the Council needs to review those services which are subsidised, review the fees and charges levied and ensure that debt incurred from non-payment is managed effectively. The Council's Charging Policy supports the principle that no one is asked to contribute more than they can afford to pay.

156. The Council, with health colleagues from the Clinical Commissioning Groups, is embarking on a review of the approach to the assessments and decision making for people eligible for Continuing Health Care funding. This will ensure that the people who may be eligible for health funding for their care needs are supported to be assessed in a timely way. This will allow the local authority and the health commissioners to determine funding levels and be in a better position to forecast and therefore plan appropriately to ensure that the health and social care needs of people with more complex problems are addressed without delay or dispute.

157. The Adult Social Care Redesign aims to ensure that people can access help and advice much earlier in the process and to this end is investing in a pilot to deliver universal service offering low level support and advice which will focus on assistive technology and support for assisting with daily living. The intention is that people

can seek out help and advice at an early stage which would have a preventative element to slow down any further deterioration of a condition or the impact of frailty by getting early help at the right time. If this pilot proves successful the initiative will be expanded to ensure best effect in terms of outcomes for individuals and reduce the demand for services in the longer term.

158. In addition, the review will continue of how Council services are delivered to ensure we use our resources to best effect in order to meet increased demands and deliver on individual and population outcomes. This will inevitably involve considering a range of new ways of working, new job roles, opportunities for partnerships and a range of new services which will deliver what is required to meet future demand in terms of range, quality and quantity.

159. Adult Social Care has at its disposal the Community Capacity Grant of £3.4m. This is capital funding provided by the Department of Health to enable local authorities to support development in Adults Social Service in three key areas of Personalisation, Reform and Efficiency. Investment in new technology and ICT solutions and support for the integration agenda will be the primary use of this capital.

Public Health and Wellbeing

160. Although overall health and wellbeing is good, investment continues to be required to tackle areas where improvement is required or where new responsibilities are being placed upon the Authority. Particular priorities include reducing the life expectancy gap, preventing excess winter deaths, continuing efforts to reduce levels of obesity in children and young people, and supporting older people to live independently and well for longer.

New responsibilities for 0-5 year olds transferred from Health with appropriate funding

161. The commissioning of the 0–5 Health Visiting Service is to be transferred to Cheshire East Council in October 2015. The Council is currently working with NHS England (current Commissioners) to re-commission this service with a start date of September 2015. Local commissioning of this service alongside other Public Health and Council services for children will enhance the co-ordination of service development and delivery across all children's services commissioned by the Council. This will lead to improved outcomes for our children and young people. (+£2.4m, -£2.4m)

Investment in improving health outcomes across all age ranges as identified in key reporting documents such as the Joint Strategic Needs Assessment and the Director of Public Health's annual report

162. This significant investment across Outcome 5 is to ensure cross cutting contributions to the delivery of Outcome 5 and the Public Health Outcome Framework Indicators. The investment will be targeted to deliver the most effective interventions in relation to areas of greatest need. (+£1.2m, -£1.2m)

3% Efficiency Saving in the management fee for the Leisure Trust

163. Everybody Sport and Recreation Ltd is on target to make the efficiency savings required whilst still delivering the improved health outcomes set out in the contract (£0.1m). This includes a specific requirement to address the health needs of residents of Cheshire East and target activity and services to improving such outcomes. An example of this is the "Everybody Healthy Pilot project" launched in November 2014 which to date has had over 110 referrals from GPs and others. These are people who have specific health needs and have never used a trust facility before. Improving health outcomes will further reduce costs to services in the future.

Outcome 6 ~ A Responsible, Effective and Efficient Organisation

164. The Chief Operating Officer provides high quality, professional and commercial services to the Council and its key stakeholders to support the delivery of their agreed outcomes. The Chief Operating Officer makes effective use of his knowledge and information to provide robust challenge and advice to support continuous improvement and demonstrate value for money.

165. Continuing to improve services and provide better outcomes for Cheshire East residents and business within reducing funding levels requires high quality corporate support and a constant challenge to the way those services are provided. It is clear that the Council's services will need to be provided in the context of reducing resources for the foreseeable future.

166. In order to support the delivery of its good quality services the Council has agreed a sixth outcome - to be a responsible, effective and efficient organisation.

167. The Council expects to agree a fifth successive Council Tax freeze alongside its ambitious capital programme - maximising the use of external funding opportunities for the benefit of Cheshire East residents and businesses. It has already secured savings of over £5m in management costs, and further cost reductions of £1.1m are planned by managing resources in a way that focusses as much funding as possible on front line services.

168. The Council's external auditors, Grant Thornton, issued unqualified opinions on the financial statements and value for money arrangements in September 2014. This provides the Chief Operating Officer, and the corporate leadership team, with the confidence that the senior managers both understand and manage their costs effectively.

169. Year on year increases in confidence and improvement in both performance and financial control - getting better and stronger despite the austerity challenge – are achieved as a result of decisive action, innovative service delivery solutions and a collective determination to get the best deal for our residents. All our professional services contribute to enabling this improvement in performance alongside the effective stewardship of public funds.

170. The Chief Operating Officer will measure and demonstrate achievement across the broad range of support services provided through a blend of external benchmarking, feedback from stakeholders (including the Council's external auditors) and an assessment of the added value of professional advice and expertise given. In addition, he will measure a range of financial indicators including the level of income collection, the rate of return on investment and other funding indicators. More details about the Council's financial resilience indicators are set out in its Value for Money Overview report.

171. In early 2014 the Chief Operating Officer completed his senior management structure and now oversees services provided across five key disciplines - HR and organisational development, legal services, democratic services, corporate resources and stewardship and corporate commissioning. The rest of this section sets out some of the key highlights, challenges and budget proposals for each of these areas.

HR and organisational development

172. Recognising the dynamic environment within which the Council is operating, the HR and organisational development team are developing a new Workforce Strategy for 2015/18. This will aim to further develop an agile, multi-skilled, engaged and high performing workforce ready and able to respond to the challenges ahead. It will also include a suite of indicators so that the Council can monitor and manage its workforce more effectively.

173. Between April 2009 and December 2014, the number of people directly employed by the Council fell by 38.5%. In part, this was achieved by the last management review, when £5m of management costs were removed from the staffing structure. There are now five employees earning annual salaries of over £100,000 at the Council, which is a lot fewer than many other unitary authorities. The Council has also transferred 1,174 people, (651.8 FTE), during 2014 to new service delivery vehicles including the new leisure trust and Council's own companies. Days lost to sickness absence (including schools) are at an average level as compared with other local authorities in the North West.

174. Cheshire East Council continues to focus on and invest in educating and equipping its workforce to meet future business needs. In the last year, over 1,050 people attended Council run training courses with many more attending other events including staff roadshows, team events and workshops. A further 90 managers also participated in Institute of Leadership and Management qualifications and workshops. The team are proactive in encouraging and empowering colleagues to get involved in the journey to improve services. This is best demonstrated through the successful staff suggestion scheme; the new "make my day" and "make a difference initiatives" – these are already having a positive impact. Working with colleagues across the Chief Operating Officer services the team has reviewed office accommodation to generate savings and maximise efficiency. As a result employees are starting to embrace flexible / mobile working.

175. We are always mindful of the need to review policies and new initiatives and will be doing so during 2015/16.

176. As a consequence of the Council's changing requirements the HR and organisational development team expects to be able to restructure its service and better target spend with external organisations to achieve a budget reduction of £135,000 in 2015/16.

Legal Services

177. The Council's monitoring officer has the specific duty to ensure that its actions are legal and that officers and elected Members maintain the highest standards of conduct in all that they do. Together with the legal services team the monitoring officer has three main roles, in summary these are to:

- Report on matters that are, or are likely to be, illegal or amount to maladministration;
- Be responsible for matters relating to the conduct of Members and officers; and
- Be responsible for the application and operation of the Council's Constitution.

178. The Council's clear commitment to putting residents first demands innovative thinking and a flexible approach. Having established itself as a commissioning council it has determined to provide service options that best fit the needs of its residents. Alongside innovation and flexibility comes agility and opportunity. This change demands high quality, up to date legal advice often in fast changing circumstances. As a result the monitoring officer is

reviewing legal services so that it can respond to competing pressures at the same time as ensuring that the Council acts within the law. Particular areas of focus for 2015/16 include:

- Providing support to the Local Plan process and ongoing planning inquiries; continuing to provide a full property and planning legal service;
- Supporting the Council to meet the major changes and challenges of the Children and Families Act and Care Act;
- Continuing to develop an active and involved role providing high quality and timely support to the Council's major programmes and projects.

179. As a consequence of the Council's changing requirements the legal team expects to be able to restructure its service and better target spend with external organisations to achieve a balanced budget in 2015/16.

Democratic Services

180. The democratic services team supports the delivery of the Council's key outcomes by providing a range of services including:

- Ensuring that Council business is conducted in accordance with the constitution and prevailing legislation;
- Supporting all elected Members in their various roles;
- Administrative services that promote effective accountability, transparency and resident participation in the democratic process; and
- High quality and innovative election and registration facilities.

181. The team provides day to day support for some 250 meetings a year and all 82 elected Members. This key role ensures that local democracy is properly planned and supported and that all the required notices and documents are available to Members, residents and other stakeholders.

182. With over 273,000 people registered to vote the Council has the third largest electorate in the North West. The Elections in May 2015 will be the largest piece of electoral work ever undertaken in Cheshire. As well as planning for the all-out Council elections, parliamentary elections, and town and parish council elections, the service has also responded to the greatest change in electoral law and practice in 100 years - Individual Electoral Registration. This initiative provides a more convenient, secure and modern way of registering and will improve the accuracy, completeness and security of the register.

183. Over 10,000 births, deaths or marriages are registered each year. The Council provides a leading-edge registration service taking an innovative approach to service delivery including marketing its offer beyond its own geographical boundaries - maximising the economic benefits of the marriage industry. The registration service also has the duty to refer to the Coroner all deaths which appear to have occurred from unnatural causes, violence, accident or industrial disease. The Coroner may investigate and decide to order a post mortem, or in some cases, may decide to hold an inquest. Nationally, the Coroner Service itself is experiencing an increase in workload, partly as a result of new legislative requirements. This is creating a small budget pressure.

184. The Council's democratic services team expects to be able to manage within its existing budget parameters apart from a small increase in the costs of supporting the work of the Coroner. One-off additional funding of £0.1m in 2014/15 to support individual electoral registration is no longer available. The removal of

members from the Council's pension scheme will secure savings of £0.14m.

Corporate Resources and Stewardship

185. Working to the Chief Operating Officer the Council's corporate resources and stewardship team provide a broad range of high quality professional services. Working with colleagues the team has secured a number of important successes to support the Council's objectives and achieve increasing confidence and improvement in year on year performance and financial control. The team supports the delivery of the Council's five outcomes by:

    - Providing assurance to residents and businesses on the highest standards of governance, stewardship and reporting of public money;
    - Providing challenge, advice, guidance and business intelligence to support continuous improvement;
    - Effective long term financial planning, monitoring of outcomes and reporting of results; and
    - Ensuring that the right facilities, infrastructure and technologies are in place to enable effective service delivery.

186. The cost of operating the Council's premises is only second to its staffing costs - with an estate of over 600 properties valued at £440m. By early 2015 we will have reduced the number of office buildings from 34 to just 6 since 2011. The ongoing review of operational buildings alongside better workforce planning and use of technology is generating significant savings while increasing productivity and the quality of service delivery. That rationalisation will continue in 2015/16 and secure further savings £0.6m. The budget assumptions also include £0.33m for changes in utility / other premises related costs.

187. The Council has adopted a Corporate Landlord approach to managing its property. This allows one team to oversee and prioritise all maintenance and improvement requirements to make the best use of the capital allocation of £0.9m over the medium term.

188. The procurement team continues to seek to improve the value for money that the Council secures from its many contracts for goods and services. The team takes a Residents First approach across the Council's contracted spend of some £150m. There are always opportunities to improve its buying power at the same time as supporting local businesses. By working with the service managers, finance and legal colleagues and the new Member led Procurement Board the team has secured savings of over £1.8m in recent years. During 2015/16 the team will continue to work with service managers and others to secure a further £0.5m saving.

189. The team plays a key role in ensuring that the Council continues to deliver effective financial control with appropriate levels of reserves, low Council Tax and success in securing external funding. The Council's recent strong financial performance has ensured that reserves are in line with its assessment of financial risks and also to provide opportunities for future investment.

190. Alongside its ambitious major change programme the Council expects to continue to balance its budget despite increased demands and high public expectations. This will be achieved by innovation, creativity and a hard commercial focus on costs, productivity and income generation. There are already robust budget monitoring procedures in place to ensure that spending variances are effectively monitored and enable appropriate mitigating action to be taken. Further changes are either already in place or due to be introduced in early 2015.

191. The provision of fit for purpose equipment is key to both managing the Council's finances and supporting the delivery of front line services. We have nearly 4,000 computers / laptops in almost 350 locations. The Council communicates with residents, business, partners and stakeholders in a variety of ways and, increasingly, via digital means. The ICT Strategy team plays a major role in enabling the Council to identify, procure and commission digital solutions and seeks to identify opportunities and anticipate business needs.

192. In 2015/16 the team will work with CoSocius to secure savings of some £0.36m and also continue to benchmark their services. The Council is nearing completion of the Next Generation Desktop project and ICT staff costs will be charged back to the revenue budget costing £0.3m. Ongoing improvements in financial and other systems and processes costing £17.2m are included in the capital programme. The Digital by Design programme is also included, £4.9m, to provide a platform for the organisation to deliver a wide range of digital services and significantly enhance the customer experience.

193. Responding to the Council's changing requirements the corporate resources and stewardship team will continue to improve and refine their services and secure further budget savings of £0.35m in 2015/16 – in addition to those listed above.

Enabling Adult Social Care Commissioning

194. This service provides specialist commissioning and contracting expertise and support to enable the strategic design and delivery of high quality value for money Adult Social Care support for the residents of Cheshire East. The Council is adopting a Residents First approach which considers the best format of provision, scope for innovation and delivery of required outcomes. Care and support costing £70m is secured and monitored by this service through a variety of contracted external providers. The service also contributes substantially to Outcome 2 - Cheshire East has a strong and resilient economy and Outcome 5 – People live well and for longer.

195. The current challenge for the Council is securing high quality adult social care support in the context of the high growth in demand projected over the next 20 years. Innovation and efficiency in care provision are key to provide new ways of meeting residents' needs and ensuring that advice and support is available. A number of key improvements have already been made:

- A new Quality Assurance function to provide residents with assurance that all contracted social care provision is monitored to maintain quality;
- A new commissioning plan for residents and their families living with dementia, in recognition of its increasing impact on people's lives - including the development of a new support service and make Cheshire East Dementia Friendly;
- A large number of contracts for support and care were re-commissioned to achieve efficiencies and release funding for additional support, for example the re-tender of all preventative and early intervention services from the voluntary sector to provide a high quality range of support to meet the Care Act requirements and promote well-being; and
- A comprehensive commissioning review of all in-house residential respite services to identify opportunities to improve the range of services and deliver value for money.

196. Plans for 2015/16 include the delivery of efficiencies and new ways of working, key examples are:

- A commissioning review of supported living for adults with Learning Disability to identify opportunities for innovative

support – including further increasing the use of assistive technologies to retain and develop independent living; and

- Re-commissioning a large number and range of contracted services to ensure innovation and efficiency of service delivery.

197. As a consequence of the Council's changing requirements the team expects to manage within its existing budget parameters.

Footnote References

[1] 2013 Mid-year population estimates, Office for National Statistics, NOMIS, Crown Copyright
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[3] 2012 Sub-National Population Projections, Office for National Statistics, Crown Copyright
[4] 2001 and 2011 Census, Office for National Statistics, Crown Copyright
[5] 2011 Mid-year population estimates, Office for National Statistics, Crown Copyright
[6] 2011 Business Register and Employment Survey, Office for National Statistics, Crown Copyright
[7] Based on 2009 GVA estimates. Source: Baseline projections from the Cheshire, Halton & Warrington Econometric Model (CHWEM). Projections were obtained using Cambridge Econometrics (CE)/IER LEFM software and are consistent with Cambridge Econometrics' UK Regional Forecast, as published on its Knowledge Base website in June 2012.
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[9] 2013/14 Paycheck, CACI Ltd. Figures are median values.
[10] Indices of Deprivation 2007 and 2010, Department for Communities and Local Government
[11] Acorn consumer classification data 2014, CACI Ltd. Acorn is socio-economic data that analyses residents and places them in classifications, depending on various factors such demographics, affluence and spending habits.
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[13] Pupil Level Annual School Census (PLASC), Cheshire East Council.
[14] Education team, fifty shades Education, Cheshire East Council
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[16] Education team, Cheshire East Council
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[18] RAPS and ASCCAR Returns, 7th March 2014, Social Services, Cheshire East Council. Definition used is the same as the RAPS Statutory Return, so figures exclude financially assessed to pay the full cost of their services
[19] Life expectancy at birth and at age 65 by local areas in England and Wales, 2009-11, Office for National Statistics. National refers to the figure for England
[20] For completions, Congleton figures are from AMR, Crewe & Nantwich are AMR apart from 2001 which are HSSA, Macclesfield are HSSA 2001-2005 and AMR 2005-2009. Therefore there will be discrepancy in some of the figures due to the different definitions used. For required, figures are the aggregated former district Housing Needs Surveys (HNS), then from 2008/9 onwards are from the Arc4 Strategic Housing Market Assessment (SHMA) figures including the 2013/14 update

2. Financial Stability

Introduction

198. Local residents and businesses contribute to sustainable Council services through local taxation, contributions and charges; and Central Government provides grants funded mainly from national taxation. The Council manages these resources to achieve maximum efficiency and diverts as much funding as possible to front line services.

199. The Government's Autumn Statement for 2014 highlighted the continuing need to reduce the public sector deficit and debt to secure economic recovery. Cheshire East Council is proposing to continue supporting this approach in a number of ways:

- Freeze Council Tax for a fifth consecutive year.
- Enter in to no additional external borrowing in 2015/16.
- Maintain appropriate reserves levels that protect against risks.
- React to changes in demand and existing budget proposals that can reduce net expenditure including:
  - Increasing spending in Adult Services.
  - Forecasting income from growth in the tax base and increasing returns on investments.
  - Reducing overall spending in all other service areas by targeted interventions.

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

Source of Funding	**Paragraphs**
Balance of National vs Local Funding	201 to 208
Government Grant Funding of Local Expenditure	209 to 242
Collecting Local Taxes for Local Expenditure	243 to 261
Charges to Local Service Users	262 to 266
Income and expenditure are also influenced by decisions and estimates of the Council in relation to:	
Investment, Borrowing and the Capital Programme	267 to 303
Other Economic Factors	304 to 308
Managing the Reserves Position	309 to 318

Balance of National vs Local Funding

201. Cheshire East Council is becoming more reliant on local funding and less reliant on Central Government grant. The funding for Council Services from Council Tax and Business Rates will have increased to over 78% of the total net funding for 2015/16.

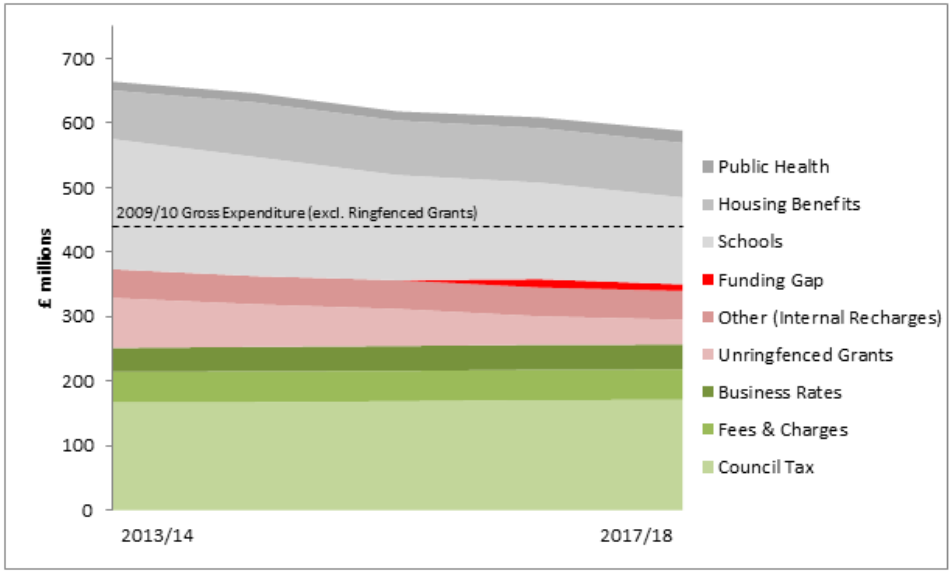
202. The financial stability of the Council, which determines the amount of money available for service expenditure, will be exposed to less

risk from potential Government funding shortfalls in the medium term, but financial planning for the Council now reflects the potential for year on year fluctuations in local funding particularly from business rates.

203. The annual revenue budget for Cheshire East Council is funded by a combination of Council Tax, service user charges, and (relatively low) Government grants. **Chart 1** illustrates how the balance between these funding sources is changing over time placing more emphasis on local funding services.

204. The Budget Report is based on the Provisional Local Government Finance Settlement released on 19th December 2014. The final settlement was received on 3rd February 2015 with a debate in the House of Commons on 10th February. Any further information on funding will be reported to Members and may be managed through reserves.

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



Source: Cheshire East Finance

205. **Table 2** sets out the revised funding forecast for Cheshire East Council for the period 2014/15 and 2015/16. This updates the information previously published in the Council's Pre-Budget Report in September 2014.

Table 2 - Funding available to services has reduced	2014/15 £m	2015/16 £m	Change £m	Change %
Government Grants	-104.7	-96.1	-8.6	**-8.2%**
Council Tax	-167.3	-168.8	1.5	**0.9%**
Funding Available to Services	**-272.0**	**-264.9**	**-7.1**	**-2.6%**

Source: Cheshire East Finance

206. The Business Rates Retention funding system and control over Council Tax levels are placing greater responsibility on all councils to determine their own funding levels.

207. In Cheshire East the Council is meeting this challenge in a number of ways and focusing on longer term financial stability through its actions.

208. Cheshire East Council is putting residents first:

Growing the domestic tax base - each new home brings additional Council Tax revenue, New Homes Bonus and potentially Community Infrastructure Levy together with additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully examined to achieve maximum value. Through such actions the Council can protect families from Council Tax increases, make full use of any Government freeze grants but still increase income from Council Tax overall.

Promoting Economic Growth - business growth can result in additional income being retained for local investment, subject to certain thresholds. Therefore, the Council is investing heavily in economic growth through unlocking development land and supporting inward investment.

Increasing employment opportunities - through economic growth resulting in fewer people relying on welfare benefits from the Council and releasing funding for further improvements.

Maintaining strong collection rates and challenge of tax bases - to ensure fairness to all involved and ensure the Council maximises local income for local use.

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

Government Grant Funding of Local Expenditure

209. The detailed funding settlement from Government impacts on longer term financial planning. Issues for 2015/16 include:

- The release of the Autumn Statement on 3rd December.
- The release of the Provisional Settlement on 19th December 2014 and Final Settlement received on 3rd February 2015.
- Late confirmation of Council Tax Freeze Grant and calculation of business rates estimates.
- Late announcement of Education Services Grant.

These have set out changes to:

- General funding levels – confirming a 19.4% reduction in Revenue Support Grant.
- Funding from Business Rates – a cap on the multiplier and a change to discount / relief arrangements.

210. Local authority finances in England are undergoing significant changes as part of the Government's overall deficit reduction programme. Overall, grant funding is still expected to reduce, but will vary depending on local levels of house building, commercial development and employment levels. The short term nature of recent estimates means forecast funding levels from Government may be subject to significant change in the medium term.

211. Funding for local government is forecast to continue reducing over the next five years, and is likely to continue to reduce beyond this timeframe. In the medium term this presents itself as funding deficits for the Council which could place strain on local service levels.

212. A summary of the Council's grant funding is shown in **Table 3.**

Table 3 - Grant Funding is reducing by 8.2% in 2015/16	2014/15 £m	2015/16 £m	Change £m	Change %
Business Rate Retention Scheme	-37.9	-38.6		
Revenue Support Grant	-48.6	-39.1		
Specific Grants	-18.2	-18.4		
Funding Available to Services	**-104.7**	**-96.1**	**-8.6**	**-8.2%**

Source: Cheshire East Finance

213. The Council receives grant funding from the Government under several main headings:

- Business Rate Retention Scheme
- Revenue Support Grant
- Specific Grants (unring-fenced)
- Specific Grants (ring-fenced)

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

Business Rate Retention Scheme (BRRS)

214. The Council anticipates collection of approximately £139.5m in business rates in 2015/16 (based on the Council's NNDR1 return to the DCLG). The Council is continuing to use the DCLG Business Rates baseline figures for budget setting purposes of £137.7m. This is slightly below the NNDR 1 reflecting a prudent approach to business rates growth. This will be kept under review.

215. Under the BRRS arrangements 72% of this funding is paid to Government with 28% being retained specifically to support Cheshire East Council services.

216. Growth in business rates can increase local funding, but recent trends in rateable values have remained at a constant level. The Council's reaction, as set out in the Medium Term Financial Strategy (MTFS), is to promote inward investment to the area. There are positive signs of investment already, with developments in the south of the borough at Bentley and in the north of the borough at Alderley Science Park. There is also significant capital investment in infrastructure in the middle of the borough with work at Junction 17 of the M6 and progress towards a Congleton link road.

217. As part of the BRRS, authorities are able to come together on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. This allows the authorities included within the pool to be treated as one entity for the purposes of tariff / top up and levy / safety net payments potentially reducing the amounts to be paid over to Central Government.

218. Cheshire East Council has agreed to enter into a BRRS pool with the Greater Manchester authorities for 2015/16. This has been confirmed in the provisional settlement for 2015/16.

Revenue Support Grant (RSG)

219. In addition to retained business rates the Government provides RSG which is not ringfenced for specific purposes. Historically, RSG and retained business rates were allocated based on a complicated formula that reflected local characteristics such as deprivation, age profiles and road lengths. Links to this complex approach have been dropped in favour of promoting economic growth through named grants. Residual RSG could reduce by as much as 50% in the medium term.

220. Transitional grants to town and parish councils for the implementation of the local Council Tax support scheme will continue to reduce in line with reductions to the Council's Revenue Support Grant (-£93,000). The approach will continue to be reviewed annually. We have communicated this message to our Town and Parish Councils so that they can plan for this reduction.

Specific Grants

221. A number of separately identified but unring-fenced Specific Grants have been retained. The detailed list is shown in **Annex 7** and summarised in **Table 4**.

222. The list of Specific Grants mainly relates to funding for the New Homes Bonus, Education Services Grant and Social Care Grants linked to new responsibilities, which together equate to 71% of the total expected in 2015/16.

Table 4 - Separate specific grants have increased slightly	2014/15 £m	2015/16 £m	Change £m	Change %
New Homes Bonus	-5.4	-6.7		
Education Services Grant	-4.3	-3.0		
Council Tax Freeze Grant	-1.8	-1.8		
Social Care Grants	0	-3.3		
Other Grants	-6.7	-3.6		
Total Specific Grants	**-18.2**	**-18.4**	**0.2**	**1.1%**

Source: Cheshire East Finance

223. Cheshire East Council has been allocated £2.3m from DCLG to support the delivery of additional responsibilities under the Social Care Act which comes into effect from April 2015. The changes to financial thresholds and the introduction of the care cap are introduced from April 2016 and the funding allocations are yet to be announced beyond 2015/16.

224. From 1st July 2015, the responsibility for the Independent Living Fund (ILF) will transfer from the Department of Work and Pensions to local authorities. Cheshire East Council expects associated funding of approximately £1m to continue to provide ILF care and support to people already in receipt of ILF. The funding will transfer to the Council via a s31 grant. The full year grant of £1.5m is expected in 2016/17. From 2016/17 the grant will be subject to a reduction of 5% for attrition. The ILF is not open to new entrants.

225. New Homes Bonus funding is provided to the Council based on the net increase in properties and affordable homes. The scheme is now coming into its fifth year of a six year rolling programme with unring-fenced funding of £6.7m expected for 2015/16. It is not yet clear what will happen to the New Homes Bonus beyond 2015/16.

Education Services Grant (ESG)

226. The Department for Education (DfE) continue to administer and distribute the ESG, which remains unring-fenced, to local authorities and to academies proportionate to the number of pupils for which they are responsible.

227. The provisional allocation for local authorities was made on 18th December 2014 and set a figure of £3.5m for Cheshire East. However, a risk analysis of all schools has been carried out to ascertain the likelihood of possible conversion to academy status during 2015/16. Based on this analysis, local estimates have set the provisional return of funds to be £3.0m and this has been factored into the scenario.

228. Beyond March 2015 the position is less clear and prudent estimates of £3.0m per annum have been factored in. This reflects the receipt of some element of funding or subsequent service reductions, or increased income, to the wider Council and the latest risk assessment.

Ring-fenced Grants

Dedicated Schools Grant (DSG)

229. The Government has announced the indicative allocations of DSG for 2015/16 which is ring-fenced. Following extensive educational funding reforms by the DfE, the grant is now allocated in notional funding blocks, namely the High Needs Block, the Schools Block and the Early Years Block.

230. The value of the High Needs Block is determined by identified 2014/15 local authority budgets to which adjustments have then been made. Funding is based on a Guaranteed Unit of Funding (GUF) per pupil for the latter two blocks. The Pupil numbers used in the calculation are based on the October 2014 Pupil Level from Schools Census information. Final allocations of the 2015/16 DSG will include an adjustment for pupils reflected in the January 2015 Early Years Census.

231. An additional £6.8m has been received in the schools block as a result of a national increase in available funding. The funding for the provision of education for eligible two year olds (£3.4m in 2014/15) is yet to be announced as funding will be based on January 2015 Early Years Census.

232. **Table 5** shows the actual DSG received for 2014/15, the indicative DSG for 2015/16, the actual GUF (Amount per Pupil) received for 2014/15 and the Block GUFs to be received for 2015/16 (excluding the adjustment for Academy recoupment).

Table 5 - Dedicated Schools Grant are allocated in three notional blocks from 2015/16	Actual 2014/15 £m	Estimated 2015/16 £m	Change £m	Change %
Total Dedicated Schools Grant	238.5	243.0	4.5	1.9
Comprising:				
Schools Block (notional)	187.0	193.8	6.8	3.7
Early Years Block (notional)	13.3	13.6	0.2	1.6
High Needs Block (notional)	35.1	35.5	0.5	1.3
New responsibilities	3.1	0.1	3.0	-97.8
Per Pupil Funding	**£ / pupil 2014/15**	**£ / pupil 2015/16**		
Dedicated Schools Grant:				
Schools Block (notional)	4.1	4.2		
Early Years Block (notional)	4.0	4.0		
Figures quoted are before the Academy recoupment				

Source: Cheshire East Finance

233. 93% of Dedicated Schools Grant (DSG) is passported directly through to schools and this is one of the highest levels nationally.

Dedicated Schools Grant (DSG) ~ Academy Funding

234. The DfE are clear that becoming an Academy should not bring about a financial advantage or disadvantage to a school but rather, enable Academies to have greater freedom over how they use their budgets.

235. The Individual Schools Budget (ISB) receivable for the 37 academies which opened before or during 2014/15 has not been removed from the total DSG award to be received (as reflected in **Table 5**). The funding for these academies of approximately £82m will be

recouped from the Authority's DSG as part of the academy recoupment process.

Sixth Form Funding

236. Total sixth form funding of £16.1m is receivable for schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known) of which £4.4m is provided directly to maintained schools with the balance of £11.7m being allocated directly to Academies by the Education Funding Agency.

Pupil Premium Grant

237. The Government has also announced on-going increases to the Pupil Premium Grant which is now in its fourth year. Grant allocations are based on October 2014 census figures for deprived pupils in years from Reception to Year 11.

238. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2015/16 have been confirmed at £1,320 for primary-aged pupils and £935 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £1,900 and children whose parents are in the armed forces continue to attract £300 per annum. It is estimated that Cheshire East Council will receive £6.8m in relation to the Pupil Premium for 2015/16.

Public Health

239. Central Government transferred the responsibility of commissioning and delivering public health services from Health to Local Authorities from April 2013.

240. Public Health responsibilities cover a wide range of services including: sexual health services; NHS Health Check programmes; Drug Misuse; Alcohol Misuse and Obesity.

241. Public Health grant will remain ring-fenced for the first three years as a minimum, so expenditure is incurred in line with the definition of public health. The Council has been notified of the funding for the first three years, £12.7m in 2013/14 which was subsequently revised to £13.7m and, £14.3m in 2014/15 and finally, £14.3m for 2015/16.

242. The Council expects to receive additional funding and responsibility for 0-5 year olds from the NHS mid-way through 2015/16. The impact of this is forecast to be £2.4m.

Collecting Local Taxes for Local Expenditure

Council Tax

243. Despite the increase in demand for services, such as waste collection and social care, which is expected from a growing population, the amount of Council Tax charged to occupied properties in 2015/16 will be frozen at the 2014/15 levels. For 2015/16 the Band D Council Tax for Cheshire East Council will therefore remain at £1,216.34.

The calculation of the Council Tax is shown in **Table 6**.

Table 6 - The calculation of the Cheshire East Council Band D Council		2015/16 £m	2015/16 £m
Total Net Revenue Budget 2015/16			264.9
Specific Grants			18.4
Revenue Budget recommended to Council on 26th February 2015			246.5
Less External Support:			
Business Rates Retention Scheme	15.7% [1]	38.6	
Revenue Support Grant	15.9% [1]	39.1	77.7
Surplus / Deficit on Collection Funds			0.0
Amount to be Raised from Council Tax (68.5%)			**168.8**
No. of Band D Equivalent Properties			138,764.19
Band D Council Tax			**£1,216.34**

[1] Percentage of Cheshire East net budget

Source: Cheshire East Finance

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

Table 7 - Impact of Council Tax on each Band				
Band	**A**	**B**	**C**	**D**
Council Tax £	810.89	946.04	1,081.19	1,216.34
No of Dwellings	29,478	34,840	33,015	24,563
Band	**E**	**F**	**G**	**H**
Council Tax £	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	19,037	13,040	11,864	1,776

Source: Cheshire East Finance

Council Tax Freeze Grant

244. By freezing Council Tax, the Council is entitled to a grant for 2015/16 equal to the amount that could have been raised by a 1% increase (before adjusting for Council Tax Support). As a result of this decision, and past decisions to freeze Council Tax, the Council will receive £9.9m of freeze grant in 2015/16 as set out in **Table 8**.

Table 8 - Council Tax Freeze Grant Equals 10.3% of Cheshire East Council's Government Funding in 2015/16	2015/16 £m
Allocation for:	
2011/12 (now rolled into BRRS)	4.5
2013/14 (now rolled into BRRS)	1.8
2014/15 (now rolled into BRRS)	1.8
2015/16 (Year 1)	1.8
Total Freeze Grant to be Received	**9.9**

Source: Cheshire East Finance

245. Beyond 2015/16 the Council's medium term financial planning assumptions continue to assume a freeze in Council Tax levels. However, at this stage no additional Freeze Grant has been assumed.

Council Tax Base

246. The Council Tax Base quantifies the number of properties from which the Council is able to collect Council Tax. The tax base is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a

Band D). The level of Council Tax multiplied by the tax base equals the expected income from local taxation.

247. The gross tax base for 2015/16 (before making an allowance for non-collection) is calculated as 140,521.00. After taking into account current collection rates, a non-collection rate was set at 1.25%. This results in a final tax base of **138,764.49** Band D equivalent domestic properties.

248. The tax base for 2015/16 reflects an increase of 0.9% on the 2014/15 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of Council Tax Support. The Council Tax Base was approved by Council on 11th December 2014.

249. Cheshire East has a relatively high Council Tax Base compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16% in Cheshire East compared to the England average of 9% based on 2013/14 data).

The impact of the Council Tax Support Scheme

250. From 1st April 2013 the Council Tax Benefit system was replaced by a locally designed Council Tax Support Scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants are not affected by this change.

251. The impact of Council Tax Support reductions is decreasing in Cheshire East, reflecting a positive trend away from a dependence on support from the local authority. Further details are provided in the Tax base Report to Council on 11th December 2014.

252. Cheshire East will continue to compensate local town and parish councils for any reduction in tax base as a result of the Council Tax Support Scheme. However, this compensation grant will be reduced in line with the funding reductions being experienced by the Council for the Revenue Support Grant (of which the compensation forms a part).

Collection Fund

253. Receipts from Council Tax payers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire & Police and local Town & Parish Councils).

254. A predicted deficit in the Collection Fund reduces revenue funding for the following annual budget and vice versa in the case of a surplus. This can happen if predicted changes in the tax base do not occur or if payments are delayed.

255. The estimated balance on the Collection Fund has been forecast as a net nil position for 31st March 2015. This represents no change from the position forecast at 31st March 2014.

256. The year-end balance on the Business Rates Collection Fund is estimated to be in line with budgeted base line funding levels.

Council Tax on Second Homes

257. During 2006 the Cheshire Local Government Association (LGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:-

- 50% to be retained by local authorities.
- The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

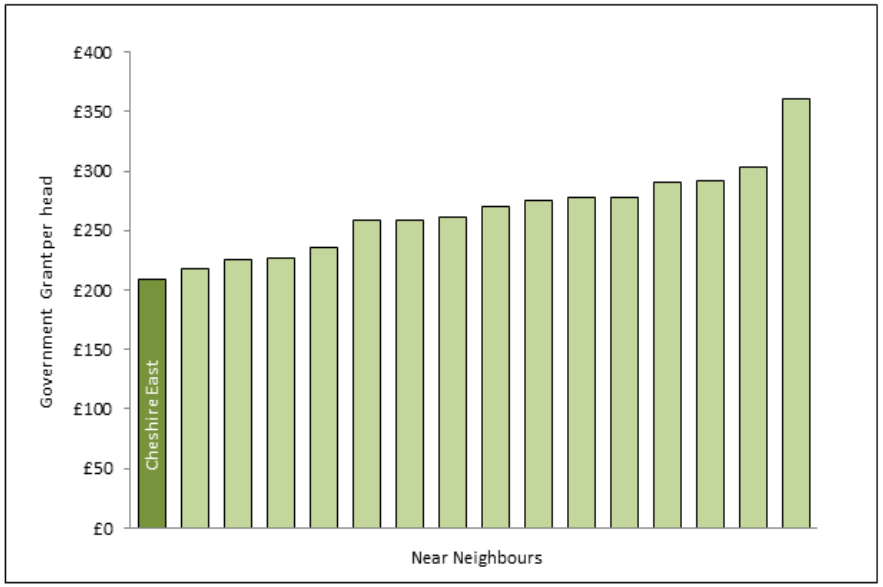
258. The final figures cannot be calculated until each authority has set its 2015/16 Council Tax. Contributions under the Second Homes agreement to the CDRP from the Police and Crime Commissioner and Cheshire Fire and Rescue Authority will be made during 2015/16 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is £160,000.

259. Any further changes to Second Homes discounts are not part of the local agreement and therefore the additional income from any change is not included in the figure shown.

Funding Comparisons to similar Councils

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

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



Source: Cheshire East Finance

What is the Council doing about it?

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

Responding to Key Consultations

2014/15 has seen fewer major consultations on changes to local government finance. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers and the Local Government Association (Cheshire East Council is a member of both) and therefore, in some cases, relied on their collective responses to make any relevant comments. The consultations that have taken place so far in 2014/15 are as follows:

- Rates Retention and Formula Grant
  - Administration of Business Rates in England (closed June 2014)
  - Local Government Finance Settlement 2015/16: Technical Consultation (closed September 2014)
- Public Health
  - Health Premium Incentive Scheme 2014/15 and Public Health Allocation (closed October 2014)
- Schools and Academies
  - Fairer Schools Funding 2015/16 (closed April 2014)
  - Savings to the Education Services Grant for 2015/16 (closed June 2014)
  - Early Years Pupil Premium and Funding for Two Years Olds (closed August 2014)
- Adult Social Care
  - Funding Formula for Implementation of the Care Act in 2015/16 (closed October 2014)
- General
  - CIPFA Nearest Neighbours Model (closed June 2014)
  - Local Audit Regulations (closed July 2014)
  - Independent Commission on Local Government Finance Call for Evidence (closed August 2014)
- Schools Funding
  - The DfE consulted earlier in 2014 on the Schools Funding Formula for 2015/16 and Minimum Funding Levels to be used in that formula. The Local Authority consulted with all schools and governing bodies over the potential changes to the funding formula, with the results of the consultation being considered by the Schools Forum and the Local Authority in producing the Funding Formula for 2015/16. The DfE is still intending to implement a National Fair Funding Formula (NFFF). A consultation on any proposed changes to the schools funding formula for 2016/17 is expected in 2015, although this may not be the NFFF.
- Provisional Settlement
  - The Council has responded to the settlement through the Society of County Treasurers' response. This collective response raised the key issues of: late release; lack of information beyond 2015/16; and the misleading nature of the spending power calculations.

Membership of Collective Groups

The Council has membership of several collective groups which provide a stronger voice at a national level. They are:

- The Local Government Association
- The Society of County Treasurers
- The Sparse Rural Network
- The F40 Group

The Council is also making use of the CIPFA / Pixel Financial Management Service to assist with Financial Planning.

Monitoring Developments

The Council is monitoring news alerts and public sector journals for any developments with Business Rates and grant funding arrangements. One notable issue relates to other local authorities seeing greater control over their business rates in return for losing other grants.

On-going briefing with Members of Parliament

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

Charges to Local Service Users

262. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering some or preferably all of the Council's costs in delivering discretionary services.

263. Approximately 7.5% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.

264. The Cheshire East Council pricing structure has over 1,500 different charges. With the overall objective to reduce subsidy in charged for services some prices may rise considerably more than inflation. In such cases users are consulted and alternative service options are discussed.

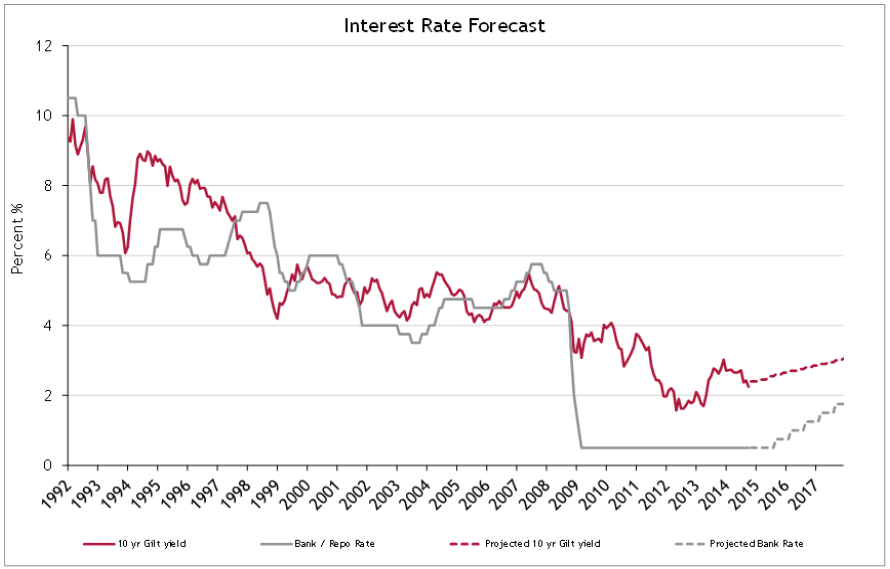
265. To assist officers and Members to recover full cost, the Council has produced a Charging and Trading Strategy to provide the relevant guidance to be applied. This document is available on request.

266. The fees and charges list is subject to review given the change in commissioning arrangements in some areas. A revised version will be available in due course.

Investment, Borrowing and the Capital Programme

267. The Council's advisors, Arlingclose, forecasts the first rise in official interest rates in August 2015 and a gradual pace of increases thereafter, with the average for 2015/16 being around 0.75%. They believe the normalised level of the Bank Rate post-crisis to range between 2.5% and 3.5%. Further information on the economic and interest rate forecast are provided in the Treasury Management Strategy 2015/16.

Chart 3 - UK Interest Rates 1992 to 2017 (forecast)



Capital Financing Costs

268. The capital programme is intentionally aspirational, reflecting the Council's priority to put Residents First and to promote local growth. To support this ambition the Council will pursue additional external funding, private sector investment and capital receipts. This approach allows flexibility, so that schemes can be phased, reviewed and if necessary put on hold until the resources required are identified and secured, or alternatively, brought on stream to take advantage of funding and market opportunities as they arise. Cheshire East resources will be utilised accordingly to allow flexibility within the programme. 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.

269. The Council has continued its policy of utilising investment balances instead of taking out new external borrowing in order to finance capital expenditure. External loans amounting to £20m have been repaid since 2009. Together with debt restructuring this has reduced external interest costs by £2m per year.

270. The Treasury Management Strategy aims to hold capital financing requirements at c.£14m per year in the medium term. Over time the percentage of the net revenue budget required for capital financing will increase. This reflects the Council's significant capital ambitions for local investment and the fact the actual net budget is reducing. This is acceptable as the Council targets investment in infrastructure that can support the local economy and provide future revenue savings.

271. The capital financing budget for 2015/16 is shown in **Table 9**. This includes amounts 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 budgeted costs are partly offset by the amount of interest the Council anticipates earning from the temporary investment of its cash balances during the year.

272. The process of challenging business cases through the Technical Enabler Group and Executive Monitoring Board will manage the need to achieve cost savings from key projects in the capital programme.

Table 9 - Capital Financing Budget	2015/16 £m
Repayment of Outstanding Debt	10.0
Contribution re: Schools Transforming Learning Communities Schemes	-0.9
Direct Revenue Funding	0.8
Interest on Long Term Loans	4.3
Less: Interest Receivable on Cash Balances	-0.2
Net Capital Financing Budget	**14.0**

Source: Cheshire East Finance

273. The budgeted provision for the repayment of debt in the year 2015/16 comprises of the following elements:

- The charge in respect of borrowing incurred after April 2008 is calculated on a basis that charges the amount borrowed to the Council's income and expenditure account in equal instalments over the anticipated life of the asset. These periods vary from five years to 25 years depending on the type of expenditure funded from the borrowing.

- Historical borrowing prior to this is calculated as 4% of the outstanding balance at 31st March 2013.

274. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 9**.

275. The amount of interest paid on the Council's portfolio of long-term loans is mainly at a fixed rate of interest (circa 3.93%). This provides a degree of certainty to the capital financing budget.

276. Currently, long-term fixed interest rates are around 3.4%.

277. The rate of interest to be earned from temporary investment of the Council's cash balances (c.£65m) is estimated to be 0.5% during 2015/16.

278. The Council will continue to use its own cash balances to fund capital expenditure. This strategy is sound, particularly with the 1% margin on Public Work Loan Board rates, low-investment yields and on-going concerns regarding credit risk.

279. The Council sets out the approach to these issues in its Treasury Management Strategy which is also being reported to Cabinet and Council in February 2015.

Capital Programme Planning

280. The 2014/17 capital programme was approved by Council on 27th February 2014. Updates have been provided via quarterly reports to Cabinet during 2014/15.

281. The Third Quarter Review of Performance and the revised profile of spend for 2015/16 onwards forms the base for the 2015/18 programme, which is detailed in **Annex 11**.

282. Capital commitments have been reviewed to identify the profile of expenditure. There is recognition that the obvious complexities around planning applications, public consultation and dependencies on third parties for external funding can mean that projects will be delayed from one year to the next.

283. It is very important to manage projects within approved resources and at best value to the Council.

284. The level of Council resources available for capital investment is set out in **Table 10** and is based on the level of Government grant and external contributions expected, the level of borrowing that the Council can undertake on a prudential basis, and the level of capital receipts that can be generated over the period.

285. Since 2012/13, the inclusion of a project in the capital programme is subject to the Council's enhanced governance arrangements. Schemes over £250,000, or where there is a significant risk, are required to go through a gateway process. Schemes are assessed for technical viability by the Technical Enabler Group (TEG) and then reviewed and challenged by a member led Executive Monitoring Board (EMB).

286. Projects are required to go through a second stage (Gate 2) and provide detailed robust project documentation before they have approval to commence. EMB may reject proposals if they are unconvinced of the viability of the business case and any other aspect of the delivery plan including the fit with corporate priorities, which may result in the recommendation to stop the project or a request for a revised proposal.

287. Proposals are at various stages of this process during the year and are included in the programme for planning purposes. Where costings are not yet available indicative estimates are included. Schemes are categorised in the programme according to status, and the schemes that are continuing from the 2014 programme or that have passed through the Gate 2 process will be monitored against progress and spend during 2015/16.

288. Spending plans will be subject to scrutiny throughout the gateway process which ensures a robust quality assurance framework is followed for each project. The governance arrangements will safeguard against projects proceeding where costs may escalate beyond budgets. Variances from approved budgets will be subject to supplementary approval in accordance with financial regulations.

Capital Programme Funding

289. Capital Funding will be provided from four main sources:

- Government Grants
- Capital Receipts
- Borrowing
- External Contributions

Each is detailed below.

290. The Council has discretion over the use of internally-generated capital resources such as receipts from the sale of surplus assets, prudential borrowing and revenue contributions. Discretion is used to ensure that these scarce capital resources are used to support capital schemes that make a major contribution to ensuring the Council's assets are suitable for achieving outcomes for residents and generating revenue savings.

Table 10 - Capital Programme Summary	2015/16	2016/17	2017/18	Total 2015/18
	£m	£m	£m	£m
Committed Schemes	40.0	6.6	1.8	48.4
Medium Term and Recurring Programmes	63.4	46.7	36.4	146.5
Long Term Proposals	42.9	57.8	159.9	260.6
Total Capital Programme	**146.3**	**111.1**	**198.1**	**455.5**
Financing				
Prudential Borrowing	41.5	4.8	19.9	66.2
Government Grants	48.5	46.3	115.1	209.9
Capital Receipts	37.3	39.2	33.9	110.4
External Contributions	17.7	20.8	29.2	67.7
Other Revenue Contributions	1.3	0.0	0.0	1.3
Total Sources of Funding	**146.3**	**111.1**	**198.1**	**455.5**

Source: Cheshire East Finance

Government Grants

291. Government grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.

292. The Council seeks to maximise such allocations of grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs for local residents. Overall Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and major highways infrastructure. Over the medium term these resources equate to £210m, which is 45% of the total Capital Programme.

Capital Receipts

293. A capital receipt is an amount of money which is generated from the sale of an asset. The asset rationalisation process continues to explore opportunities to generate capital receipts by disposing of surplus property assets after considering potential development opportunities to maximise benefits for local residents. This will also have revenue benefits by reducing costs relating to those assets.

294. The Council applies a policy whereby receipts are pooled centrally in the capital reserve and are allocated in line with corporate priorities. An asset disposal schedule is maintained which indicates the timing and estimated values of future receipts.

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

Borrowing

296. The Council's capital investment complies with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes.

297. The level of Prudential Borrowing required in 2015/16 and in future years is detailed in **Annex 10** – Prudential Borrowing Indicators. The revenue consequences have been considered as part of the medium term strategy to ensure they can be afforded in future years.

298. If at any point there is potential for schemes to remain unfunded then work will be prioritised on all schemes to prevent any unnecessary financing costs.

External Contributions

299. The Council also receives contributions from developers towards the provision of public assets or facilities, such as Section 106 contributions to mitigate the impact of their developments.

300. Section 106 agreements are drawn up during the planning process which identifies and addresses the local needs of the community in relation to new developments. The agreement obligates the developer to provide a sum of money to enable the provision of facilities such as play areas and open spaces, increased education placements and road improvements.

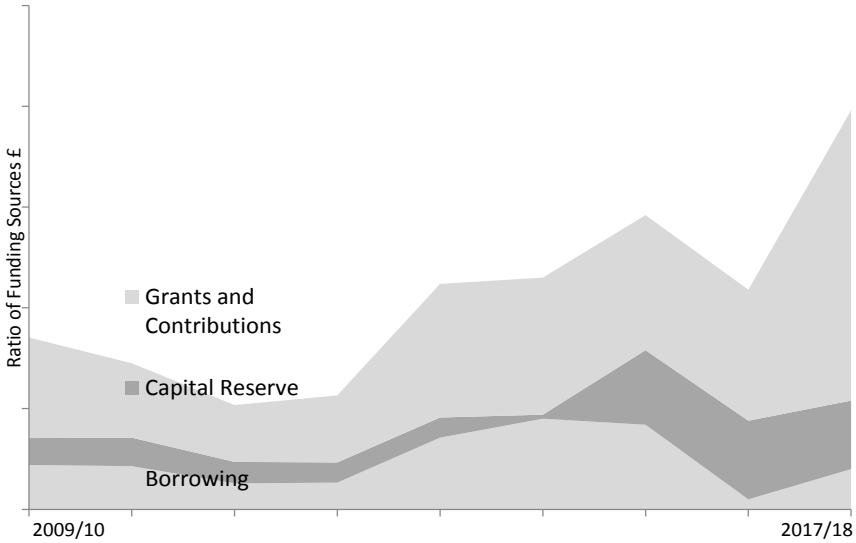
301. As at 31st March 2014 the authority held Section 106 balances totalling £4.8m. The use of the funding is restricted by the terms of the original agreement and the timing of developer contributions is less predictable than other sources.

Other Revenue Contributions

302. Capital expenditure may be funded directly from revenue, but not vice-versa. Whilst overall funding reductions continue pressure on the Council's revenue budget limits the extent to which this may be used. At present no revenue contributions are planned for new schemes.

303. **Chart 4** demonstrates the balance of funding over time. The increase in grants and contributions from 2014 to 2018 relates, in the main, to the Superfast Broadband project and strategic highways schemes.

Chart 4
Balance of Capital Funding Sources from 2009 to 2018



Source: Cheshire East Finance

Other Economic Factors

304. The Council makes an assessment of its financial position over the next three years by using a model known as the financial scenario. It is based on a series of planning assumptions (for example: estimated inflation rates). The planning assumptions were published in the Pre-Budget Report 2015/16 issued in September 2014, and updated through the year via Central Finance Group. Allowance will be made in the 2015/16 budget for other economic factors, largely inflation and pension costs; totalling **£2.9m**.

305. The Budget Report for 2015/16 continues the theme of not including any central allowance for non-pay inflationary pressures on the basis this is being mitigated by service efficiency proposals, increased charges or specifically bid for as a separate policy proposal.

306. The original funding shortfall allowed for a payment of £0.6m for payments of actuarial costs in relation to staff who left the Authority during reorganisation.

307. During 2014/15 it was agree to repay these costs in-year (saving interest costs). Therefore, this has been removed from the Financial Scenario.

Employer Pensions Contributions

308. The Workforce Planning section provides further details on the Pensions provision.

Managing the Reserves Position

309. The Council Reserves Strategy 2015/18 states that the Council will maintain reserves to protect against risk and support investment.

310. The Strategy identifies two types of reserves:

General Reserves

- Balances in this category are not identified for specific purposes, but will be used to cushion against the impact of emerging events or genuine emergencies.

Earmarked Reserves

- Balances in this category are set aside for specific projects where spending will occur outside of the usual annual spending pattern of the budget.

311. Cheshire East Council's Reserves Strategy has been updated and is included at **Annex 12** to this report. For the 2015/16 Budget the Section 151 Officer is satisfied that the strategy remains consistent with previous years.

General Reserves

312. The Budget Report for 2014/15 anticipated an opening balance for 2015/16 of £14.0m. The latest estimate is set at £14.2m, as adjusted for the projected 2014/15 outturn which is based on the Three Quarter Year Review.

313. The medium term financial outlook reflects a reduction in real terms expenditure on Council services. Reducing expenditure over time may require up-front investment in change management that will sustain the financial resilience of the Council.

314. Strategically the Council must therefore utilise short term funding to support change and not to build up reserves. As for 2014/15, there is therefore no planned contribution for 2015/16 to reflect a reduced level of overall risk.

315. Reserves levels will therefore be maintained to protect the Council against risk and should only require amendment if risk materialises or to support short term cashflow issues. General Reserves will therefore now be stabilised over the medium term.

316. £1.7m is proposed to be transferred to earmarked reserves in 2015/16 to provide for costs of planning appeals, potential staffing restructuring, insurances, and to further support activity that will increase the longer term financial stability of the Council.

317. A summary of the updated forecast reserves position over the life of the medium term strategy is shown in **Table 11.**

Table 11 - Reserves levels will be maintained in the medium term	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Opening Balance	19.8	14.2	12.5	12.5
Change	-5.6	-1.7	0.0	0.0
Closing Balance	14.2	12.5	12.5	12.5

Source: Cheshire East Finance

Earmarked Reserves

318. It is anticipated that at 1 April 2015, balances on existing revenue earmarked reserves will be £24.5m (see **Annex 12**).

Summary of Financial Stability

319. **Table 12** summarises the position for 2015/16 to 2017/18.

Table 12 - Three Year Summary Position	2015/16	2016/17	2017/18
	£m	£m	£m
Children and Families	42.9	43.2	43.9
Adult Social Care and Independent Living	95.4	96.3	99.5
Public Health and Leisure	2.3	2.5	2.5
Environmental	27.5	27.5	26.6
Highways	11.0	11.0	11.2
Communities	9.2	9.2	9.4
Economic Growth and Prosperity	22.2	22.4	22.7
Chief Operating Officer	39.3	39.4	40.6
Corporate Contributions and Adjustments	0.9	0.9	0.9
Sub Total: Service Budgets	**250.7**	**252.4**	**257.3**
Capital Financing	14.0	14.0	14.0
Early Retirement Costs	0.0	0.0	0.0
Contribution to Earmarked Reserve	0.2	0.0	0.0
Additional Reductions to closing Funding Deficit Yr 2/3			*-13.0*
TOTAL NET REVENUE BUDGET	**264.9**	**266.4**	**258.3**
Funded by:			
Business Rate Retention Scheme	-77.7	-68.0	-62.1
Specific Grants	-18.4	-14.7	-14.9
Council Tax	-168.8	-170.7	-171.1
TOTAL FUNDING	**-264.9**	**-253.4**	**-248.1**
Potential Funding Deficit	**0.0**	**13.0**	**10.2**

Source: Cheshire East Finance

320. Service expenditure for 2015/16 is shown as **£264.9m**. This represents a decrease of £7.5m (2.8%) on the Budget at the Three Quarter Year Review position.

321. The Funding Available to Services in 2015/16 is estimated at **£264.9m** to give a balanced position.

322. This balance has been achieved through a substantial process to review and refine the funding figures and Services' expenditure / income levels.

Allocating Funding to Services

323. The Medium Term Financial Strategy – Executive Summary sets out further details of how the Council is approaching delivery of the Three Year Council Plan.

Balancing the Medium Term Budget 2016/17 and 2017/18

324. **Table 12** illustrates that Council funding is forecast to reduce over the medium term by as much as 8.8%. These estimates are prudent, but there is little doubt that Government funding is expected to decrease and that inflationary pressure on services will continue to increase. Setting a robust budget in these circumstances is therefore challenging and plans will be subject to review.

325. The Medium Term Financial Strategy reflects a balanced position for 2015/16 with a mix of specific policy proposals in each Service.

326. The position for 2016/17 and 2017/18 continues to reflect a deficit position. This has been significantly reduced from this time last year and the challenge to remove that gap will continue during 2015/16.

327. The Council adopts a standard five measure approach to balancing the budget and each measure is explored in relation to the medium term balancing of the MTFS.

Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to Government funding and inflation in particular will be checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in Council Tax and Business Rates is explored in relation to emerging Government policy, local ambition and growth in the tax base.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four & Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure outcomes will be achieved in a cost effective and efficient way.

Options related to each of the five measures are set out below:

Measure	Table 13 – Balancing the Medium Term Budget
Measure One Challenge Financial Assumptions	- Nationally, there is uncertainty around funding levels beyond 2015/16 in terms of percentage changes to grant, New Homes Bonus and the level of specific grants (such as Education Services Grant and those related to Adult Social Care). Existing forecasts remain prudent and in line with general grant funding assumptions. - Growth in the amount of Business Rates paid, beyond inflation, is not assumed in the medium term. However, the Business Rate Retention Scheme approach to funding local authorities would see a return of £0.3m on 1% of additional growth. Although the Council has ambitious development plans the impact of rating appeals and the overall national economic picture means a currently prudent approach is appropriate at this point in time. The agreement to pool business rates for the purpose of the Business Rates Retention Scheme may assist the forecast growth through reduced levy payments. - New Homes Bonus attracts funding of £1,400 per annum for six years for every additional band D property. The estimates in the MTFS match those detailed in the Local Plan and these will be reviewed in light of in year performance, planning permission granted and sites being developed. From 2017/18 the year one grant falls away and is replaced by a bonus arising from growth in 2017/18. Therefore, the Council will need to at least maintain the housing supply to ensure no change to this figure. However, the impact of the election and additional funding reductions on New Homes Bonus are unknown.
Measure Two Review Local Taxation	The Council retains the opportunity to review current funding assumptions: - There is no assumed increase in Council Tax charges at this stage, nor any assumption about receipt of further freeze grants. This position can be re-examined each year to reflect local and national ambition. - The Council will continue to maximise its tax base through any further flexibility made available by legislation. The potential for development in the area, backed by the Council's continued support for economic growth, is also likely to increase the domestic and non-domestic tax bases over time.

Measure	Table 13 – Balancing the Medium Term Budget
	- Impacts from the continuation of the local Council Tax Support Scheme will be reviewed and scrutinised during the medium term. The scheme may be amended where appropriate, but overall the ambition is to reduce claimant numbers in relation to out of work residents through the promotion of economic growth in the area. - As the potential benefits of investment in local infrastructure are realised local business may engage with the Council to consider the introduction of a Business Rate Supplement to raise funds for specific local purposes. For example, if businesses opted to pay an additional rate of 1p on the rating multiplier they could raise as much as £2.1m each year, this level of funding could support a 15% increase in the Council's Capital funding costs for an agreed scheme. - There is potential to work with local businesses to introduce business improvement districts for specific purposes. - Continued high collection rates may result in a surplus that can be released to support investment in improved services in the local area.
Measure Three Manage Reserves	- The Council adopts a rigorous approach to managing in year expenditure. Service heads will sign off their Budget allocations to endorse accountability. In-year reporting will continue to identify emerging pressures and associated mitigating actions. - The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure. - The Reserves Strategy for 2015/18 aims to maintain reserve levels over the medium term, although emerging risks or opportunities may require short-term use of reserves.
Measures Four and Five Manage Cost Drivers & Income	The Council's proposals for change can be found within the Medium Term Financial Strategy. Many of the financial implications relate specifically to 2015/16. However, many of these programmes will deliver further savings through to 2017/18. - Employer pension's costs are assumed to rise in the medium term. The results of the next actuarial review have added to the pressure. However, the Council will continue to refine its pensionable pay costs to determine an accurate provision.

Measure	Table 13 – Balancing the Medium Term Budget
	- Pay Inflation is being assumed at 1% in the medium term and will be reviewed in light of available funding and economic circumstances. - Continuously reviewing management levels and staffing structures. Expenditure on employees accounts for c.40% of the Council's expenditure on services, and the reviews will look to ensure that the Council operates an effective commissioning model that focuses on cost benefits and efficiency. - Maintaining the focus on priorities, using a scale-able approach to service delivery that can continue to adapt to available funding and provide essential services. - Reshaping Corporate Services, which account for c.16% of the Council's net budget, to reflect a smaller organisation. - Challenging discretionary services to ensure these meet priority needs, are afforded in the most effective way or are instead ceased or transferred to alternative providers. - Review subsidy levels in services that are also supported by charges to service users. Users pay c.£48m each year towards direct service provision already. Any review will focus on the adequacy of this funding with a view to re-assessing or removing some existing subsidies for discretionary services. - Introducing a robust and effective Community Infrastructure Levy that can engage developers and other stakeholders in delivering appropriate funding in key areas. - Continue to develop an effective commissioning council approach that challenges providers outcomes through innovation. - Maximising development opportunities from the increasing broadband coverage. Increasing commercial development located in Cheshire East would see returns from Business Rate Retention. For example a 1% increase in Business Rates would realise c.£0.3m of additional income per year. - Exploring opportunities to improve health and reduce dependency through integration of the local health programme with key partners. Net expenditure on Adult Services is currently accounting for 36% of the Council's budget. This is the largest budget area so managing costs in this area is essential.

Measure	Table 13 – Balancing the Medium Term Budget
	- Engaging with community groups and local Town & Parish Councils to explore ways of maintaining service delivery at a local level. There are c.300 such groups already financially engaged with Cheshire East Council. The third sector is a powerful economic partner, employing nearly 4,000 staff and generating an income of over £125m per annum, the vast proportion of which is invested back into our local communities and economies. Further opportunities will be explored as part of the Council's Three Year Plan. - Utilising capacity that can be purchased from the private sector, or other potential partners, to support modern ways of working, opting where possible for no-win, no-fee arrangements, but in any case ensuring low risk returns on investment. Where the Council cannot practically retain expertise it is suitable to purchase this from appropriate suppliers. - Delivering efficient internal processes, such as debt collection and low complexity, high volume transactions in a way that achieves high efficiency without deflecting expenditure from front line services. This may involve lowering any level of tolerance for non-compliance. - Carrying out a further Capital Challenge to ensure the benefits of the ambitious programme are realised. - Promoting "digital by default" approach across the Council where suitable to improve access to services. - Continuing to rationalise the Council's assets to minimise costs associated with utilities and rates and maximise receipts that can support economic growth outcomes.

Annexes to the Medium Term Financial Strategy Report 2015/18

February 2015

Annex 1 Cheshire East Council Three Year Plan

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

Annex 2 Business Planning Process – Engagement

Introduction

1. Cheshire East Council is conducting an engagement process on its Medium Term Financial Plans through a number of stages running from July 2014 to Council in February 2015, and beyond that as proposals are implemented.

2. The Pre-Budget Report, published on the 4th September 2014 included details of the proposals from each service area for the next financial year. This report was made available to various stakeholder groups and through a number of forums. It was accompanied by a short animation to explain the budget setting process.

3. Where consultation with specific stakeholder groups is required in relation to specific proposals, this is being identified as part of the proposal's High Level Business Case. Therefore, some of the major proposals remain "subject to consultation", that is further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.

4. The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is subject to change. The Council deals with this by factoring into its minimum level of reserves an allowance for changes to proposals arising from consultation or delayed implementation, etc.

5. Therefore, the prompt identification of proposals that could require additional consultation and a judgement on the potential impact of that consultation process will inform the calculation of the minimum level of reserves held. This is a key calculation as it results in funding being held back to cover risk.

Background

6. Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. In September 2013, Council conducted a stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.

7. This report helped to inform the consultation process for the 2014/15 Budget and has been further refined to improve the process for 2015/16. It has continued to identify additional channels of communication which were used to facilitate consultation with more of our stakeholder groups.

Business Planning Process

8. The Business Planning Process for 2015/16 followed a different timescale to previous years. This allowed consultation to take place earlier and for longer.

9. The engagement exercise used existing meetings, as well as specific events, to provide a briefing on the Council's Three Year Plan, outcomes, the budget setting process, and updates on progress for

various stakeholder groups. It was based around the proposals that were shared with Members of Corporate Overview and Scrutiny Committee on 21st July 2014 and then published in the Council's Pre-Budget Report 2015/16, issued on 4th September 2014.

10. All Member Finance Briefings were organised for the 5th August and 16th December 2014. These included updates on the Budget Setting Process, in-year performance and the Council's Value for Money document.

11. The key events are outlined in **Table 1** along with the topics of discussion and any feedback received:

Table 1 – Key Engagement Events

Events	Comments
Corporate Overview and Scrutiny Committee - 21st July 2014	Receive details of final outturn and broad Budget process / proposals
All Member Briefing - 5th August 2014	The Chief Operating Officer updated Members on the Budget process and broad proposals to vary budgets.
Cheshire East Council website – 4th September 2014	Pre-Budget Report and animation placed on Council's website and Centranet to launch consultation exercise. Social media used. Over 15,000 people have viewed social media posts.
TeamTalk – 4th September 2014	Issued to all staff and Members to headline Pre-Budget Report.
Corporate Overview and Scrutiny Committee – 11th September 2014	Received Pre-Budget Report and First Quarter Review of Performance and agreed comments for Cabinet on FQR.
Schools Forum – 2nd October 2014	The meeting noted the following points: - The total Cheshire East budget is approximately £750m. - The Council is continuing to move towards a strategic commissioning model.

Events	Comments
	- The Dedicated Schools Grant is the largest slice of the budget at £184m. - The General Grant from the Government is being reduced, year on year, so the Council is having to control costs to maintain services. - Forum members can contribute ideas for closing the budget deficit via shapingourservices@cheshireeast.gov.uk .
Trades Unions – 8th October 2014	The meeting noted the risks associated with further transfers of service to ASDVs
Access to Finance Business Event – 23rd October 2014	Over 100 businesses attended the event and welcomed the chance to feedback on the proposals. Cllr Raynes chaired the event and briefed on the Pre-Budget Report. Further details of the event are provided here.
Staffing Committee – 23rd October 2014	The meeting noted the following points: - The impact of proposals on training and development budgets should be considered. - Future attendance at the meeting should only focus on the staffing elements of the budget.
Corporate Overview and Scrutiny Committee – 10th November 2014	Received the Mid-Year Performance Report and agreed comments for Cabinet
Cabinet – 11th November 2014	Received the Mid-Year Performance Report
Town and Parish Councils Conference – 11th November 2014	The Leader of Cheshire East Council presented an overview of the Council's Finances and the Pre-Budget Report. - Plan for surplus in 2014/15 and give back again if necessary. - The Council will target there being no NEETs (Not in Education, Employment or Training) in Cheshire East. The budget will balance

Events	Comments
	and going for more savings on waste. - Q1: Why is the conference being held in Middlewich again? Will move Town and Parish Council Seminar around the Borough, starting next year. - Q2: Well done on accounts, why join-up Cheshire? It is a personal view that we are better together, but this could be with anyone. - Q3: What's landfill approach? Anaerobic Digestion (Food Waste) and more recycling to 2017, to reduce landfill. - Q4: Recycling confusing? If in doubt recycle and let the Council sort it. - Q5: How often will food waste be collected? We'll be sensible and use most appropriate mix of weekly, fortnightly or even monthly.
East Cheshire Chamber of Commerce and Enterprise Business Event – 20th November 2014	Cllr Raynes presented the Council's Pre- Budget Report to an East Cheshire Business networking event. Issues raised: - Q1: What is state of Congleton relief road? We are undertaking options development, and seeking funding - timing is more difficult to predict as with all road schemes. The Chamber is working with the business engagement team to help this process. - Q2: View on Congleton town centre? It should be better with less traffic and more accessible for visitors.
Macclesfield Chamber of Commerce Business Event – 1st December 2014	Cllr Raynes presented the Council's Pre-Budget Report to a joint event with Macclesfield Chamber of Commerce. Issues raised: - Q1: What is formula grant based on? It is an historical needs based calculation allowing for local issues such as road lengths and deprivation.

Events	Comments
	- Q2: Who decides where to invest Council funds? The Chief Operating Officer manages the process based on risk and cashflow. Market advice is provided by Arlingclose. - Q3: (follow-up to 2) - is your approach allowing you to avoid borrowing? Yes, the balance sheet position is strong and debt repayments have been made this year. - Q4: What is the reason for Cheshire East having 17,700 businesses and only 13,500 business premises? The larger figure represents all VAT registered entities, so may include people working from home, or subsidiary companies sharing premises. - Q5: When did changes on 2nd property Small Business Rate Relief and payment over 12 months come in? As part of the Autumn Statement 2013. - Q6: Discussions followed on appeals process, issues and local data. A primary contact for business rates issues was provided. - Q7: It is a significant hardship paying 100% rates for empty premises, can anything be done? We will explore the opportunity to feed this back to DCLG. - Q8: Will fees and charges go up? Some fees may increase to recover costs, and options to index link prices will be considered, but there is no wholesale approach to increasing charges. - Q9: Why not have car parking free for the first hour? A car parking review is underway and details can be shared with the Chambers, it is also possible to send comments to randc@cheshireeast.gov.uk and they will be collated. - Q10: Who is the business contact at CEC, to receive support? The Chambers rep will provide contact details to delegates. - Q11: Could the presentation be provided to the Make it

Events	Comments
	Macclesfield group? Yes, this will be offered.
Corporate Overview and Scrutiny Committee – 2nd December 2014	Receive Budget Setting Process update report
Cabinet – 9th December 2014	Consider the Council Tax Base for recommendation to Council.
Council – 11th December 2014	Agree Council Tax Base
All Member Briefing – 16th December 2014	Budget proposals
Funding announcements – 18th December 2014	From Government
Corporate Overview and Scrutiny Committee special meeting 20th January 2015	Receive Draft Budget Proposals
Final Medium Term Financial Strategy (MTFS) / Budget Report released – late January 2015	
Cabinet – 11th February 2015	Consider MTFS Report

Annex 3 Impact Assessment

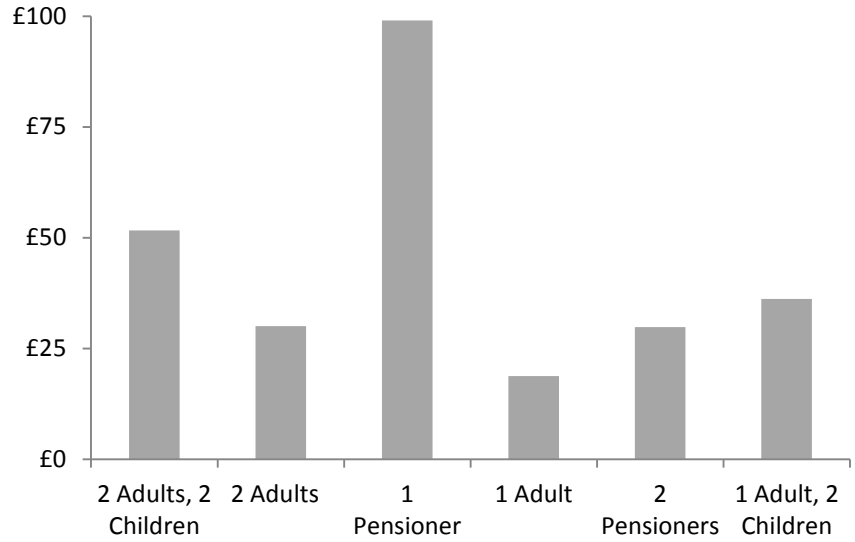
Household Calculator

1. The 2015/16 Budget is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation to services. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.

2. A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.

3. **Chart 5** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Retail Price Index (RPI), as at December 2014, were to be applied.

Chart 5
Households could face £20 to £100 increases in costs if the Council just applied inflation to its charges



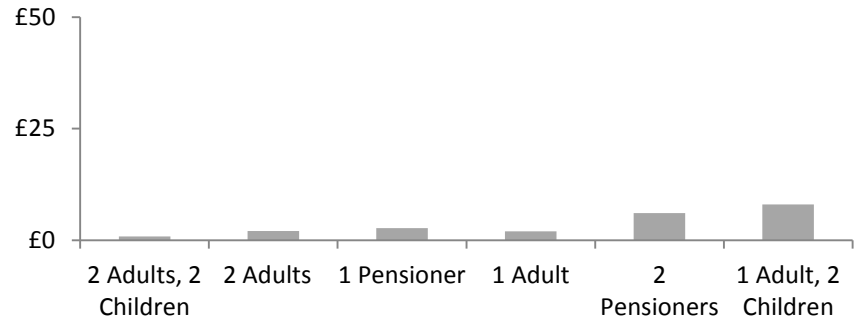
Source: Cheshire East Finance

4. Every service within the Authority is in the process of refining a Charging and Trading Strategy which sets out the rationale for setting / changing fees and charges within that area.

5. The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.

6. **Chart 6** below illustrates the actual annual increase per household when applied to the same variety of services.

Chart 6
Actual increases in potential costs are minimal across all groups



Source: Cheshire East Finance

7. The policy proposals of the Council have offered protection to all typical groups saving a typical household £41 a year.

8. Further details on the impact on businesses, communities and the environment are shown in **Table 14** on the following pages.

Table 14: Impact of the 2015/16 Budget Proposals on **Local Businesses**

Typical Facts:

- Non Domestic Rates are set by Government
- Supplementary Rates could be set by Cheshire East Council
- Businesses are liable to pay some Fees and Charges (for example licensing)

Working with Businesses

The Council takes a pro-active role in engaging with and supporting local businesses. They are the engines of our economy, and the borough's future prosperity is driven by their capacity to thrive and grow. The Council's Regeneration team operates as a key broker for relationships between businesses, Council services and other public agencies. It also takes the leading role in promoting regeneration across the Borough, creating the conditions for job creation and economic growth, by working closely with other teams across the Council (e.g. planning, licensing, trading standards) and partners from the business community, voluntary and wider public sectors.

The team provides:

- A programme of business engagement events on specific issues, e.g. procurement, business support.
- Bespoke support for new and expanding companies, in terms of property finding and recruitment for example.
- Information web pages including a business directory and property search facility.
- Support for targeted groups of businesses, such as independent retailers, by promoting local purchasing and advice on increasing sales.

The Council has a strong commitment to the development and regeneration of our town centres. This will be supplemented further over the 2015/18 period, through further investment in its regeneration programme, alongside the strategic use of its own land and property, to lever in additional private sector investment. This will enhance the attractiveness of our towns to residents and visitors, and increase confidence in the developer and investor communities.

Government sets new Business Rates multipliers for 2015/16

- Multiplier set by Government capped at 2% for a further year (September's RPI, by which bills were due to increase, was 1.6%).
- Provisional 2015/16 Multiplier at 49.3p* in the £.
- Small business multiplier provisionally 48.0p** in the £.

* Includes supplement to fund small business relief.

** All occupied properties with a rateable value below £18,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.

Small Business Rate Relief (SBRR)

- Extension of the doubling of the SBRR to April 2016.
- Amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs.

Deferment Scheme for 2013/14

Business ratepayers who chose to defer part of the payment of their 2013/14 rates bill under the 2013/14 deferment scheme will pay back 50% of the deferred amount in 2014/15.The remaining 50% will be due in 2015/16.

Supplementary Business Rates

There are no proposals for Cheshire East Council to charge supplementary rates in 2015/16.

Local Retention of Business Rates

From 1st April 2013 Cheshire East Council will retain c.28% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. This may take several years to stabilise but will assist funding for the Council's activities over time. The Medium Term Financial Strategy sets out the Council's ambition to promote economic development.

Local Discretionary Rate Relief

Cheshire East Council has the discretion to award rate relief to any ratepayer. Applications are considered on an individual basis, relief would only be awarded where it was in the Council Tax payer's interest to do so.

Other measures to support local businesses with business rates

- Temporary reoccupation relief, granting a 50% discount from business rates for new occupants of previously empty retail premises for 18 months (property must have been empty for 12 months or more).
- Increasing the temporary discount of £1,000 up to £1,500 against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2015/16.
- Continuation of the option to spread business rates bills over 12 months rather than 10 months.
- A commitment by Government to resolve 95% of outstanding rating appeal cases by July 2015.

Council Partners and Stakeholders

Mayor Cllr Wesley Fitzgerald with Deputy Mayor Cllr Hilda Gaddum

For Example:
Town and Parish Councils, Health, Fire, Police, Schools, Colleges, Universities, Community, Voluntary and Faith Organisations, Housing Providers,
Community Partnerships.

The Council proactively works with partners to deliver services in Cheshire East. We seek to commission and deliver jointly with our partners, both across Cheshire East and at a local level. We are working with partners to focus our joint resources on early intervention and prevention, and supporting the development of resilient, self-reliant communities. Specifically, this budget reflects the changes to financial arrangements arising from the reform of the health care sector, including the integration of Public Health into the local authority.

The Council will continue its work with Town and Parish Councils to develop local service delivery options including the transfer of assets and devolution of services where appropriate. The budget includes a one off payment to Town and Parish Councils to reflect changes in funding arising through Council Tax Support. The total amount allocated for 2015/16 is £298,000. This grant allocation is reviewed on an annual basis.

The Council is committed to further developing and managing collaborative partnership working in local areas to deliver services as locally as possible and to develop strong communities. We are leading activity to secure outcomes based on understanding the needs of the community through:

- Developing our strategic partnerships across Cheshire East to enable joint commissioning and improve integration of local services.
- Bringing local partners together to better share resources and redesigning public sector services across Cheshire East to better meet local needs.
- Community engagement work to support and develop strong communities, with local communities identifying and being involved in addressing their local issues.
- Promoting and supporting community partnerships to further develop communities with a stronger sense of neighbourliness.
- Developing Community Hubs across Cheshire East which provide services where local people will use them, so that services are delivered in the way which gives best value for local people.
- Working collaboratively with partners to deliver against our joint rural priorities, and to rural proof key decisions.
- Working with partners and communities to ensure that local people feel safe and are safe in their communities.
- Developing positive relationships between the Council and the community, voluntary and faith sector, at both a local and strategic level, and supporting the sectors to become commissioning ready.
- Investing in our Community Grants scheme to ensure communities can develop initiatives which are important to them.

The Local Environment

Cheshire East Council is committed to continuing to reduce its energy consumption and carbon emissions from its buildings and will continue to develop strategies during 2015/16, and beyond, to reduce the environmental impact of its activities.

The Council has achieved its Carbon Management Plan target of reducing our carbon emissions by 25% by March 2016 a full two years early. The target for reducing energy use in its corporate buildings has been increased to 35%. The Council has embedded carbon reduction into its service delivery and continues to improve by undertaking carbon reducing projects:

- Energy saving measures and property rationalisation in our own Council buildings to continue to reduce our carbon footprint.
- Reducing carbon emissions from its own vehicles by undertaking a whole fleet review, installing technology and educating staff to reduce fuel consumption.
- Completion of our £5.2m capital investment in street lighting combining a number of measures to reduce energy use including a borough wide replacement of traffic signal lamps with LED's, which will cut energy and carbon.
- Reducing the impact of our staff travel through a number of measures including changes to staff travel rates and promotion of alternatives to single car occupancy.

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

Annex 4 Workforce Strategy

Introduction

1. Recognising the dynamic environment within which the Council is operating, work is underway to develop our Workforce Strategy for 2015/18 to enable the following outcomes:
    - We have an agile, multi-skilled, engaged and high performing workforce ready and able to respond to the challenges ahead.
    - Where appropriate we attract and retain the best people from all sectors of the community to work for the Council.
    - Share and deploy available resources across the Council in the best way to ensure priorities are achieved.
2. The strategy will focus on six broad dimensions as outlined below. The outcomes will be measured against national standards and benchmarks, alongside key performance indicators such as our staff survey results and employee engagement index.

Culture and Values

3. Last year saw the introduction of our revised framework of core values which at their heart is our commitment of 'Putting Residents First'. The five values reflect what we collectively believe will stand us in good stead in the years to come and define the culture we believe will enable success. The focus for 2015/16 will be on fully integrating the values and associated behaviours into the Councils strategies, policies and processes to ensure that we consistently live and embed the values in our approach to service delivery.

4. Role models of our values were celebrated in December 2014 through a number of Making a Difference annual awards to individuals and teams as part of the Making a Difference staff recognition scheme. Around 60 nominations were received from staff and members, resulting in more than 500 colleagues being recognised for putting residents first and making a real difference to colleagues, citizens and communities. The Making a Difference staff recognition scheme will run throughout 2015/16 to recognise colleagues who go the extra mile and put our residents first.

5. Innovation and building a strong creative dimension to the Council's culture will be a primary focus over the next year. A series of conferences are planned during early 2015 to kick start this initiative to explore and put into practice how we can be more creative and innovative in an ever changing world. The aim being to release the collective creative potential of our workforce to support and enable the Council's continued journey of transformation - this will be built on further during the course of the year.

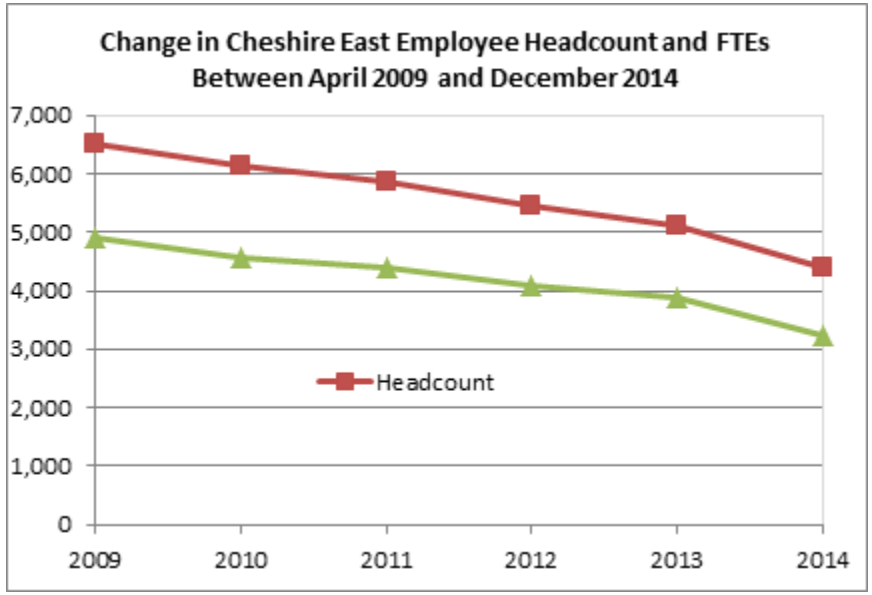
Organisational Design

6. The Council's journey as a strategic commissioning authority continues at pace with a range of Alternative Service Delivery Vehicles (ASDV's) now established.

7. Between April 2009 and December 2014, the Cheshire East Headcount has reduced by 38.5%; the largest reduction in headcount occurred between April 2013 and April 2014 when the Cheshire East headcount reduced by 13.7% (equivalent to a 16.7% reduction in FTE). This was, in part, attributable to the TUPE transfer of staff to the ASDV's – with a total of 1,174 employees (651.8 FTE) transferring during 2014. Further creation of ASDVs or the transfer of Council services is under consideration.

8. Looking ahead for 2015/16 in terms of service design and delivery, the focus will increasingly be on improved demand management, prevention and early intervention as well as multi-disciplinary / inter organisational design in areas such as integrated care. Appropriate governance will continue to play an important role in service redesign and delivery.

Headcount Analysis and Trend



Pay and Benefits

9. A two year NJC pay agreement (1 April 2014 to 31 March 2016) has been reached and budgeted for in 2014/15 and 2015/16. This includes a pay rise from 1 January 2015 (ranging from 8.56% at lower grades, and 2.2% from Grade 3 (SCP11) and above). The agreement also includes "non-consolidated payments" for those in post on 1 December 2014. The lowest pay-scale (scale point 5) will be abolished on 1 October 2015 and people on this lowest pay scale will be moved to scale point 6. A pay award for Chief Officers has yet to be agreed.

10. Market pressures on pay are increasingly evident in a number of areas and a review of the Council's approach to fair pay and reward is proposed for 2015/16. In some professional areas in particular this is expected to explore approaches to keep pace with the

market and fully leverage intrinsic and extrinsic reward. Recognition processes to further align reward with performance may build increased flexibility, whilst maintaining equity, fairness and affordability.

Leadership and Management

11. A specific priority continues to be developing authentic change leadership and robust operational and people management capabilities at all levels. This has been achieved through the Council's Management Institute of Excellence with a range of tailored development programmes underway or in the pipeline. 2015 will see an increased focus on integrated leadership across both health and adult social care and developing a collaborative leadership pipeline working with partners from across the sub-region.

Building Capability

12. The Council continues to focus on and invest in educating and equipping our workforce with continuous professional development, vocational, technical, statutory and mandatory skills. In addition, work is ongoing to build key organisational capabilities including increased commercial awareness, commissioning skills and performance improvement.

13. Towards Excellence, the learning, development and staff improvement corporate training programme, continues for all employees comprising of statutory, mandatory, vocational and professional themes and topics. This ensures that Cheshire East 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.

14. In the last year over 1,050 delegates have attended statutory, mandatory and vocational training, with the Management Institute of Excellence programme delivering a further range of workshops attended by 39 delegates interested in improving their business and commerce awareness, in addition to 90 managers undertaking Institute of Leadership and Management qualifications and workshops.

15. The workforce development team continues to work closely with numerous regulatory and professional bodies and link into several local universities and colleges to ensure academia and research based theories are inherent in everything we do. As a recognised centre of excellence, the Council's quality assurance measures ensure that all employees receive up to date training and surpass expectations of external verification and examination boards and feel fully supported throughout all stages of their career.

16. To ensure the Council attracts a high calibre of young people into the workforce (with a predominantly ageing workforce) we need to prepare young people now to ensure experience and skills are transferred. The Apprentice scheme is being transformed, which includes the scope to increase the apprentices' wage in line with national minimum wage requirements. As a major employer in the area, the Council provides more than 200 work experience placements for young adults and school children. This will remain a key focus for 2015/16.

17. The Council continues to develop high calibre registered social work professionals as follows: supporting 44 new qualified social workers (adults and children's) with a further cohort to register on Assessed and Supported Year in Employment programmes from January 2015; 24 children's social workers undertaking the Progression Year 2 programme and Post Graduate Diploma / modules; ensuring that 29 specialist mental health practitioners

and 21 Best Interest Assessors created to adhere to changes in legislation are appropriately trained, together with confirmed Social Work Practice placements increasing to 14. Partnership arrangements within local networks continue to deliver on Safeguarding and Integration agendas too.

Talent Maximisation

18. Recognising that talent and potential exists throughout the organisation increased emphasis will be placed on introducing mechanisms to identify, develop and deploy those individuals with the highest levels of potential in a systematic and proactive way during 2015/16, and to build talent across the Council to yield the best return on investment.

19. Following a successful pilot during 2014/15, the Council's "Coaching Matters" programme will continue into 2015/16 to develop and embed a coaching style to developing potential, accelerating change and maximising performance. Early evaluation has highlighted positive changes in behaviours and performance through this approach.

Annex 5 Risk Management

1. Risk management continues to be an integral part of our business planning processes. Through the identification and managed response to risk, we are maximising opportunities to achieve our priorities, intended outcomes and key projects and we avoid or minimise any significant actions or events that may prevent us from achieving our plan.

2. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective. Risk management is not just about dealing with problems effectively; it is also an aid to improvement.

3. The arrangements for Risk Management are set out within the 'Risk Management Policy 2014/15, which was last updated in June 2014. The Policy provides a strong basis on which to develop the Council's risk management approach but it was felt that it may not be readily understood by those less familiar with the risk management process. The Policy will therefore be revised in order to provide greater clarity with regard to:

    - How the Council's Senior Managers and elected Members intend to manage risk - being explicit about what needs to be accomplished, how, by when, and who is responsible for what, recognising that embedding risk management and strong controls in the daily and regular business of the Council is an iterative process.
    - The scope of the risk management activity in the Council - being explicit about how all of the risks faced by the organisation are being considered, starting at the strategic level and cascading down into the Council's structure as considered appropriate.
    - What processes are to be applied corporately to ensure consistency of approach.

    The work the Council has been carrying out to introduce commissioning plans has afforded the opportunity to fully integrate risk management as part of the Service Planning process.

4. Risk is considered and responses chosen at the business planning stage and that risk activity is focused on the delivery of key organisational objectives. Furthermore, the performance management processes ensure that the Risk Registers are critically examined and refreshed throughout the year. Further refinement to this process is planned to ensure that:

    - A balance is struck in managing risk so that the approach is not over bureaucratic and process driven but has sufficient rigour.
    - Risk management is not just about preventing things from happening it is also about capitalising on opportunities.

5. The internal controls of the Council are influenced by the risks. An effective control manages the identified risk, by reducing the likelihood of the risk happening, or minimising the impact. When controls are reviewed their success in managing those risks is considered. Sometimes controls are put in place to manage risks but continue to operate even though the risk has changed or other controls now address the risk.

6. Our internal control framework includes the work undertaken by the Technical Enabler Group and Executive Monitoring Board established for our significant projects and programmes. Reports to Committee and Leadership Board also include a standard section on risk management which we use to maximise our opportunity of evidenced decision making. Report writers share their knowledge of the cause and effect of risks to ensure that decision makers fully understand risks before taking decisions, so that we are open, transparent and able to justify our decisions.

7. Risk management is underpinned by new learning and development opportunities and guidance material to support those tasked with identifying and managing risks on behalf of the Council.

8. Significant risk impacting upon the achievement of the Council's corporate plan is escalated through the new Corporate Assurance Group and reported to and monitored by the Corporate Leadership Board and Cabinet. Assurance of the risk management framework is provided through the Audit and Governance Committee. Our response to risk is taken from both a top down and bottom up approach so that oversight and recognition of risk and the resource of sensible protection of threats and exploitation of opportunities can be considered corporately.

9. The latest comprehensive review has updated the risk register in January 2015. The audit committee was informed of progress managing our corporate risks. CAG, the Corporate Leadership Board and Cabinet, are included as part of the process to identify new and emerging risks and seek agreement for the 2015/16 Corporate Risk Register.

10. Key messages from the management of our corporate risks during 2014/14 include;

Financial control risk - The Council has continued to develop its financial management processes and has reflected upon the recent audit by the Council's external auditors. The audit process has shown improvements with a clean audit, including a positive value for money assessment and achievement of financial targets

Financial and performance improvements have been made during 2014/15, including developing and improving the financial reporting across the Council. This demonstrates that risk faced by the Council continues to be carefully managed and has allowed us to continue reduce the risk score in this area.

Evidenced decision making risk -The Council has put in place a core Business Intelligence (BI) Team to address opportunities for additional funding. This resource now provides relevant business intelligence data capable of informing and driving commissioning decisions thereby ensuring that resources are targeted at areas of most need.

Commissioning and service delivery chains risk - The Procurement Board now regularly meets to oversee the developments of the new procurement arrangements, the monitoring of procurement activity, including monitoring the savings and reductions that are being achieved and the future direction for procurement activity across the Council.

Contract and relationship management risk - The Council has made progress establishing the client commissioning function reporting through to the Executive Director of Strategic Commissioning, which has allowed the business case and plans for a number of ASDVs to have been formalised and put in place. Further negotiations have begun to develop the management fees for the ASDVs for 2015/16, which incorporates contract specification and management.

Annex 6 The Budget Setting Process

April 2014

Assumptions reported to Cabinet / Council in February 2014:

Revenue Budget 2015/16	£m	
Cost of services	269.2	→
Council Tax	-167.3	→
Government Grants	-95.3	→
Total	6.6	

May 2014 to June 2014

Develop Pre-Budget Report:

Review Assumptions	£m	
Draft Proposals for 2015/16	-4.3	→
Determine Tax base (New properties less discounts)	-1.0	→
Estimated reduction in Capital Financing costs	-0.7	→
Removal of Severance costs repaid early in 2014/15	-0.7	→
Total	-6.7	

July 2014 to November 2014

Changes post Pre-Budget Report:

Confirm Proposals	£m	
Proposed changes following consultation	+3.4	→
Tax base agreed	-0.5	→
Restatement of Capital Financing costs	+0.7	→
Removal of One Year Budgets	-3.0	→
Grant estimate further increased following Provisional and Final Settlement	-0.5	→
Sub Total	+0.1	

December 2014 To February 2015

Budget Report:

Latest Position	£m
Cost of services	264.9
Council Tax	-168.8
Government Grants	-96.1
Total	0.0

Annex 7 Grant Funding Details

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
SPECIFIC USE (Held within Services)				
Schools				
Dedicated Schools Grant	238,454	242,949	242,949	242,949
Less Academy Recoupment	79,413	82,314	100,345	123,722
Dedicated Schools Grant (Cheshire East)	159,041	160,635	142,604	119,227
Pupil Premium	6,795	6,795	6,795	6,795
Sixth Forms	4,408	4,408	3,513	3,513
Total Schools	**170,243**	**171,838**	**152,912**	**129,535**
Housing Benefit Subsidy	84,518	84,518	84,518	84,518
Public Health	14,274	14,274	16,597	18,920
Bus Services Operators Grant	348	0	0	0
Restorative Justice Development	8	8	0	0
TOTAL SPECIFIC USE	**269,391**	**270,638**	**254,027**	**232,973**
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Revenue Support Grant	48,601	39,182	29,423	23,539
Business Rates Retention Scheme	37,883	38,607	38,607	38,607
Total Central Funding	**86,484**	**77,789**	**68,030**	**62,146**
Children and Families Services				
Troubled Families	130	110	94	80
Troubled Families - Co-ordinator	100	85	72	61
Adoption Improvement	275	0	0	0
Extended Right to Free Transport	153	0	0	0
Special Education Needs Reform	384	0	0	0
Youth Detention - Looked after Children	27	0	0	0
Youth Justice Grant	353	326	0	0
Staying Put	36	0	0	0
Special Educational Needs and Disabilities	280	0	0	0

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
GENERAL PURPOSE (Held Corporately)				
Adult Social Care and Independent Living				
Local Reform and Community Voices	262	265	0	0
Care Bill Implementation Grant	125	0	0	0
Independent Living Fund	0	1,000	1,500	1,425
Adult Social Care	0	2,272	0	0
Environment				
Lead Local Flood Authorities	52	35	0	0
Highways				
Sustainable Drainage Systems Capability and Capacity Building	123	0	0	0
Economic Growth & Prosperity				
Skills Funding Agency	890	627	474	403
Neighbourhood Planning	40	0	0	0
Communities				
Housing Benefit and Council Tax Administration	1,760	1,549	1,000	1,000
NDR Admin Allowance	562	559	475	428
Social Fund - Programme Funding	612	0	0	0
Social Fund - Administration	119	0	0	0
Council Tax Support	135	53	0	0
Implementing Welfare Reform Changes	57	0	0	0

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
GENERAL PURPOSE (Held Corporately)				
Chief Operating Officer				
Education Services Grant [Note 1]	4,262	3,000	3,000	2,550
New Homes Bonus 2011/12	870	870	870	0
New Homes Bonus 2012/13	1,844	1,844	1,844	1,844
New Homes Bonus 2013/14	1,037	1,037	1,037	1,037
New Homes Bonus 2014/15	1,358	1,356	1,356	1,356
New Homes Bonus 2015/16	0	1,200	1,200	1,200
New Homes Bonus 2016/17	0	0	1,583	1,583
New Homes Bonus 2017/18	0	0	0	1,727
New Homes Bonus 2013/14 - top slice	129	128	0	0
Affordable Homes 2012/13	85	85	85	85
Affordable Homes 2013/14	82	82	82	82
Affordable Homes 2015/16	0	63	63	63
Council Tax Freeze Grant 2013/14	0	0	0	0
Council Tax Freeze Grant 2014/15	1,807	0	0	0
Council Tax Freeze Grant 2015/16	0	1,816	0	0
Community Rights to Challenge	9	0	0	0
Community Rights to Bid	8	0	0	0
Individual Electoral Registration	117	0	0	0
NNDR Software Changes - Retail Relief	8	0	0	0
Open Data and Transparency Programme	74	0	0	0
Total Service Funding	**18,165**	**18,362**	**14,735**	**14,924**
TOTAL GENERAL PURPOSE	**104,649**	**96,151**	**82,765**	**77,070**
TOTAL GRANT FUNDING	**374,040**	**366,789**	**336,792**	**310,043**

Note 1 - Reflects the final allocation of Education Services Grant which resulted in a reduction of £0.4m.

Annex 8 Capital Grants

	Prior Years Grant Received £000	Expected Receipt 2015/16 £000	Application of Grants in 2015/16 £000	Expected Receipt 2016/17 £000	Application of Grants in 2016/17 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
SPECIFIC PURPOSE (Held Corporately)							
Children and Families Services							
Basic Need Grant 2014/15	2,156		2,156				
Basic Need Grant 2015/16		2,797	2,797				
Basic Need Grant 2016/17				2,337	2,337		
Basic Need Grant 2017/18						2,800	2,800
Targeted Basic Need 2014/15	1,733		1,305		428		
Department for Education Grant 17/18						15,000	15,000
Capital Maintenance Grant 2013/14	614		614				
Capital Maintenance Grant 2014/15	4,066		4,066				
Capital Maintenance Grant 2015/16		3,367	3,367				
Capital Maintenance Grant 2016/17				3,367	3,367		
Capital Maintenance Grant 2017/18						3,367	3,367
Devolved Formula Capital 2012/13	138		138				
Devolved Formula Capital 2013/14	329		329				
Devolved Formula Capital 2014/15	565		565				
Devolved Formula Capital 2015/16		656	148		508		
Devolved Formula Capital 2016/17				656	656		
Devolved Formula Capital 2017/18						656	656
Universal Infant School Meals	62		62				
Short Breaks Disabled Children 2012/13	80		80				
Total Children & Families Services	**9,743**	**6,820**	**15,627**	**6,360**	**7,296**	**21,823**	**21,823**

	Prior Years Grant Received £000	Expected Receipt 2015/16 £000	Application of Grants in 2015/16 £000	Expected Receipt 2016/17 £000	Application of Grants in 2016/17 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
Adult Social Care and Independent Living							
Community Capacity Grant 2013/14	212		212				
Community Capacity Grant 2014/15	796		796				
Community Capacity Grant 2015/16		800	800				
Community Capacity Grant 2016/17				800	800		
Community Capacity Grant 2017/18						800	800
Total Adult Social Care and Independent Living	**1,008**	**800**	**1,808**	**800**	**800**	**800**	**800**
Economic Growth & Prosperity							
Disabled Facilities Grant 2015/16		990	990				
Disabled Facilities Grant 2016/17				990	990		
Disabled Facilities Grant 2017/18						990	990
Gypsy Traveller Sites/ Housing Communities Agency		900	900				
Crewe Green Link Road / Department of Transport		426	426				
Tatton Vision / Heritage Lottery Funding		796	796	34	34		
Congleton Relief Road / Department of Transport				4,421	4,421	40,578	40,578
Poynton Relief Road / Department of Transport						24,000	24,000
Macclesfield Movement Strategy / Department of Transport				2,500	2,500	800	800
Crewe Transformation Project / Phase 3				1,500	1,500	9,500	9,500
Private Sector Assistance Grant / 2011/12	231		231				
Crewe Town Centre Regeneration / Local Growth Fund		5,000	5,000	2,500	2,500	2,500	2,500
Maintenance Block 2015/16		100	100				
A34 Corridor Improvements / Department of Transport		500	500	9,500	9,500		
King Street Enhancement / Department of Transport		600	600	900	900		
Sydney Road Bridge / Department of Transport		1,285	1,285	1,667	1,667	2,898	2,898
A6 Corridor Improvements / Department of Transport		100	100	900	900		
Total Economic Growth & Prosperity	**231**	**10,697**	**10,928**	**24,912**	**24,912**	**81,266**	**81,266**

	Prior Years Grant Received £000	Expected Receipt 2015/16 £000	Application of Grants in 2015/16 £000	Expected Receipt 2016/17 £000	Application of Grants in 2016/17 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
Highways							
Maintenance Block 2012/13	6		6				
Maintenance Block 2015/16		10,450	10,450				
Integrated Transport Block 2015/16		1,987	1,987				
Maintenance Block 2016/17				9,580	9,580		
Integrated Transport Block 2016/17				1,987	1,987		
Maintenance Block 2017/18						9,290	9,290
Integrated Transport Block 2017/18						1,987	1,987
Total Highways	**6**	**12,437**	**12,443**	**11,567**	**11,567**	**11,277**	**11,277**
Chief Operating Officer							
Connecting Cheshire Phase 1 & 2 - Super Fast Broadband		7,643	7,643	1,716	1,726		
TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING	**10,988**	**38,397**	**48,449**	**45,355**	**46,301**	**115,166**	**115,166**

Annex 9 Minimum Revenue Provision

1. The annual Minimum Revenue Provision (MRP) Statement sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.

2. Capital expenditure is expenditure that provides on-going benefits to the Council for a period of longer than one year. Accounting rules require that where this capital expenditure is not funded through external contributions, external grants, capital receipts or contributions from revenue budgets it must be charged against the Council's General Fund Balances. The period over which this charge is made should reflect the length of time that the expenditure will provide benefits to the Council.

3. DCLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

4. Prior to 2010 the major proportion of MRP relates to the more historic debt liability that was outstanding at the time the Guidance was adopted. This will continue to be charged at the rate of 4%, in accordance with Option 1 of the Guidance.

5. New capital expenditure for each subsequent year will in general be charged in accordance with Option 3 of the Guidance, which recommends that the annual charge should broadly equate to the anticipated life, or period of benefit, which is reflective of the nature of the expenditure. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

6. Charges to the revenue budget will commence in the year following the creation of the asset, i.e., in the asset's first full year of operation. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

7. In the case of long term debtors arising from loans or other types of capital expenditure made by the Council, which will be repaid under separate arrangements, there will be no minimum revenue provision made.

8. For those types of capital expenditure incurred by the Council which are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

9. MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

10. The MRP Statement will be submitted to Council before the start of the 2015/16 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

Annex 10 Prudential Borrowing Indicators

Prudential Indicators revisions to: 2014/15 and 2015/16 – 2017/18, and future years

Background

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

Gross Debt and the Capital Financing Requirement

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

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

4. The Chief Operating Officer reports that the Authority had no difficulty meeting this requirement in 2013/14, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure

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

Table 1 - Capital Expenditure	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	Future Years Estimate £m
Total	116.9	146.3	111.1	120.3	77.8

Source: Cheshire East Finance

6. Capital expenditure will be financed or funded as follows:

Table 2 - Capital Financing	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	Future Years Estimate £m
Capital Receipts	10.0	37.3	39.2	18.2	15.7
Government Grants	54.2	48.5	46.3	80.3	34.8
External Contributions	14.1	17.7	20.8	7.2	22.0
Revenue Contributions	0.9	1.3	0.0	0.0	0.0
Total Financing	**79.2**	**104.8**	**106.3**	**105.7**	**72.5**
Prudential Borrowing	37.7	41.5	4.8	14.6	5.3
Total Funding	**37.7**	**41.5**	**4.8**	**14.6**	**5.3**
Total Financing and Funding	**116.9**	**146.3**	**111.1**	**120.3**	**77.8**

Source: Cheshire East Finance

7. The above table shows how the capital expenditure plans of the Authority will be funded.

Ratio of Financing Costs to Net Revenue Stream

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

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

Table 3 - Ratio of Financing Costs to Net Revenue Stream	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
Total	4.93	5.68	5.88	5.96

Source: Cheshire East Finance

Capital Financing Requirement

10. The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Table 4 - Capital Financing Requirement	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Total	230	261	253	260

Source: Cheshire East Finance

Actual External Debt

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

Table 5 - Actual External Debt as at 31st March 2014	£m
Borrowing	128
Other Long-term Liabilities	25
Total	**153**

Source: Cheshire East Finance

Incremental Impact of Capital Investment Decisions

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

Table 6 - Incremental Impact of Capital Investment Decisions	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
Band D Council Tax	16.28	23.51	0.00

Source: Cheshire East Finance

Authorised Limit and Operational Boundary for External Debt

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

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

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

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

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

Table 7	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Authorised Limit for Borrowing	240	275	265	270
Authorised Limit for Other Long-term Liabilities	25	22	23	22
Authorised Limit for External Debt	**265**	**297**	**288**	**292**
Operational Boundary for Borrowing	230	265	255	260
Operational Boundary for Other Long-term Liabilities	25	22	23	22
Authorised Limit for External Debt	**255**	**287**	**278**	**282**

Source: Cheshire East Finance

Adoption of the CIPFA Treasury Management Code

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

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

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

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

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

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

Table 8	Existing Level (or Benchmark level) at 02/01/2015	2014/15 Approved	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	%	%	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0%	100%	100%	100%	100%	100%

Source: Cheshire East Finance

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

Maturity Structure of Fixed Rate borrowing

22. This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

23. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

24. The Lenders Option Borrowers Option (LOBO) is classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs can be called within 12 months the upper limit for borrowing maturing within 12 months has remained at 35% to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2014/15.

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

Source: Cheshire East Finance

Credit Risk

25. The Authority considers security, liquidity and yield, in that order, when making investment decisions.

26. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.

27. The Authority also considers alternative assessments of credit strength, and information on corporate developments and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

28. The only indicators with prescriptive values remain credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Annex 11 Financial Summary Tables

Note: the 2014/15 Budget, shown as the starting point in the following tables, takes account of any permanent changes made during the 2014/15 financial year to date. There may be differences from the budget position at the Three Quarter Year Review which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

Summary of Budget Movements from 2014/15 Budget at Three Quarter Review to Permanent Base Carried Forward

Service	Current Net Budget 2014/15 at Three Quarter Review £m	Less Cost of Investment budget £m	Less temporary specific grant allocations £m	Less other temporary in- year budget adjustments £m	Permanent Base Budget carried forward to 2015/16 £m
Children and Families	46.1	-0.4	-0.7	-0.1	**44.9**
Adult Social Care and Independent Living	94.4	-2.2	-0.1		**92.1**
Public Health and Wellbeing	2.2			0.1	**2.3**
Environmental	28.3	-0.9			**27.4**
Highways	10.7		-0.1	-0.1	**10.5**
Communities	10.1	-0.2	-0.1		**9.8**
Economic Growth and Prosperity	24.7	-1.6	-0.1	0.2	**23.1**
Chief Operating Officer	41.3	-0.7	-0.1	-0.1	**40.4**
Corporate Contributions and Adjustments	1.0				**1.0**
TOTAL:	**258.8**	-6.0	-1.2	0.0	**251.6**

CHESHIRE EAST COUNCIL REVENUE BUDGET SUMMARY — REVENUE

	2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
	Previous Balance Brought Forward								
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children and Families	221,644	-176,785	**44,859**	221,302	-178,379	**42,923**	202,718	-159,454	**43,264**
Adult Social Care and Independent Living	126,847	-34,751	**92,096**	130,082	-34,751	**95,331**	130,992	-34,751	**96,241**
Public Health and Wellbeing	16,626	-14,274	**2,352**	19,128	-16,827	**2,301**	21,647	-19,150	**2,497**
Environmental	30,555	-3,123	**27,432**	30,716	-3,201	**27,515**	30,689	-3,210	**27,479**
Highways	11,787	-1,297	**10,490**	12,863	-1,817	**11,046**	12,899	-1,817	**11,082**
Communities	104,805	-95,006	**9,799**	103,818	-94,631	**9,187**	103,789	-94,631	**9,158**
Economic Growth and Prosperity	45,431	-22,307	**23,124**	44,562	-22,357	**22,205**	44,728	-22,357	**22,371**
Chief Operating Officer	50,959	-10,581	**40,378**	49,856	-10,581	**39,275**	49,936	-10,581	**39,355**
Corporate Contributions and Adjustments	1,012	0	**1,012**	912	0	**912**	912	0	**912**
Base Budget (Note 1)	**609,666**	**-358,124**	**251,542**	**613,239**	**-362,544**	**250,695**	**598,310**	**-345,951**	**252,359**
	Changes to Budget Requirement								
Children and Families	-342	-1,594	**-1,936**	-18,584	18,925	**341**	-22,706	23,377	**671**
Adult Social Care and Independent Living	3,235	0	**3,235**	910	0	**910**	3,228	0	**3,228**
Public Health and Wellbeing	2,502	-2,553	**-51**	2,519	-2,323	**196**	0	0	**0**
Environmental	161	-78	**83**	-27	-9	**-36**	-888	0	**-888**
Highways	1,076	-520	**556**	36	0	**36**	173	0	**173**
Communities	-987	375	**-612**	-29	0	**-29**	235	0	**235**
Economic Growth and Prosperity	-869	-50	**-919**	166	0	**166**	318	0	**318**
Chief Operating Officer	-1,103	0	**-1,103**	80	0	**80**	1,239	0	**1,239**
Corporate Contributions and Adjustments	-100	0	**-100**	0	0	**0**	0	0	**0**
Financial Impact of Policy Proposals	**3,573**	**-4,420**	**-847**	**-14,929**	**16,593**	**1,664**	**-18,401**	**23,377**	**4,976**
Total Cost of Service	**613,239**	**-362,544**	**250,695**	**598,310**	**-345,951**	**252,359**	**579,909**	**-322,574**	**257,335**

Note 1: Excludes one year budget allocations of £7.2m in 2014/15.

Children and Families — REVENUE

This service is responsible for the welfare and education of children and young people aged 0-19 across Cheshire East.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Schools	3	174,483	-174,483	**0**	176,077	-176,077	**0**	157,152	-157,152	**0**
Education Support	3	4,978	-1,064	**3,914**	4,254	-1,064	**3,190**	4,254	-1,064	**3,190**
Children Social Care	5	29,126	-624	**28,502**	26,726	-624	**26,102**	26,726	-624	**26,102**
Early Help and Protection	5	10,381	-115	**10,266**	10,672	-115	**10,557**	10,317	-115	**10,202**
Integrated Safeguarding	5	2,676	-499	**2,177**	2,976	-499	**2,477**	2,976	-499	**2,477**
Unallocated Pay & Pensions	3 / 5				597		**597**	1,293		**1,293**
Base Budget (Note 1)		**221,644**	**-176,785**	**44,859**	**221,302**	**-178,379**	**42,923**	**202,718**	**-159,454**	**43,264**
		Changes to Budget Requirement								
Schools										
Academy Conversions		-2,901	2,901	**0**	-18,925	18,925	**0**	-23,377	23,377	**0**
DSG Growth		4,495	-4,495	**0**			**0**			**0**
Education Support										
Support the frontline, Business Systems and Processes		-340		**-340**			**0**			**0**
Fall out of Special Educational Needs Reform Grant		-384		**-384**			**0**			**0**
Pay & Pension allocation		137		**137**	160		**160**	160		**160**
Children's Social Care & Directorate										
Pay & Pensions Allocation		460		**460**	536		**536**	536		**536**
Joint Funding / Continuing Healthcare Assessments		-100		**-100**			**0**			**0**
Fall out of Adoption Reform Grant		-275		**-275**			**0**			**0**
Continued efficiencies in the value for money of all placements for Children in Care		-685		**-685**			**0**			**0**
Continue successful adoption collaboration and introduce fostering collaboration including LEAN recommendation		-350		**-350**			**0**			**0**
Further reduce use of out of borough residential provision for both social care and special educational need		-425		**-425**			**0**			**0**
Reconfigure current in borough care residential provision and link with care leaver independent housing commission		-365		**-365**			**0**			**0**
Outcome 5 funding for improving the health of the 5-19 population		-200		**-200**			**0**			**0**
Youth Justice Good Practice Grant		326		**326**	-326		**-326**			**0**
Fall out of Troubled Families Grant		-35		**-35**	-29		**-29**	-25		**-25**
Safeguarding										
Safeguarding - additional costs		300		**300**			**0**			**0**
Financial Impact of Policy Proposals		**-342**	**-1,594**	**-1,936**	**-18,584**	**18,925**	**341**	**-22,706**	**23,377**	**671**
Total Cost of Service		**221,302**	**-178,379**	**42,923**	**202,718**	**-159,454**	**43,264**	**180,012**	**-136,077**	**43,935**

Note 1: Excludes one year budget allocations of £1.2m in 2014/15.

Children and Families - Schools: Grant Funded - Memorandum Page REVENUE

This page provides details of budgets funded by specific ring fenced grants used to support schools, including Dedicated Schools Grant (£243m), Education Funding Agency 6th Form Funding Grant (£4.4m) and Pupil Premium Grant (£6.7m) indicatively for 2015/16. The largest proportion of the DSG is allocated directly to schools, with a proportion held back to fund Local Authority Schools-related expenditure. This Central Spend budget is funded by the Dedicated Schools Grant and is included here for information. It is not shown on individual service pages.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Nursery Schools	3	303	-10	**293**	280	-10	**270**	280	-10	**270**
Primary Schools	3	99,487	-3,064	**96,423**	98,725	-3,064	**95,661**	90,813	-3,064	**87,749**
Secondary Schools	3	37,833	-1,108	**36,725**	36,809	-1,108	**35,701**	25,796	-1,108	**24,688**
Special Schools	3	5,661	-21	**5,640**	5,323	-21	**5,302**	5,323	-21	**5,302**
Pupil Referral Unit	3	823		**823**	1,163		**1,163**	1,163		**1,163**
Private Voluntary and Independent Nurseries	3	13,684		**13,684**	10,330		**10,330**	10,330		**10,330**
Other Schools Provision	3	-3,890		**-3,890**	3,739		**3,739**	3,739		**3,739**
Central Spend: C&F (Director / Social Care / Safeguarding)	3	280		**280**	280		**280**	280		**280**
Central Spend: C&F (Strategy, Planning & Performance)	3	18,841	-36	**18,805**	17,967	-36	**17,931**	17,967	-36	**17,931**
Central Spend: C&F (Early Intervention and Prevention)	3	600		**600**	600		**600**	600		**600**
Central Spend: Economic Growth and Prosperity)	3	147		**147**	147		**147**	147		**147**
Central Spend: Chief Operating Officer	3	714		**714**	714		**714**	714		**714**
Base Budget		**174,483**	**-4,239**	**170,244**	**176,077**	**-4,239**	**171,838**	**157,152**	**-4,239**	**152,913**
		Changes to Budget Requirement								
Academy Conversions										
Academy Conversions (In Year)		-2,901		**-2,901**			**0**			**0**
Academy Conversions (Potential)				**0**	-18,925		**-18,925**	-23,377		**-23,377**
DSG Growth		6,627		**6,627**			**0**			**0**
Increase in Pupil Numbers		1,222		**1,222**			**0**			**0**
2 Year Old Funding Reduction		-3,354		**-3,354**			**0**			**0**
Financial Impact of Policy Proposals		**1,594**	**0**	**1,594**	**-18,925**	**0**	**-18,925**	**-23,377**	**0**	**-23,377**
Total Cost of Service		**176,077**	**-4,239**	**171,838**	**157,152**	**-4,239**	**152,913**	**133,775**	**-4,239**	**129,536**

Adult Social Care and Independent Living — REVENUE

This service is responsible for the assessment and care management of vulnerable adults and providing advice about social care to the general public (including self funders).

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Adult Social Care	5	13,421	-1,239	**12,182**	16,283	-1,239	**15,044**	16,783	-1,239	**15,544**
Care packages	5	73,976	-17,163	**56,813**	74,154	-17,163	**56,991**	73,636	-17,163	**56,473**
Care4CE (Internal Care Provision)	5	19,234	-2,841	**16,393**	19,234	-2,841	**16,393**	19,234	-2,841	**16,393**
Prevention	5	19,895	-13,187	**6,708**	19,195	-13,187	**6,008**	19,195	-13,187	**6,008**
Public Health	5	321	-321	**0**	321	-321	**0**	321	-321	**0**
Unallocated Pay & Pensions	5			**0**	895		**895**	1,823		**1,823**
Base Budget (Note 1)		**126,847**	**-34,751**	**92,096**	**130,082**	**-34,751**	**95,331**	**130,992**	**-34,751**	**96,241**
		Changes to Budget Requirement								
Commissioning Reviews										
Improvements in respite, review supported living support, invest in Shared Lives and review Supporting People commissioned services.		-858		**-858**	-1,518		**-1,518**			**0**
Legislative and External Change										
Care Act, Transfer of Independent Living Fund, Deprivation of Liberties and Pay & Pension allocations		4,917		**4,917**	1,428		**1,428**	928		**928**
Efficiencies										
Initiatives to Deliver Care Efficiencies, Business Systems and Processes efficiencies, new ways of working, tighter controls and budget management at the frontline assessment and care management service.		-3,760		**-3,760**	-1,000		**-1,000**			**0**
Integration										
Review costs and charges of jointly commissioned services with the two Clinical Commissioning Groups, Joint funding / continuing healthcare assessments, Better Care Fund (S256) funding.		-364		**-364**			**0**			**0**
ASC Demand Management										
Increasing Demand including Children in Transition.		3,300		**3,300**	2,000		**2,000**	2,300		**2,300**
Financial Impact of Policy Proposals		**3,235**	**0**	**3,235**	**910**	**0**	**910**	**3,228**	**0**	**3,228**
Total Cost of Service		**130,082**	**-34,751**	**95,331**	**130,992**	**-34,751**	**96,241**	**134,220**	**-34,751**	**99,469**

Note 1: Excludes one year budget allocations of £2.3m in 2014/15.

Public Health and Wellbeing — REVENUE

Public Health is a local authority responsibility transferred from Health in 2013/14, the service will take the lead on promoting and commissioning services that improve the Public Health of the residents of Cheshire East. This includes the commissioning of the Leisure Service through the Everybody Sport and Recreation (ESAR) leisure trust.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Public Health	5	14,274	-14,274	**0**	16,627	-16,627	**0**	18,950	-18,950	**0**
Leisure	5	2,352		**2,352**	2,291	-200	**2,091**	2,242	-200	**2,042**
Pay & Pensions Allocation	5			**0**	210		**210**	455		**455**
Base Budget		**16,626**	**-14,274**	**2,352**	**19,128**	**-16,827**	**2,301**	**21,647**	**-19,150**	**2,497**
		Changes to Budget Requirement								
Additional responsibilities for 0-5 year olds transferred from Health over two years		2,353		**2,353**	2,323		**2,323**			**0**
Additional Grant Funding expected			-2,353	**-2,353**		-2,323	**-2,323**			**0**
Investment in Outcome 5 activities		1,200		**1,200**			**0**			**0**
Outcome 5 funding for services		-1,200		**-1,200**			**0**			**0**
Pay & Pensions Allocation		210		**210**	245		**245**			**0**
Outcome 5 Funding to improve health and wellbeing			-200	**-200**			**0**			**0**
3% Efficiency Saving		-61		**-61**	-49		**-49**			**0**
Financial Impact of Policy Proposals		**2,502**	**-2,553**	**-51**	**2,519**	**-2,323**	**196**	**0**	**0**	**0**
Total Cost of Service		**19,128**	**-16,827**	**2,301**	**21,647**	**-19,150**	**2,497**	**21,647**	**-19,150**	**2,497**

Note 1: Excludes one year budget allocations of -£0.1m in 2014/15.

Environmental REVENUE

This service is responsible for Waste Collection & Recycling Services, Waste Disposal, Waste Strategy & Minimisation, Grounds Maintenance (including Verges), Street Cleansing, Bereavement Services, Public Conveniences, Markets, and Parks Development (Parks, Open Spaces & Playing Fields). From 1st April 2014, many of these services are delivered through the wholly owned companies of ANSA and Orbitas.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
				0			**0**			**0**
Environmental Operations Client	4	3,860	-718	**3,142**	3,860	-688	**3,172**	3,860	-688	**3,172**
ANSA - Management Fee	4	25,496		**25,496**	25,065		**25,065**	24,638		**24,638**
Bereavement Services Client	4	59	-2,405	**-2,346**	59	-2,513	**-2,454**	59	-2,522	**-2,463**
Orbitas - Management Fee	4	1,140		**1,140**	1,140		**1,140**	1,140		**1,140**
Pay & Pensions Allocation	4			**0**	592		**592**	992		**992**
Base Budget (Note 1)		**30,555**	**-3,123**	**27,432**	**30,716**	**-3,201**	**27,515**	**30,689**	**-3,210**	**27,479**
		Changes to Budget Requirement								
Environmental Operations - base budget adjustments re: contracts & inflation		331		**331**	335		**335**			**0**
Savings from Environmental Operations		-762		**-762**			**0**			**0**
Environmental Operations - Service Review				**0**	-200		**-200**			
New Delivery Model - Environmental Operations				**0**	-562		**-562**	-1,239		**-1,239**
Bereavement Company			-108	**-108**		-9	**-9**			**0**
Income Generation & Income base budget adjustments			30	**30**			**0**			**0**
Pay & Pensions Allocation		592		**592**	400		**400**	351		**351**
Financial Impact of Policy Proposals		**161**	**-78**	**83**	**-27**	**-9**	**-36**	**-888**	**0**	**-888**
Total Cost of Service		**30,716**	**-3,201**	**27,515**	**30,689**	**-3,210**	**27,479**	**29,801**	**-3,210**	**26,591**

Note 1: Excludes one year budget allocations of £0.9m in 2014/15.

Highways REVENUE

The Highway's Service, through the Client Team is responsible for the management of the Highway Service Contract which includes highway maintenance, structures, network management, street lighting, drainage, and road safety. The Client team also oversee the delivery of the Council's ambitious major projects programme.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Highways Client Team	4	333	-115	**218**	333	-115	**218**	333	-115	**218**
CEC Managed Maintenance	4	767	-598	**169**	767	-598	**169**	767	-598	**169**
Cheshire East Highways	4	7,795		**7,795**	8,363	-520	**7,843**	8,313	-520	**7,793**
Road Safety	4	758	-584	**174**	758	-584	**174**	758	-584	**174**
Street Lighting Energy	4	1,878		**1,878**	2,063		**2,063**	2,063		**2,063**
Flood Levy	4	256		**256**	506		**506**	506		**506**
Pay & Pensions Allocation				**0**	73		**73**	159		**159**
Base Budget (Note 1)		**11,787**	**-1,297**	**10,490**	**12,863**	**-1,817**	**11,046**	**12,899**	**-1,817**	**11,082**
		Changes to Budget Requirement								
Highways Contract - Inflation and Efficiency savings		98		**98**			**0**			**0**
Reversal of energy consumption savings in Street Lighting		185		**185**			**0**			**0**
New Permit Scheme - Income / new staff		320	-520	**-200**			**0**			**0**
Pay & Pensions Allocation - Highways		73		**73**	86		**86**	75		**75**
Flood Defence - new responsibilities		250		**250**			**0**			**0**
Signing and Lining		150		**150**	-50		**-50**			**0**
Year 3 Pressures (estimated) - contract inflation				**0**			**0**	98		**98**
Financial Impact of Policy Proposals		**1,076**	**-520**	**556**	**36**	**0**	**36**	**173**	**0**	**173**
Total Cost of Service		**12,863**	**-1,817**	**11,046**	**12,899**	**-1,817**	**11,082**	**13,072**	**-1,817**	**11,255**

Note 1: Excludes one year budget allocations of £0.2m in 2014/15.

Communities — REVENUE

This service focuses on the role that the Council will play in leading our communities, shaping local areas and bringing public services together to create strong communities with a sense of independence and ability to influence what services we commission in the future. It brings together a diverse range of services that impact on localities such as customer services, communities and partnerships, libraries, revenue and benefits, community safety and enforcement.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Head of Communities	1	124		**124**	127	-200	**-73**	131	-200	**-69**
Local Community Services	1	97,627	-88,120	**9,507**	96,759	-88,320	**8,439**	96,676	-88,320	**8,356**
Local Area Working	1	2,259	-111	**2,148**	2,186	-111	**2,075**	2,136	-111	**2,025**
Consumer Protection & Investigations	1	957	-4	**953**	929	-4	**925**	955	-4	**951**
Car Parking	1	1,021	-5,721	**-4,700**	1,035	-4,971	**-3,936**	1,051	-4,971	**-3,920**
Emergency Planning	1	164	-11	**153**	167	-11	**156**	170	-11	**159**
Regulatory Services & Health	1	2,653	-1,039	**1,614**	2,615	-1,014	**1,601**	2,670	-1,014	**1,656**
Base Budget (Note 1)		**104,805**	**-95,006**	**9,799**	**103,818**	**-94,631**	**9,187**	**103,789**	**-94,631**	**9,158**
		Changes to Budget Requirement								
Head of Communities										
Pay & Pensions Allocation		277		**277**	322		**322**	555		**555**
Local Community Services										
New operating model for Customer Services		-113		**-113**	-3		**-3**			**0**
Development of a sustainable Library Service		-100		**-100**			**0**			**0**
Fall out of Housing & Council Tax Benefit admin grant		-211		**-211**	-275		**-275**	-275		**-275**
Fall out of Emergency Assistance Scheme		-612		**-612**			**0**			**0**
Local Area Working										
Transitional grants to Town & Parish Councils for the implementation of the local Council Tax Support scheme		-93		**-93**	-73		**-73**	-45		**-45**
New Proposals										
Car parking income - correction of base budget			750	**750**			**0**			**0**
Outcome 5 funding to support activities in libraries that help to prevent determinants of poor health and wellbeing including chronic loneliness and isolation.			-200	**-200**			**0**			**0**
Outcome 5 funding to Communities to help people live well and for longer			-200	**-200**			**0**			**0**
Enforcement Services - exploration of commercial opportunities and focus on key enforcement activities to support residents		-135	25	**-110**			**0**			**0**
Financial Impact of Policy Proposals		**-987**	**375**	**-612**	**-29**	**0**	**-29**	**235**	**0**	**235**
Total Cost of Service		**103,818**	**-94,631**	**9,187**	**103,789**	**-94,631**	**9,158**	**104,024**	**-94,631**	**9,393**

Note 1: Excludes one year budget allocations of £0.3m in 2014/15.

Economic Growth and Prosperity — REVENUE

The Service is responsible for prioritising high value growth gains. Our attention to detail is as much about how we grow as the scale of growth. Dynamic and commercially focused, the services of Strategic and Economic Planning, Development, Visitor Economy, Culture and Tatton Park, Investment and Strategic Infrastructure are creating the right conditions for economic growth, ensuring productive and competitive businesses, and maximising Investment and Business Engagement.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Director and Business Management	2	282		**282**	285		**285**	289		**289**
Strategic and Economic Planning	2	4,668	-4,603	**65**	4,730	-4,603	**127**	4,803	-4,603	**200**
Assets	2	3,254	-2,411	**843**	2,670	-2,461	**209**	2,704	-2,461	**243**
Visitor Economy, Culture and Tatton Park	2	5,906	-4,203	**1,703**	5,818	-4,203	**1,615**	5,802	-4,203	**1,599**
Investment	2	4,703	-863	**3,840**	4,836	-863	**3,973**	4,898	-863	**4,035**
Strategic Infrastructure	2	705	-218	**487**	713	-218	**495**	722	-218	**504**
Transport	2	24,417	-9,657	**14,760**	24,014	-9,657	**14,357**	24,014	-9,657	**14,357**
Public Rights of Way / Countryside	2	1,496	-352	**1,144**	1,496	-352	**1,144**	1,496	-352	**1,144**
Base Budget (Note 1)		**45,431**	**-22,307**	**23,124**	**44,562**	**-22,357**	**22,205**	**44,728**	**-22,357**	**22,371**
		Changes to Budget Requirement								
Director & Business Management										
Indicative allocation of Pay and Pensions		193		**193**	226		**226**	355		**355**
Assets										
Rationalisation Project & income generation		-293		**-293**	6		**6**			**0**
Farm Estates review to realise efficiency savings		-140		**-140**			**0**			**0**
Service review to realise efficiency savings		-175		**-175**			**0**			**0**
Rent Review			-50	**-50**			**0**			**0**
Visitor Economy, Culture & Tatton Park										
Visitor Economy: service efficiency				**0**	-6		**-6**			**0**
Tatton Park Vision: reduce subsidy to the trading account		-88		**-88**	-65		**-65**	-37		**-37**
Cultural Services: World War 1 Commemoration		-8		**-8**	5		**5**			**0**
Visitor Economy & Cultural Services: efficiency savings		-35		**-35**			**0**			**0**
Investment										
Budget growth to create a strong and commercially focused service, securing investment and funding		80		**80**			**0**			**0**
Home To School Transport										
Home to School Transport - rationalisation of routes, journeys and contracts particularly those related to SEN transport		-100		**-100**			**0**			**0**
Delegate Home to School Transport to Schools		-150		**-150**			**0**			**0**
Fall out of Extended Rights to Travel Grant		-153		**-153**			**0**			**0**
Financial Impact of Policy Proposals		**-869**	**-50**	**-919**	**166**	**0**	**166**	**318**	**0**	**318**
Total Cost of Service		**44,562**	**-22,357**	**22,205**	**44,728**	**-22,357**	**22,371**	**45,046**	**-22,357**	**22,689**

Note 1: Excludes one year budget allocations of £1.5m in 2014/15.

Chief Operating Officer — REVENUE

This Service is responsible for providing effective and proactive support functions to Commissioning Services in the form of Finance, ICT, Human Resources, Legal, in addition to Democratic and Governance Services.

		2015/16 Budget Calculation			2016/17 Budget Calculation			2017/18 Budget Calculation		
		Previous Balance Brought Forward								
	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Resources and Stewardship	6	37,054	-8,102	**28,952**	36,448	-8,102	**28,346**	36,203	-8,102	**28,101**
Procurement Savings - to be allocated	6			**0**	-500		**-500**	-500		**-500**
Organisational Development	6	3,798	-863	**2,935**	3,663	-863	**2,800**	3,530	-863	**2,667**
Monitoring Officer	6	2,324	-450	**1,874**	2,324	-450	**1,874**	2,324	-450	**1,874**
Governance and Democratic	6	5,232	-1,146	**4,086**	5,047	-1,146	**3,901**	5,047	-1,146	**3,901**
Commissioning	6	1,820		**1,820**	1,820		**1,820**	1,820		**1,820**
Communications	6	731	-20	**711**	731	-20	**711**	731	-20	**711**
Unallocated Pay & Pensions	6			**0**	323		**323**	781		**781**
Base Budget (Note 1)		**50,959**	**-10,581**	**40,378**	**49,856**	**-10,581**	**39,275**	**49,936**	**-10,581**	**39,355**
		Changes to Budget Requirement								
Resources & Stewardship										
Utilities change in charging mechanism and inflation, and base correction		334		**334**	671		**671**	701		**701**
Carbon Reduction Tax		41		**41**	41		**41**			**0**
Assets Major Change Project (vacating buildings)		-394		**-394**	-181		**-181**			**0**
Contract savings		-175		**-175**			**0**			**0**
Employee cost savings		-50		**-50**	-100		**-100**			**0**
Resources & Stewardship employee cost savings		-200		**-200**	-300		**-300**			**0**
Supplies & services		-100		**-100**	-100		**-100**			**0**
Further savings from Procurement		-500		**-500**			**0**			**0**
CoSocius - Savings		-362		**-362**	-276		**-276**			**0**
Remove Capitalisation of Next Generation Desktop		300		**300**			**0**			**0**
HR & Organisational Development										
HR and OD - reduction to be met via a combination of changes to staffing, supplies and services budgets and revision to income targets		-135		**-135**	-133		**-133**			**0**
Governance & Democratic Services										
Elections - Individual Electoral Registrations		-108		**-108**			**0**			**0**
Coroner's Act - additional costs		65		**65**			**0**			**0**
Removal of LGPS employers contributions for Members		-142		**-142**			**0**			**0**
Other										
Pay & Pensions		323		**323**	458		**458**	538		**538**
Financial Impact of Policy Proposals		**-1,103**	**0**	**-1,103**	**80**	**0**	**80**	**1,239**	**0**	**1,239**
Total Cost of Service		**49,856**	**-10,581**	**39,275**	**49,936**	**-10,581**	**39,355**	**51,175**	**-10,581**	**40,594**

Note 1: Excludes one year budget allocations of £0.9m in 2014/15.

CAPITAL PROGRAMME 2015/16 - 2017/18

Glossary of Terms

Approval is being sought for all items of Capital expenditure as detailed in the following tables. Estimates for capital expenditure may vary even during the lifetime of the project but particularly where a project is still being developed.

The following categories, used within the tables overleaf, describe the current status of the financial estimates:

Committed Schemes - in Progress
The project is established and activity is on-going. Expenditure is expected to occur in line with the value and timing described in this report and funding has been identified to manage that expenditure.

Committed Schemes - Gate 1 Stage
Project details have been drafted and are under review via the Technical Enabler Group (TEG) and Executive Monitoring Board (EMB). Expenditure levels, and the timing of expenditure, may be subject to change based on final estimates, the securing of available funding and workforce capacity.

Medium Term & Recurring Programmes and Longer Term
Projects under these headings are at an early stage. As capital projects can have lengthy preparation times these projects are entered here to demonstrate the Council's longer term investment requirements. Schemes are approved, as part of the budget setting process but will not commence until a full project appraisal has been completed and funding has been secured. Where appropriate schemes under these headings will be subject to the gateway process before commencing.

Any necessary variations to capital spending requirements will be reported and approved in line with the Council's financial procedure rules.

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
Children and Families	2,869	1,369	656	**4,894**
Public Health and Wellbeing	9,471	0	0	**9,471**
Environmental	1,388	0	0	**1,388**
Highways	2,448	2,731	0	**5,179**
Communities	782	39	0	**821**
Economic Growth and Prosperity	7,795	2,061	1,129	**10,985**
Chief Operating Officer	11,829	0	0	**11,829**
Total Committed Schemes	**36,582**	**6,200**	**1,785**	**44,567**
Committed Schemes at Gate 1 Stage				
Children and Families	3,371	428	0	**3,799**
Public Health and Wellbeing	0	0	0	**0**
Environmental	0	0	0	**0**
Highways	0	0	0	**0**
Communities	0	0	0	**0**
Economic Growth and Prosperity	0	0	0	**0**
Chief Operating Officer	0	0	0	**0**
Total Committed Schemes at Gate 1 Stage	**3,371**	**428**	**0**	**3,799**
Total Committed Schemes	**39,953**	**6,628**	**1,785**	**48,366**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Children and Families	10,032	5,705	6,167	**21,904**
Adult Social Care	1,808	800	800	**3,408**
Public Health and Wellbeing	500	4,000	4,000	**8,500**
Environmental	7,130	7,156	0	**14,286**
Highways	18,937	16,567	16,277	**51,781**
Communities	0	0	0	**0**
Economic Growth and Prosperity	10,672	3,055	2,200	**15,927**
Chief Operating Officer	14,331	9,425	6,997	**30,753**
Total Medium Term & Recurring Programmes	**63,410**	**46,708**	**36,441**	**146,559**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Longer Term Proposals				
Children and Families	280	180	30,000	**30,460**
Public Health and Wellbeing	0	250	0	**250**
Environmental	470	200	200	**870**
Highways	2,550	1,360	1,360	**5,270**
Communities	0	975	0	**975**
Economic Growth and Prosperity	31,885	50,258	128,372	**210,515**
Chief Operating Officer	7,720	4,548	0	**12,268**
Total Longer Term Proposals	**42,905**	**57,771**	**159,932**	**260,608**
Total	**146,268**	**111,107**	**198,158**	**455,533**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Funding Requirement				
Indicative Funding Analysis: (See note 1)				
Government Grants	48,449	46,301	115,166	**209,916**
External Contributions	17,718	20,798	29,179	**67,695**
Revenue Contributions	1,248	23	0	**1,271**
Capital Receipts	37,296	39,140	33,940	**110,376**
Prudential Borrowing (See note 2)	41,557	4,845	19,873	**66,275**
Total	**146,268**	**111,107**	**198,158**	**455,533**

Notes:

1. The funding requirement presents a balanced position. However the Council will attempt to maximise grants, external contributions and the receipts from assets in order to minimise any potential borrowing requirement. If a borrowing requirement becomes likely then schemes may be delayed until other sources of funding become available. The Council will continue its policy of 'internally' borrowing to reduce external interest charges.

2. Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure (See Minimum Revenue Policy Statement ~ Annex 9)

Children and Families CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
Primary Schools	204	0	0	**204**
Springfield Special School	102	0	0	**102**
Schools Maintenance Projects	274	0	0	**274**
Suitability/Minor Works & Accessibility Projects	160	0	0	**160**
Devolved Formula Capital	1,143	1,163	656	**2,962**
Capital Maintenance Grant - Committed	100	0	0	**100**
Short Breaks for Disabled Children	80	0	0	**80**
Free Early Years Education Grant for 2 year Olds	600	0	0	**600**
Foster Carers Capacity Scheme	206	206	0	**412**
Total Committed Schemes In progress	**2,869**	**1,369**	**656**	**4,894**
Committed Schemes at Gate 1 Stage				
Primary Schools	3,371	428	0	**3,799**
Total Committed Schemes at Gate 1 Stage	**3,371**	**428**	**0**	**3,799**
Total Committed Schemes	**6,240**	**1,797**	**656**	**8,693**

Children and Families CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Basic Need Programme	5,699	2,337	2,800	**10,836**
Capital Maintenance Programme	4,333	3,368	3,367	**11,068**
Total Medium Term & Recurring Programmes	**10,032**	**5,705**	**6,167**	**21,904**
Longer Term Proposals				
Care Leavers - Supported Accommodation	100	0	0	**100**
Purchase of Multi Purpose Vehicles - Working on Wheels	180	180	0	**360**
Knutsford Achievement	0	0	10,000	**10,000**
Crewe Achievement	0	0	20,000	**20,000**
Total Longer Term Proposals	**280**	**180**	**30,000**	**30,460**
Total	**16,552**	**7,682**	**36,823**	**61,057**

Children and Families CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18				
	Budget 2015/16 £000	**Budget 2016/17 £000**	**Budget 2017/18 £000**	**Total Budget 2015/18 £000**
Funding Requirement				
Indicative Funding Analysis:				
Government Grants	15,627	7,296	21,823	**44,746**
External Contributions	439	0	0	**439**
Revenue Contributions	0	0	0	**0**
Capital Receipts	0	0	15,000	**15,000**
Prudential Borrowing	486	386	0	**872**
Total	**16,552**	**7,682**	**36,823**	**61,057**

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Medium Term, Recurring Programmes & Longer Term Proposals

Basic Need

Grant from the Department for Education for local authorities to provide additional school places where needed in their area.

Capital Maintenance

Estimated allocation of the capital maintenance grant which is to enable local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in their area.

Care Leavers Supported Accommodation: To provide a new facility to support care leavers within the Borough and improve their transition through to adulthood.

Purchase of Multi Purpose Vehicles - Working on Wheels

The vehicles will be adapted to be multi-functional, serving the Early Years and Youth Service specifically in the rural areas of Cheshire East.

Knutsford & Crewe Achievement

- To create an All Through School educational establishment in Knutsford.
- Part of the All Change for Learners programme to enhance secondary education provision in Crewe to a worldclass standard.

The Council will work with the government and other organisations to achieve funding targets for these schemes.

Adult Social Care CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Community Capacity Grant	1,808	800	800	**3,408**
Total Medium Term & Recurring Programmes	**1,808**	**800**	**800**	**3,408**
Longer Term Proposals				
Total Longer Term Proposals	**0**	**0**	**0**	**0**
Total	**1,808**	**800**	**800**	**3,408**

Adult Social Care CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18				
	Budget 2015/16 £000	**Budget 2016/17 £000**	**Budget 2017/18 £000**	**Total Budget 2015/18 £000**
Funding Requirement				
Indicative Funding Analysis:				
Government Grants	1,808	800	800	**3,408**
External Contributions	0	0	0	**0**
Revenue Contributions	0	0	0	**0**
Capital Receipts	0	0	0	**0**
Prudential Borrowing	0	0	0	**0**
Total	**1,808**	**800**	**800**	**3,408**

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Medium Term & Recurring Programmes

Community Capacity Grant

Capital Funding provided by the Department of Health to enable local authorities to support development in Adults Social Service in three key areas:

- Personalisation
- Reform
- Efficiency

Public Health and Wellbeing CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
Crewe Lifestyle Centre	9,471	0	0	**9,471**
Total Committed Schemes In progress	**9,471**	**0**	**0**	**9,471**
Total Committed Schemes	**9,471**	**0**	**0**	**9,471**

Public Health and Wellbeing CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Congleton Lifestyle Centre	500	4,000	4,000	**8,500**
Total Medium Term & Recurring Programmes	**500**	**4,000**	**4,000**	**8,500**
Longer Term Proposals				
All Weather Pitch - Cumberland Arena	0	250	0	**250**
Total Longer Term Proposals	**0**	**250**	**0**	**250**
Total	**9,971**	**4,250**	**4,000**	**18,221**

Public Health and Wellbeing CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18				
	Budget 2015/16 £000	**Budget 2016/17 £000**	**Budget 2017/18 £000**	**Total Budget 2015/18 £000**
Funding Requirement				
Government Grants	0	0	0	**0**
External Contributions	0	0	0	**0**
Revenue Contributions	0	0	0	**0**
Capital Receipts	500	4,000	0	**4,500**
Prudential Borrowing	9,471	250	4,000	**13,721**
Total	**9,971**	**4,250**	**4,000**	**18,221**

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Long Term Proposals

All Weather Pitch - Cumberland Arena

To replace the 3G "Carpet" on the football pitch at the Cumberland Sports Arena, Crewe.

Environmental CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
Replacement Cremators at Crewe Crematorium	109	0	0	**109**
Crewe Crematorium Refurbishment	1,080	0	0	**1,080**
Environmental Section 106 Schemes	199	0	0	**199**
Total Committed Schemes In Progress	**1,388**	**0**	**0**	**1,388**
Total Committed Schemes	**1,388**	**0**	**0**	**1,388**

Environmental CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Replacement Litter Bins	50	50	0	**100**
Park Development Fund	80	90	0	**170**
Waste Recycling Centre	7,000	7,016	0	**14,016**
Total Medium Term & Recurring Programmes	**7,130**	**7,156**	**0**	**14,286**
Longer Term Proposals				
Household Bin Replacement	200	200	200	**600**
Restoration of Coronation Valley, Queens Park	80	0	0	**80**
Restoration of South Park Lake	190	0	0	**190**
Total Longer Term Proposals	**470**	**200**	**200**	**870**
Total	**8,988**	**7,356**	**200**	**16,544**

Environmental CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18				
	Budget 2015/16 £000	**Budget 2016/17 £000**	**Budget 2017/18 £000**	**Total Budget 2015/18 £000**
Funding Requirement				
Indicative Funding Analysis:				
Government Grants	0	0	0	**0**
External Contributions	199	0	0	**199**
Revenue Contributions	1,189	0	0	**1,189**
Capital Receipts	4,000	7,356	0	**11,356**
Prudential Borrowing	3,600	0	200	**3,800**
Total	**8,988**	**7,356**	**200**	**16,544**

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Medium Term, Recurring Programmes & Longer Term Proposals

Replacement Litter Bins
The delivery of replacement litter bins over a three year period across the Borough.

Park Development Fund
A Park Development Fund to halt the decline and manage a sustained improvement to our park and open spaces within the Borough.

Waste Strategy Implementation
Investment in the depot infrastructure in order for the waste collection, treatment and disposal services to be delivered efficiently. Includes purchase of a central new site within the Borough. This will be part funded from a linked capital receipt of £4m.

Household Bin Replacement
To establish a rolling programme to replace wheeled bins.

Restoration of Coronation Valley, Queens Park
The final stage of the restoration work at Queens Park, along with the Heritage Lottery fund, to restore the water feature outside the valley houses.

Restoration of South Park Lake
The lake requires the build up of silt to be removed, establish an efficient depth of the water and ensure the lake is safe to all users of the park.

Highways CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
Alderley Edge Bypass Scheme	2,232	2,709	0	**4,941**
Alderley Edge Village Enhancements	66	0	0	**66**
Highways Section 106 & 278 Schemes	150	22	0	**172**
Total Committed Schemes In Progress	**2,448**	**2,731**	**0**	**5,179**
Total Committed Schemes	**2,448**	**2,731**	**0**	**5,179**

Highways CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Highway Investment Programme	6,500	5,000	5,000	**16,500**
Maintenance Block	10,450	9,580	9,290	**29,320**
Integrated Transport Block	1,987	1,987	1,987	**5,961**
Total Medium Term & Recurring Programmes	**18,937**	**16,567**	**16,277**	**51,781**
Longer Term Proposals				
Replacement of Structurally Defective Lighting Columns	2,550	1,360	1,360	**5,270**
Total Longer Term Proposals	**2,550**	**1,360**	**1,360**	**5,270**
Total	**23,935**	**20,658**	**17,637**	**62,230**

Highways CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18				
	Budget 2015/16 £000	**Budget 2016/17 £000**	**Budget 2017/18 £000**	**Total Budget 2015/18 £000**
Funding Requirement				
Indicative Funding Analysis:				
Government Grants	12,443	11,567	11,277	**35,287**
External Contributions	210	22	0	**232**
Revenue Contributions	0	0	0	**0**
Capital Receipts	5,000	6,360	0	**11,360**
Prudential Borrowing	6,282	2,709	6,360	**15,351**
Total	**23,935**	**20,658**	**17,637**	**62,230**

Highways CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

Highway Investment Programme

A continuing programme of re-surfacing and improvements to assist in the maintenance of the carriageway in Cheshire East.

Maintenance and Integrated Transport Block.

An allocation of grant funding from the Department of Transport to support capital works on the carriageway network and bridges within Cheshire East.

Communities CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
Sustainable Libraries	264	0	0	**264**
Residents Parking	5	5	0	**10**
Car Parking Improvements	34	34	0	**68**
CCTV Infrastructure Rationalisation	100	0	0	**100**
Customer Access	279	0	0	**279**
Community Facilities Grants	100	0	0	**100**
Total Committed Schemes In Progress	**782**	**39**	**0**	**821**
Total Committed Schemes	**782**	**39**	**0**	**821**

Communities CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Longer Term Proposals				
Hurdsfield Family Centre	0	975	0	**975**
Total Longer Term Proposals	**0**	**975**	**0**	**975**
Total	**782**	**1,014**	**0**	**1,796**

Communities CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Funding Requirement				
Indicative Funding Analysis:				
Government Grants	0	0	0	**0**
External Contributions	72	0	0	**72**
Revenue Contributions	36	0	0	**36**
Capital Receipts	0	1,014	0	**1,014**
Prudential Borrowing	674	0	0	**674**
Total	**782**	**1,014**	**0**	**1,796**

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Longer Term Proposals

Hurdsfield Family Centre

The improvement of the facilities at the family centre to create an improved environment for the Children's Social Care function.

Economic Growth and Prosperity — CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
A500 Widening at Junction 16	6	10	31	**47**
Crewe Green Link Road - Phase 2	6,614	1,140	173	**7,927**
Crewe Rail Exchange	25	0	0	**25**
Farms Strategy	919	911	925	**2,755**
Private Sector Assistance	231	0	0	**231**
Total Committed Schemes In Progress	**7,795**	**2,061**	**1,129**	**10,985**
Total Committed Schemes	**7,795**	**2,061**	**1,129**	**10,985**

Economic Growth and Prosperity — CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Gypsy & Traveller Sites	2,778	262	0	**3,040**
Development Programme for Housing and Jobs	2,929	0	0	**2,929**
Regeneration & Development Programme	596	300	0	**896**
Disabled Facilities Grant	1,200	1,200	1,200	**3,600**
Housing Innovation Fund	573	0	0	**573**
Tatton Park Investement	2,596	1,293	1,000	**4,889**
Total Medium Term & Recurring Programmes	**10,672**	**3,055**	**2,200**	**15,927**
Longer Term Proposals				
Energy projects	4,600	12,120	0	**16,720**
Crewe Town Centre Regeneration	15,500	3,250	3,250	**22,000**
Macclesfield Town Centre Renewal	300	200	0	**500**
Empty Homes Initiative	150	150	150	**450**
Congleton Relief Road (Includes Prior Years Option Development	1,700	4,421	69,726	**75,847**
Poynton Relief Road (Includes Prior Years Option Development	1,300	1,000	28,983	**31,283**
Jodrell Bank Square Kilometre Array Support Project	1,000	0	0	**1,000**

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Longer Term Proposals (continued)				
Handforth Mitigation Package	100	900	0	**1,000**
Congleton Public Realm	1,000	0	0	**1,000**
A34 Corridor Improvements	500	15,500	0	**16,000**
Macclesfield Movement Strategy	500	2,500	3,300	**6,300**
A51/500 Corridor - Nantwich	1,000	1,000	2,000	**4,000**
King Street Enhancement Scheme	1,100	900	0	**2,000**
Sydney Road Bridge	1,335	1,667	5,963	**8,965**
A6 Corridor Improvements	600	1,400	0	**2,000**
Crewe Transformation Phase 3	500	2,000	14,000	**16,500**
Leighton West Bentley Highways Transformation scheme	500	500	1,000	**2,000**
Crewe Replacement Bus Interchange Facility	200	2,750	0	**2,950**
Total Longer Term Proposals	**31,885**	**50,258**	**128,372**	**210,515**
Total	**50,352**	**55,374**	**131,701**	**237,427**

Economic Growth and Prosperity — CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Funding Requirement				
Indicative Funding Analysis:				
Government Grants	10,928	24,912	81,266	**117,106**
External Contributions	11,641	18,530	29,179	**59,350**
Revenue Contributions	23	23	0	**46**
Capital Receipts	18,421	10,532	14,940	**43,893**
Prudential Borrowing	9,339	1,377	6,316	**17,032**
Total	**50,352**	**55,374**	**131,701**	**237,427**

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Medium Term & Recurring Programmes

Gypsy & Traveller Sites

To provide a secure and safe location for Gypsy and Travellers to reside whilst travelling through the Borough.

Development Programme for Housing and Jobs

A development programme to generate significant economic growth and prosperity for local residents, including over 4,000 new homes and 3,000 jobs.

Regeneration & Development Programme

A programme of regeneration and development within the major towns and villages throughout Cheshire East.

Corporate Landlord Model - Non-Operational

To undertake a rationalisation of current Council non-operational assets into fewer buildings, releasing efficiencies in overheads, reducing carbon emmissions and generating capital receipts as sites are released.

Disabled Facilities Grant

The grants provided support the early intervention and prevention agenda by delaying the need for residential care, encouraging independence and allowing people to stay in their own homes longer.

Housing Innovation Fund

This fund is to finance a number of affordable housing projects within the borough, recognising the supply of appropriate housing provision as a key priority for the Authority.

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Longer Term Proposals

Energy Projects

To establish a dry anaerobic digestion plant in Cheshire East for the processing of household green and food waste, and to secure a long term income stream from gas energy generated during the processing of the waste material.

To assist in the exploration of Geothermal Energy in Cheshire East.

A programme to introduce renewable technologies to key assets as part of the Energy Framework.

A programme of works to replace inefficient and end-of-life conventional boilers with biomass boilers. Thus reducing carbon emissions and running costs.

To enhance key assets with the introduction of renewable technologies.

Crewe Town Centre Regeneration

This project aims to stimulate the physical and economic regeneration of Crewe Town Centre, with a focus on leisure, culture, retail and residential uses that will increase its vitality and viability.

Macclesfield Town Centre Renewal

Further capital investment in Macclesfield Town Centre to deliver against the Whole Town Vision and deliver benefits to residents and retailers.

Empty Homes Initiative

To bring empty homes back into use in partnership with property owners in order to improve the street scene, increase the supply of affordable housing and maximise the New Homes Bonus.

Congleton Relief Road

To deliver the outcome of the Congleton relief road Option Development scheme.

Poynton Relief Road

To deliver the outcome of the Poynton relief road Option Development scheme.

Jodrell Bank Square Kilometre Array Support Project

The development of an astrophysics research campus on the Jodrell Bank site through the development of new laboratories and research facilities.

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Longer Term Proposals

Handforth Mitigation Project

As part of the Manchester Airport Relief Road project this funding is to put in place mitigation measures for those areas in and around the relief road that may experience changes in traffic flows. This is the other main location in Cheshire East that requires measures to address additional traffic caused by the semmms road.

Congleton Public Realm

To increase the commercial investment by developers and occupiers by improving the infrastructure of the town, including the carriageway and footpaths.

A34 Corridor (Including Handforth East)

Development of measures to reduce congestion on the A34. Linked to the possible development of the Handforth East site and the local plan.

Macclesfield Movement Strategy

To assess traffic management improvement at key junctions within Macclesfield.

A51/500 Corridor - Nantwich

Delivery of highway improvements, including Burford Cross roads and Alvaston roundabout. Some Section 106 contributions in place.

King Street Enhancement Scheme

Improved pedestrian facilities, reduced congestion. Key to improving the retail environment of Knutsford.

Sydney Road Bridge

To undertake improvements to Sydney Road Railway Bridge.

A6 Corridor Improvements

Traffic management measures to help mitigate the traffic impact of the semmms road scheme. This is mainly in Disley. Measures being scoped out and costed now. Funding contribution from the semmms road scheme.

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Longer Term Proposals

Crewe Transformation Projects - Phase 3

Will allow key infrastructure improvements identified in the the Local Plan Infrastructure Plan to be delivered, enabling key employment and housing sites to kick start the implementation of the Local Plan in this area and assist with five year supply targets. Going forward the fund can also support key access and investment needs arising from the proposed HS2 North West Gateway Hub Station.

The schemes to be developed from the fund in 2015/ 16 are at Nantwich Road / South Street / Gresty Road area and investigate Crewe Town Centre access improvements. The medium term programme will be developed following the approval of the Local Plan and its Infrastructure Plan.

Crewe Replacement Bus Interchange Facility

A replacement facility to provide a safe, accessible, managed environment as a central hub for waiting and interchange for bus passengers in the town centre.

Tatton Park Investment

Includes Phase three of the Tatton Vision project to develop the Top Farm Yard and Outdoor Events Infrastructure.

Chief Operating Officer — CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Committed Schemes - In Progress				
Connecting Cheshire - Phase 1	11,829	0	0	**11,829**
Total Committed Schemes In Progress	**11,829**	**0**	**0**	**11,829**
Total Committed Schemes	**11,829**	**0**	**0**	**11,829**

Chief Operating Officer CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18

	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000	Total Budget 2015/18 £000
Medium Term & Recurring Programmes				
Corporate Landlord Model - Operational	608	304	0	**912**
Asset Management Maintenance Programme	2,400	2,400	2,400	**7,200**
Minor Works Programme	520	0	0	**520**
Digital by Design	2,435	1,500	1,000	**4,935**
ICT Infrastructure Investment Programme (Essential Replacement & Enhancement)	4,540	2,724	1,816	**9,080**
Information Assurance and Data Management	2,828	1,697	1,131	**5,656**
Core Financials, HR Services	1,000	800	650	**2,450**
Total Medium Term & Recurring Programmes	**14,331**	**9,425**	**6,997**	**30,753**
Longer Term Proposals				
Connecting Cheshire - Phase 2	2,170	4,548	0	**6,718**
Supporting Strategic Projects	5,550	0	0	**5,550**
Total Longer Term Proposals	**7,720**	**4,548**	**0**	**12,268**
Total	**33,880**	**13,973**	**6,997**	**54,850**

Chief Operating Officer — CAPITAL

CAPITAL PROGRAMME 2015/16 - 2017/18				
	Budget 2015/16 £000	**Budget 2016/17 £000**	**Budget 2017/18 £000**	**Total Budget 2015/18 £000**
Funding Requirement				
Indicative Funding Analysis:				
Government Grants	7,643	1,726	0	**9,369**
External Contributions	5,157	2,246	0	**7,403**
Revenue Contributions	0	0	0	**0**
Capital Receipts	9,375	9,878	4,000	**23,253**
Prudential Borrowing	11,705	123	2,997	**14,825**
Total	**33,880**	**13,973**	**6,997**	**54,850**

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Medium Term and Recurring Programme and Long Term Proposals

Maximise Corporate Landlord Model - Operational

To continue the rationalisation of current Council operational asset portfolio to consolidate delivery of services into fewer buildings, releasing efficiencies in overheads, reducing carbon emissions and generating capital receipts as sites are released. This will include dilapidations and other capital works to facilitate the changes.

Asset Management Maintenance & Minor Works Programme

A rolling programme of capital works to maintain and improve the Cheshire East Operational Asset portfolio. The Asset Management Planned Maintenance block of £3m per annum, will at least maintain the current maintenance backlog, which is in the region of £45m, rather than allowing the position deteriorate, leaving buildings unfit for use. Examples include boiler replacement, window refenestration, roofing replacement and emergency remedial action.

The minor works allocation will enable the Council to carry out a programme of redecoration and improvements within all buildings, as have been undertaken in Corporate buildings during 2014/15, for example Westfields, Municipal Buildings and Macclesfield Town Hall - in addition to a programme of redecoration and improvement in other operational buildings. As the Council utilises its building stock more fully there will be an increased and on-going need to ensure the buildings remain fit for purpose, with increased need for minor work activity.

Digital by Design

- Implementation of PWC Digital Customer Services
- Investment in wider digital services to support Digital Agenda

CAPITAL PROGRAMME 2015/16 - 2017/18

Details of Medium Term and Recurring Programme and Long Term Proposals

ICT Infrastructure Investment Programme (Essential Replacement & Enhancement)

- Joint programme delivered by CoSocius for its primary customers including CEC, CWaC
- Assures compliance with mandatory standards, sustains currency and enables innovation
- Primary focus is to maintain Business As Usual (BAU) levels of service availability
- Additional investment to achieve business agility, efficiency, value and customer satisfaction
- Main areas of investment, Desktop, ERP (Oracle), Network, Security and Storage

Information Assurance and Data Management

- Information Assurance (incl. Compliance, SIRO, support of Caldecott)
- Data Management (Open data, Business Intelligence, Reporting, Data Storage)
- Transparency
- Model Office (enabling FMW)

Core Financials, HR Services

- Deliver developments, maintenance and security to the Council and ASDV core financial/HR systems including e-Business Suite, Cash Receipting Income Management, financial reporting, banking interfaces, merchant interfaces, PCard solution.
- Projects include setting up new ASDVs on e-Business Suite, implementation of new recruitment solution, statutory tax changes, implementation of Cash Receipting Income Management system upgrade, implementation of financial reporting solution, implementing the change of banking, merchant account & PCard contracts.

Connecting Cheshire Phase 2

The second phase of Connecting Cheshire will build on phase 1 seeking to ensure all premises have access to high capacity and high quality broadband which will support economic growth, especially of rural SMEs.

Reserves Strategy

2015/18

February 2015

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Executive Summary

Cheshire East Council is maintaining adequate reserves for two main purposes:

1. **To protect against risk, and;**
2. **To support investment**

This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns. However, at present the risks associated with overall changes in local government funding, and the need to invest now to realise returns in the medium term, increase the need to hold more prudent levels of reserves in the short term.

The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.

The strategy is normally revised annually, in line with the process to determine the Council's Budget, and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium term.

Cheshire East Council's Reserve Strategy was last approved at Council on 27th February 2014.

The quarterly review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2015/18 is being reported to Cabinet and Council in February 2015.

This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

Additional detailed analysis of trends within the Council's finances is provided in the Council's Value for Money publication demonstrating the sound financial position of the Council.

P J Bates

Peter Bates CPFA CIPD MBA

Chief Operating Officer
(Section 151 Officer)

Note: The strategy follows guidance issued by the Chartered Institute of Public Finance & Accountancy ~ LAAP Bulletin 55 – February 2003: Guidance Note on Local Authority Reserves and Balances. Compliance with the guidance is recommended in the Institute's 2003 Statement on the Role of the Finance Director in Local Government and the regulatory framework and role of the Section 151 Officer are set out in **Annex A**.

1. Introduction

Types of Reserves

1. When reviewing medium term financial plans and preparing annual budgets the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

This represents the non-ringfenced balance of Council funds. There are two main purposes of general reserves: firstly to operate as a working balance to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing, and; secondly to provide a contingency to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:

Increasing General Reserves

- *Planned repayment* as set-out in the Medium Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an operating surplus at the close of the financial year.

Decreasing General Reserves

- Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.
- Allocation of an operating deficit at the close of the financial year.

Earmarked Reserves (see Section 3)

These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves, and this strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

2. In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.

3. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.

4. Setting the level of general reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.

5. **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.

6. These factors can only be assessed properly at a local level. A considerable degree of professional judgment is required. The Section 151 Officer may choose to express advice on the level of balances in cash and / or as percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the Authority for that particular year.

7. Advice will be set in the context of the Authority's process to manage medium term financial stability and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit, and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium Term Financial Strategy.

Table 1: Holding adequate reserves will depend on a number of key factors
Budget Assumptions
- The treatment of inflation and interest rates - Estimates of the level and timing of capital receipts - The treatment of demand led pressures - The treatment of planned efficiency savings / productivity gains - The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments - The availability of other funds to deal with major contingencies and the adequacy of provisions
Financial Standing and management
- The overall financial standing of the Authority (including: level of borrowing, debt outstanding and Council Tax collection rates) - The Authority's track record in budget and financial management including the robustness of the medium term plans - The Authority's capacity to manage in-year budget pressures - The strength of the financial information and reporting arrangements - The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level - The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

8. The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.

2. General Fund Reserves (Revenue)

Purposes

9. The purpose of general reserves is to minimise the possible financial impacts to the Authority from:

   - Emergencies
   - In-year emerging issues
   - Reacting to investment opportunities

10. The Finance Procedure Rules set the parameters for the use of general reserves.

11. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance.

12. In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

13. The 2014/15 Budget anticipated that the Council would hold general reserves of £19.3m. However, an improved final outturn position resulted in a revised balance of £19.8m.

14. During 2014/15 Council approved the use of £5.8m of general reserves to support investment in sustainability and local communities.

15. At 1st April 2015, it is anticipated that the Council will hold general reserves of £14.2m, as calculated in **Table 2**.

Table 2	Estimated Balance 1 April 2015 £m
Amount of General Fund Balance available for new expenditure (Source: 2013/14 Statement of Accounts)	19.8
Approved in–year transfer to earmarked reserves	-5.8
The impact of performance against the 2014/15 Revenue Budget (Source: 2014/15 Three Quarter Year Review of Performance)	0.2
	14.2

Estimated Movement in Reserves (2014/15 onwards)

16. **Table 3** (overleaf) summarises the current estimated movements in general reserves from 2014 to 2017. It is proposed to transfer £1.7m to earmarked reserves in 2015/16 to provide for costs associated with the Council's planning functions and investment service structure, insurances, and sustainable investment.

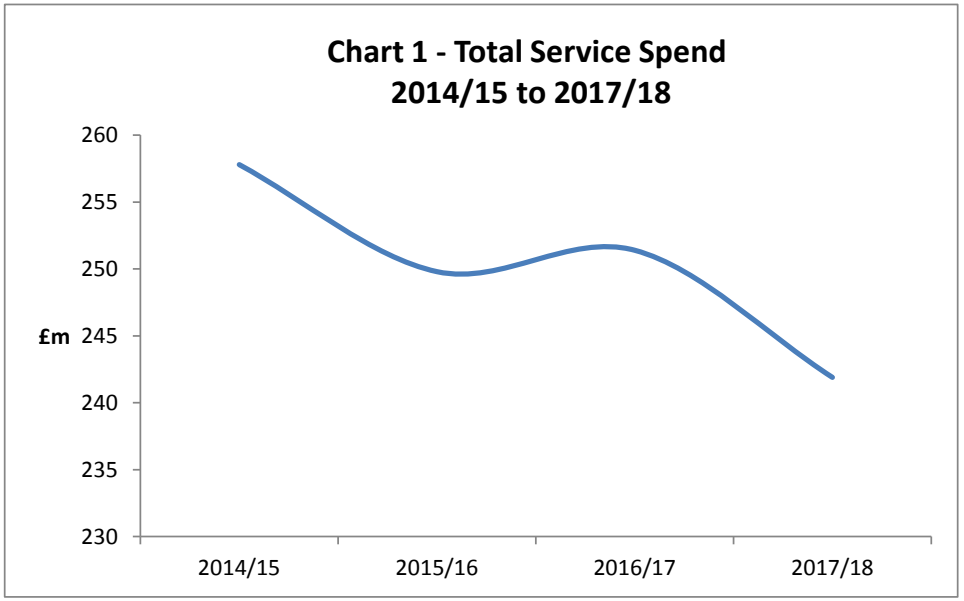
17. This position makes a clear assumption that any recently identified in-year, or future, emerging financial pressures will be met from within the Council's funding envelope.

18. In addition the level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

Table 3 – The level of reserves will be maintained in the medium term	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Estimated Balance @ 1st April	19.8	14.2	12.5	12.5
Estimated Impact of Spending	0.2	0.0	0.0	0.0
Planned Contribution to Earmarked Reserves	-5.8	-1.7	0.0	0.0
Forecast General Reserves @ 31st March	**14.2**	**12.5**	**12.5**	**12.5**
Risk Assessed Minimum Level – February 2015	14.0	12.5	12.5	12.5

Source: Cheshire East Finance

19. **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.

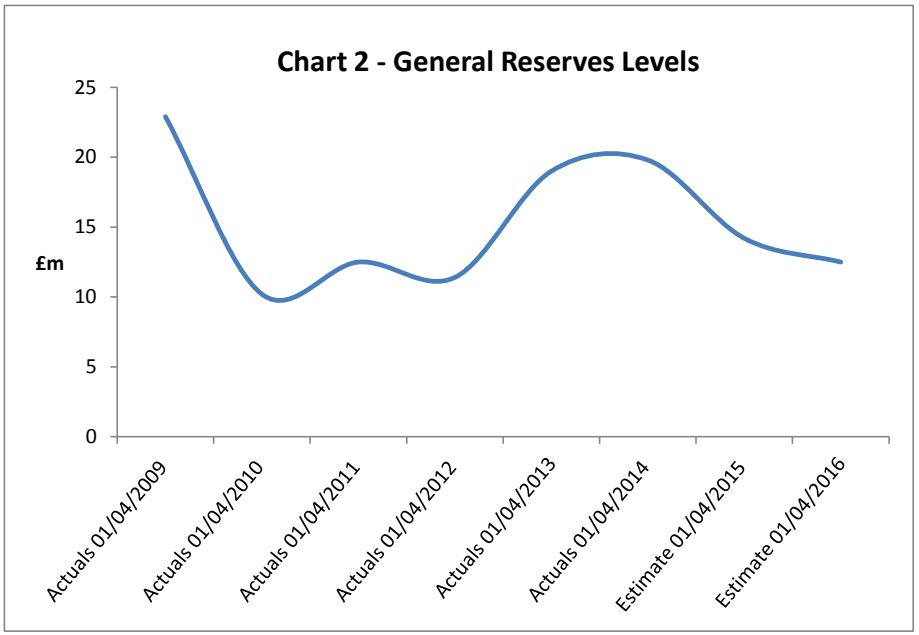


Source: Cheshire East Finance

20. Reducing net expenditure over time reflects the reductions in Government funding. At the same time the Council continues to minimise the impact on local residents by not raising Council Tax. However, this approach has required investment in change management to sustain the financial resilience of the Council. For example reducing staffing numbers has required expenditure on severance payments, automation of services requires investment in information technology. Investment in infrastructure can generate receipts from the Council's estate, and from new business and domestic premises in the area.

21. Strategically the Council has therefore utilised short-term funding to support investment and change and not to build up reserves balances.

22. **Chart 2** reflects how Cheshire East Reserves are used to support large scale investment, and are being stabilised over the medium term.



Source: Cheshire East Finance

23. The level at which reserves are set for 2015/16, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow.

General Fund Reserves – Risk Assessment

24. The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies (particularly in relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

25. The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.

26. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on citizens.

27. Risks are categorised, and potential values are applied to them. This presents the potential exposure to financial risk. **Table 4** shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.

28. New medium term risks are emerging as the Council is undertaking significant change to embed its commissioning approach and there is still significant uncertainty about the long term effect of changes to funding from business rates. However, the level of risk in the Medium Term Financial Strategy has reduced following improvements in reporting and achievement of budget targets. Separate provision will also be made in 2015/16 for specific risks (for example, local planning pressures and insurances), which overall has the effect of reducing the level of general risk for the period 2015/18.

29. £12.5m remains a relatively prudent overall target for reserves at 5.1% of the net budget. This reflects the following potential negative financial issues facing the Council in the medium term:

    - Further changes to the local government financial settlement may create funding deficits, and the medium term strategy of the Council remains unbalanced in later years at present.
    - Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
    - There is a significant pensions deficit which may need to be managed outside of the current medium term estimates, despite significant additional budget being provided for in the Medium Term Financial Strategy, to reflect increasing contribution rates from 1st April 2014 following the triennial valuation. This has continued into 2015/16.

30. It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).

31. Risks will be included and managed using the following basic principles:

    a. The risk may impact within the medium term.
    b. Risks are potential one-off events.
    c. The risk will have genuine financial consequences beyond insurance cover.
    d. Mitigating actions will be in place to minimise the potential requirement for financial support.
    e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.
    f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.

Table 4: A robust level of reserves is guided by an assessment of potential risks			
Class of Risk	**Knock on Effects**	**Effect on Budget / Mitigating Action**	**Risk Assessment**
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	**£100,000**
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	**£400,000**
	Epidemic	High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans	
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	**£6,800,000**
	Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs.	Impact of 2014/15 projected outturn / robust remedial plans and monitoring of progress	
		In-Year emerging issues / Robust plans and monitoring of progress	
	Higher than anticipated inflation arising in year	Increased inflation on contracts and services / contract management and robust remedial plans	
	Potential decrease in Council Tax and Business Rates collection rate	Lower than forecast income or increased reliefs/robust assessment criteria and debt recovery procedures	
	Changes to Government forecasts of Business Rates during the year.	Potential to change income received through the Business Rate Retention Scheme	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Legal & IT costs	Legal challenges to Council service delivery / charges for services Data corruption and need to improve security	Court costs and claims for compensation / clear processes and good workforce management ICT service days to repair, loss of service / robust security policies and firewalls	**£500,000**
Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning	
Strategic Reserve		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes	**£4,700,000**
		OVERALL RISKS	**£12,500,000**
		% of Net Revenue Budget	**5.1%**

Source: Cheshire East Finance

32. The outcome of this analysis has been to place an estimated total value on the range of risks that may arise and which are not covered by insurance. This is equivalent in total to £12.5m.

33. It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2015/16 Revenue Budget. The key factors are:

- The capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely.
- Potential underachievement of cost reduction targets following consultation processes.
- Demand for services rising above estimated trends.
- Changes to Government settlements.

Adequacy of General Reserves

34. A duty of the Section 151 Officer is to comment on the adequacy of financial reserves (see **Annex A**).

35. The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Section 151 Officer uses information contained within the Reserves Strategy to comment specifically in the annual Budget Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

36. The purpose of earmarked reserves is:

    a. To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.

    b. To set aside amounts for projects which extend beyond 1 year.

37. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.

38. **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

39. For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

    - the purpose of the reserve,
    - how and when the reserve can be used,
    - procedures for the reserve's management and control,
    - a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
    - clear indication of payback periods and approach (if applicable).

Table 5: All earmarked reserves should have a clear rationale

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained, or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA – LAAP Bulletin 55, 2003

40. When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.

41. The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

42. Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Section 151 Officer,
- Supported by a business case,
- Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
- Subject to a minimum value, set initially at £60,000, unless the business case supports a lower level,
- Be reviewed at least annually.

43. Services may also carry forward balances in accordance with Financial Procedure Rules.

44. Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget-setting process to ensure that they are still appropriate, relevant and adequate for the intended purpose.

Opening Balances

45. At 1st April 2015, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £24.5m. This includes a budgeted contribution of £241,000 to the Emergency Assistance earmarked reserve. It is estimated that balances will reduce by £11.4m by the end of 2015/16. **Table 6** (overleaf) shows the position on each earmarked reserve.

46. Council are asked to approve the establishment of a specific earmarked reserve of £1m to provide for costs associated with the planning function and investment service structure changes.

47. It is also proposed to provide additional funding from general reserves of £0.45m to the earmarked reserve for Sustainable Investment (activity funded from this reserve could relate to investment in schemes that can increase locally controlled income sources such as the commercial or domestic tax bases) and £0.25m for the Insurance Reserve (to provide for potential increased claims on the Council).

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2015/16				
Service Description	**Estimated Available Balance at 1 April 2015**	**Forecast Movement in 2015/16**	**Estimated Balance at 31 March 2016**	**Reason / Use**
	£000	**£000**	**£000**	
Children and Families				
Long Term Sickness	213	0	**213**	Carried forward surplus of contributions paid by schools – operated as a trading account.
Education All Risks (EARS)	261	0	**261**	Carried forward surplus of contributions paid by schools – operated as a trading account.
Children's Social Care	238	-238	**0**	To support implementation of the Children's social care bill.
Adult Social Care and Independent Living				
Extra Care Housing (PFI)	1,681	198	**1,879**	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning	193	-193	**0**	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law.
NHS Section 256	1,000	-750	**250**	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
Public Health and Wellbeing	1,950	0	**1,950**	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.

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2015/16				
Service Description	**Estimated Available Balance at 1 April 2015**	**Forecast Movement in 2015/16**	**Estimated Balance at 31 March 2016**	**Reason / Use**
	£000	**£000**	**£000**	
Environmental				
Crematoria	544	175	**719**	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.
Winter Weather	240	120	**360**	To provide for future adverse winter weather expenditure.
Communities				
Communities Investment	1,010	-850	**160**	Amalgamation of Promoting local delivery, Grant support, New initiatives and funding to support community investment.
Emergency Assistance	741	-741	**0**	Carry forward of underspend on previous years' schemes to provide for future hardship payments.
Economic Growth and Prosperity				
Building Control	80	0	**80**	Ring-fenced surplus (could be used to off-set service deficit, if applicable)
Tatton Park	241	0	**241**	Ring-fenced surplus on Tatton Park trading account.
Economic Development	141	-141	**0**	Support for town centres and economic development initiatives.

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2015/16				
Service Description	**Estimated Available Balance at 1 April 2015**	**Forecast Movement in 2015/16**	**Estimated Balance at 31 March 2016**	**Reason / Use**
	£000	**£000**	**£000**	
Chief Operating Officer				
Elections	616	-616	**0**	To provide funds for Election costs every 4 years.
Insurance and Risk	4,630	0	**4,630**	To settle insurance claims and manage excess costs.
Climate Change	67	-67	**0**	Renewable Energy project.
Investment (Sustainability)	7,350	-5,000	**2,350**	To support investment that can increase longer term financial independence and stability of the Council.
Business Rates Retention Scheme	1,478	-1,478	**0**	To manage cash flow implications as part of the Business Rates Retention Scheme.
Service Manager carry forwards	1,784	-1,784	**0**	Allocations for Costs of Investment or grant funded expenditure.
Total	**24,458**	**-11,365**	**13,093**	

Source: Cheshire East Council

Note: The above table excludes the proposed additional contribution of £1.7m from general reserves in 2015/16 to the following earmarked reserves:

Planning costs and Investment service structure	1,000	-1,000	**0**	Current estimates of the base budget related to the planning function may not be sufficient in the short-term whilst strategic plans are established and therefore additional provision may be required from the reserve.
Insurance and Risk	250	-250	**0**	To settle insurance claims and manage excess costs.
Investment (Sustainability)	450	-450	**0**	To support investment that can increase longer term financial independence and stability of the Council. Access to such reserves will be monitored by the Portfolio Holder for Finance and Section 151 Officer.
Total	**1,700**	**-1,700**	**0**	

4. Capital Reserves

48. Capital receipts received in year are fully applied to finance the capital programme and therefore no capital receipts reserves are held by the Council.

49. Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

5. Reserves Strategy Conclusion

50. Overall Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility react to investment opportunities. This approach can be supported during the medium term based on recent performance against budget.

51. This recognises local issues and allows the Section 151 Officer to comment favourably on the adequacy of reserves.

52. The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves' positions will continue to be reviewed throughout the financial year.

Background Papers

Cheshire East Council – Final Accounts 2013/14

Cheshire East Council – Budget Report 2014/17

Cheshire East Council – First Quarter Review of Performance 2014/15

Cheshire East Council – Mid Year Review of Performance 2014/15

General Fund Reserves – Risk Assessment Working Papers 2015

CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003)

The Council's Value for Money document 2014/15

Annex A to Reserves Strategy

Protocols and Controls

The Existing Legislative / Regulatory Framework

1. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

2. There are three significant safeguards in place that militate against local authorities over-committing themselves financially:

    1. The balanced budget requirement.
    2. Chief Finance Officers' S114 powers.
    3. The External Auditor's responsibility to review and report on financial standing.

3. The balanced budget requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer to report to all the Authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. The Authority's full Council must meet within 21 days to consider the S114 notice and during that period the Authority is prohibited from entering into new agreements involving the incurring of expenditure.

4. While it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, External Auditors have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties External Auditors review and report on the level of reserves taking into account their local knowledge of the Authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

The Role of the Chief Financial Officer

5. It is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. There is no statutory minimum.

6. Local authorities, on the advice of their Chief Finance Officers, are required to make their own judgements on the level of reserves taking into account all the relevant local circumstances. Such circumstances vary. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.

Good Governance

7. It is important that Members take responsibility for ensuring the adequacy of reserves and provisions when they set the budget. CIPFA recommend that the respective roles of officers and Councillors in relation to reserves should be codified locally and given due recognition in the Constitutions. This codification should:

- State which council bodies are empowered to establish reserves
- Set out the responsibilities of the Chief Finance Officer and Councillor – or group of Councillors – responsible for finance
- Specify the reporting arrangements

A New Reporting Framework

8. The Chief Finance Officer has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

9. The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Finance Officer. To enable the Council to reach its decision, the Chief Finance Officer should report the factors that influenced his or her judgement and ensure that the advice given is recorded formally. Where the advice is not accepted this should be recorded formally in the minutes of the Council meeting.

CIPFA recommended that:

10. The Business Planning report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the additional contribution to / withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure this should be accompanied by a statement from the Chief Finance Officer on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the Authority's medium term financial strategy.

11. A statement reporting on the annual review of earmarked reserves should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions / withdrawals and the estimated closing balances.

Annex 13 Abbreviations

This annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
ASDV	Alternative Service Delivery Vehicles – part of the Council's commissioning approach to funding services.
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1st April 2013.
DCLG / CLG	Department for Communities and Local Government – the Government department responsible for supporting local government.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.
ESG	Education Support Grant – a grant provided to support services the Council provides to schools.
FQR	First Quarter Review of Performance.
HR	Human Resources – one of the Council's corporate service areas under the Chief Operating Officer.
ICT	Information and Communication Technology – the service responsible for computers, networks, software, phones, etc.
MYR	Mid-Year Review of Performance.
NEETs	Not in Education, Employment or Training
NNDR	National Non Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by central Government.
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works.
RSG	Revenue Support Grant – a grant that forms part of the Business Rate Retention Scheme.
SLE	Separate Legal Entity – a delivery model for delivering services in a different way.
TQR	Third Quarter Review of Performance.