



# **Third Quarter Review of Performance 2017/18**

**February 2018**

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

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

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



# Introduction

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

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

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

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

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

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

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

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

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

*Jan Willis*

Interim Executive Director of Corporate Services (Section 151 Officer)

# Contents

|  |    |
|--|----|
| Introduction   | 1  |
| 2017/18 Revenue Forecast – Third Quarter Review Summary  | 3  |
| Overview   | 4  |
| <br>   |    |
| Section 1 – Summary of Council Performance   | 6  |
| Section 2 – Financial Stability  | 22 |
| Section 3 – Workforce Development  | 34 |
| <br>   |    |
| Appendices   |    |
| Appendix 1 – Cheshire East Council Strategic Outcomes  | 40 |
| Appendix 2 – Changes to Revenue Budget 2017/18 since Mid Year Review   | 41 |
| Appendix 3 – Corporate Grants Register   | 44 |
| Appendix 4 – Summary Capital Programme and Funding   | 47 |
| Appendix 5 – Transfers from and to the Capital Addendum  | 51 |
| Appendix 6 – Approved Supplementary Capital Estimates up to £500,000 and Capital Virements up to £1,000,000  | 54 |
| Appendix 7 – Request for Supplementary Capital Estimates over £500,000 and Capital Virements over £1,000,000 | 56 |
| Appendix 8 - Request for Supplementary Capital Estimates over £1,000,000 and Virements over £5,000,000       | 57 |
| Appendix 9 – Capital Budget Reductions   | 58 |
| Appendix 10 – Treasury Management  | 59 |
| Appendix 11 – Requests for Allocation of Additional Grant Funding  | 61 |
| Appendix 12 – Debt Management  | 63 |
| Appendix 13 – Earmarked Reserves   | 64 |

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

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

# Overview of Performance

## ACHIEVING THE COUNCIL'S SIX OUTCOMES

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

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

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

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

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

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

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

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

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

### 5 ~ People live well and for longer

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

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

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

## FINANCIAL STABILITY

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

- At quarter three there is a potential forecast overspend of £0.1m against a revenue budget of £264.8m (0.05%).
- A full mitigation plan is in action to ensure delivery of a balanced outturn position by the year end.
- **Service Budgets** – a forecast overspend of £9.4m is reported.
- **Central Budgets** – are currently forecast to underspend by £9.3m due to a revised approach in relation to the capital financing budget, early redemption of the pension deficit, revenue implications of funding transformation activity from capital receipts and use of earmarked reserves to mitigate overspending in 2017/18.
- The Council is among the top third of Unitary Councils in terms of **Council Tax collection**. Over 99% of Council Tax and Business Rates are collected within three years.

- **Council Tax** increased by 4.99% in 2017/18 which includes a 3% increase relating to Adult Social Care precept.
- **Investment income** is £205,000 which is in line with budget at quarter three. The average rate earned on investments (1.46%) is higher than the London Inter Bank 7 day rate.
- **General Reserves** - a potential overspend of £0.1m is within the original forecast risks parameters. Further action in relation to using reserves is expected to maintain general reserves at expected levels by year end.
- **Capital Programme** – total capital expenditure of £111m is forecast in 2017/18, which is a reduction of £1.3m since mid year review following a review of in-year forecasts.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £97.5m. The in-year forecast has been revised to £92.7m and £4.8m has slipped to future years.
- Outstanding **Debt** (excluding local taxation) is £7.4m, a decrease of £1.1m since quarter two. Debt over 6 months old has reduced by £0.5m to £3.2m (around 4.4% of total debt raised annually) and this is covered by provisions to meet potential write-offs.

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering in the region of 500 local public services across an area of over 1,100km<sup>2</sup> for over 375,000 residents. The budget to deliver these services in the period April 2016 to March 2017 is £738m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users. In terms of core spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending:

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

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

## 1 ~ Our local communities are strong and supportive

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

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



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

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

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

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

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

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

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

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

### Culture, Heritage and Tourism

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

### Jobs and Skills

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

### Business Growth and Inward Investment

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

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

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

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

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

### Infrastructure

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

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

31. The National Highways and Transport Network (NHT) Survey Report for 2017 was received in quarter three in which Cheshire East Council received an overall satisfaction level of 49%. The NHT survey is based on a variety of themes, some of which (Accessibility & Public Transport) are outside the control of the Highways Service. The NHT Survey is included in the current Performance Management Framework (PI 2.2 Customer Satisfaction – Average level of satisfaction with Highways Service as measured by the annual NHT Survey) with the target performance level in this financial year set at 48%. The results of the relevant Highways related themes within the NHT survey will be analysed over the next few weeks using the full ‘Question by Question Report’ and by comparing against neighbouring / similar Authorities to determine where improvements can be made in line with the service’s annual priorities.
32. In addition, as part of the ongoing procurement exercise the current Performance Management Framework will be revised to ensure that the new framework is promoting the right behaviours as expected by Cheshire East Council. To ensure fairness, rather than looking at the overall NHT results where themes are included to which Highways has no influence, the current one performance indicator (PI 2.2, as mentioned above) will become four separate indicators, each with their own expected target performance level (based on the 2017 NHT figures) and with appropriate financial incentives:
  - PI 3.1 Customer satisfaction – Walking and cycling theme. Expected performance of 51%

- PI 3.2 Customer Satisfaction – Tackling congestion. Expected performance of 42%
- PI 3.3 Customer satisfaction – Road safety theme. Expected performance of 53%
- PI 3.4 Customer Satisfaction – Highway maintenance / enforcement theme. Expected performance of 46%

33. The winter low season began in October, with the core (high) season beginning on 1st November. The earlier start of the winter season, compared to last year saw 416 winter related enquiries received compared with only 76 enquiries for quarter three in 2016. Up to and including 21st December 2017, 785 treatments were completed. Salt spreading, salt for the hill farmers, filling of salt bins and footway treatments has resulted in a total salt usage of 5,626 tonnes.
34. By the end of quarter three the Highways Service received 10,431 enquiries of which 8,564 are marked as a resolved status (82%) within the Confirm system. The number of enquiries received in quarter three was higher than those of the same period last year (9,265). The top five Highways enquiries with the Confirm reporting system in quarter three were ‘Lights Out’ 2,131 enquiries, ‘Potholes’ 2,100 enquiries, ‘Gully / drainage’ 559 enquiries, ‘Carriageway’ 513 enquiries and ‘Hedge / Tree Maintenance’ 455 enquiries.
35. The number of third party claims made against the Council in quarter three (115), has increased when measured against last year’s quarter three figure (58). An increase of nearly 100%. The first frost of the winter season arrived during the first week in November, these conditions in November have not happened since 2012. These periods of very wet weather, followed by frost or snow have led to the increase in claims we have received during the last quarter. Sustained investment will be required to maintain

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

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



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

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

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

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

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

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

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

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

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

### **Inclusion**

49. **Alternative Provision Developments** – The local authority is working with head teachers and they have put in place a three year plan for the development of alternative provision across the local authority. Innovative, collaborative joint working has enabled clusters of schools to develop additional strategies and support mechanisms to prevent permanent exclusions and meet the needs of vulnerable learners. The impact of this work will be evaluated on a termly basis and will be supported by the underpinning work of the Welfare, Attendance and Behaviour Network.
50. Changes in pupil premium mean that this is now allocated against specific interventions and actions over and above those already provided by schools to support pupils to make accelerated progress. The changes in the Schools Funding Formula include increasing the amount of funding allocated to each local authority and this will be used in Cheshire East to provide flexible support, including frontline staffing to meet the needs of each child in a timely manner. The remit of the Virtual School will also expand to provide advice and guidance for previously cared for children and to support schools to identify and provide appropriate support for

children's mental health issues. This will be done in collaboration with the Emotionally Healthy Schools Programme.

51. The Special Educational Needs and Disability (SEND) Toolkit was launched in quarter three. The Toolkit outlines the provision and support that Cheshire East Council expects to be in place in all educational settings which support Cheshire East children and young people with special educational needs, and forms an important part of the Cheshire East Local Offer for SEND. Its purpose is to provide detailed guidance on how educational settings can identify children and young people with different types and levels of need, and information on appropriate steps and strategies to support them. It provides clear information about when a request for an Education, Health and Care needs assessment, or specialist services, may be required.
52. Earlier in the year significant work took place to produce a comprehensive ‘Sufficiency Statement’ outlining the supply and demand for education places to support children and young people with special educational needs and disabilities. Based on the needs identified in our Sufficiency Statement, we developed a proposal for what specialist SEN provision we thought we should develop in Cheshire East. We tested out the findings in this Statement in workshops with schools, other settings, and professionals in summer 2017. We also invited schools who were interested in developing or expanding their SEN provision to express their interest in this work going forward. We have now developed a three year plan to develop our Specialist SEN Provision in Cheshire East.
53. The Children and Families Scrutiny Committee has established a task and finish group to look at the effectiveness of implementation of SEND reforms. This has involved meetings with a number of key strategic and operational staff from the Council



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

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

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

##### **Sustainable Development**

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

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

##### **Waste Management**

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

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

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

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

**Environment**

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

**Affordable Energy, Growing Energy Businesses, Independent Energy**

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

## 5 ~ People live well and for longer

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

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

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

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

## Accessible high quality services, Information & Advice

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

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

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

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

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

84. At the North West Association of Directors of Adult Social Services – Making Safeguarding Personal Conference held on 12th October, officers from Cheshire East helped to produce the agenda, including interactive training from AFTA THOUGHT. Several of our service users attended to ensure that the voice of our service users was heard.
85. Cheshire East and Cheshire Police facilitated two bespoke training events for Care Providers in Crewe and Macclesfield. These events were scenario-based and were attended by over 150 people. The focus was on preserving evidence and promoting good practice.
86. A safeguarding training event was held at Leighton Hospital specifically for newly qualified GPs. Presentations were given by the Police, Adult Social Care, Deprivation of Liberty Team, Prevent, Human Trafficking and Trading Standards.
87. The percentage of Adult Social Care assessments completed within 28 days from referral date stood at around 52% during the third quarter. Work has been undertaken on improving liaison with hospitals and workers to ensure the referral and assessment takes place at appropriate times. There has been a change to ‘front door’ processes enabling the right people to get access to

assessment and services in a timely manner which should have a positive impact on performance going forwards.

88. In quarter three a number of committees, including the Health and Wellbeing Board, scrutinised the Children’s Improvement Annual Progress Report. The Annual Progress Report is a self-assessment of our progress to date against the recommendations from the Ofsted inspection in July 2015. Due to the significant progress made, the service is now moving to a model of continuous improvement, but with a continued focus on key areas still requiring improvement.
89. September saw the launch of Signs of Safety, a highly regarded national and international model of social work, which for us is a new way of working with families in need of early help and protection in Cheshire East. Signs of Safety will support us to achieve the type of service that children, young people, parents, carers and professionals have told us they want; one that is child-centred, solution-focused, and respectful and inclusive.
90. For the fourth year running Cheshire East dedicated the month of November to raising awareness of children and young people’s rights and making it clear to them that we value their opinions and rights. This year’s theme centred on the Diversity of Children’s Rights, concentrating on Equality and Diversity for young people. During November Children’s Rights Month (NCRM) staff from across the Council and our partners took part in a number of activities, including raising their hands for children’s rights and taking up the offer of a ‘takeover takeaway’ where young people from Cheshire East Youth Council challenged adults to experience what it is like to be a young person today, including sitting an exam, living on a budget etc. The month included the ‘Star Awards’, an annual event to celebrate the achievements of our cared for children and care leavers.

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

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

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

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

98. The Council is finalising the disposal of its Redsands site to generate a capital receipt in excess of £3m as planning approval

has now been granted for its proposed scheme. The value of capital receipts obtained through disposals to date this year is £399,613. Planning applications for affordable residential schemes in Gawsworth & Crewe town centre are to be submitted in early 2018.



## 2. Financial Stability

### Introduction

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

**Table 1 - Service Revenue Outturn Forecasts**

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



## Financial Narratives

### People Directorate

103. The number of cared for children stood at 466 at 30th November 2017, having stayed at broadly that level since July 2017 which is positive. This is compared to 410 in November 2016 and it continues to place strain on existing budgets. Most children enter care due to neglect and abuse with increasing numbers of children being made the subject of applications to the Family Courts to secure their welfare. By third-quarter 116 children left care as a result of adoption, returning home or moving to independent living.
104. The Council increased funding for cared for children in 2017/18 by £2.1m to meet the demand levels at that time and to ensure our cared for children and care leavers achieve the best possible outcomes. However, indications at this stage are that both demand and costs have continued to rise. This is attributed to providers increasing their costs, especially for residential care, and as the number of children entering care has increased more children are now placed in higher costs independent fostering placements. The Service has put plans in place to reduce this cost pressure, which could have reached as much as £4.3m, through increased scrutiny, ensuring senior staff agree new placements and regular reviews. It is forecast this will make a difference by the year end and a prudent forecast of £4m overspend is incorporated into the third quarter review.
105. Several children have entered care with very complex needs and challenging behaviour, which has necessitated them being placed in secure children's homes at unavoidably very high cost.
106. Despite the increase in cared for children, we continue to be towards the lower end of our statistical neighbour group and

nationally for rate of cared for children (per 10,000), in particular lower than Cheshire West and Chester and Warrington Councils.

107. A number of initiatives are being taken forward to reduce the pressures such as commissioning residential children's homes, expanding Project Crewe, establishing Project Macclesfield, joining a regional adoption agency, and starting work on a shared fostering service.
108. Other key pressures for the service include the interagency adoption placements budget which needs to be re-aligned to match a reduced level of activity and delivery of transport savings. A £0.5m growth bid is included in the draft 2018/19 budget to reduce the inter-agency pressure.
109. Across Children's Social Care, Education Services and Prevention Services various pressures are being mitigated by further vacancy management and underspends across the services. This means Children's Services are forecasting a £2.8m overspend overall, compared to budget.
110. The Adult Social Care (Operations and Commissioning) and Public Health and Communities budgets remains under continued pressure across the country. The pressure here in Cheshire East comes from the combination of factors, which have been building over a number of years, and relate to meeting the needs of our most vulnerable residents. Demand for services creates pressure in all areas, in front line teams which in turn, means staff time assessing needs in order to provide the appropriate care and support becomes a weekly prioritisation. Sometimes we are able to offer information and advice which enables people to access the right services but on other occasions we are duty bound to provide services which meet the eligible needs of our residents. Some care

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

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

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

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

#### **Place Directorate**

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

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

#### **Corporate Directorate**

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

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

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

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

#### **Government Grant Funding of Local Expenditure**

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

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

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

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

## Collecting Local Taxes for Local Expenditure

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

### Council Tax

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

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

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

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

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

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

|  | £m           |
|--|--------------|
| Cheshire East Council                  | 191.1        |
| Cheshire Police and Crime Commissioner | 23.7         |
| Cheshire Fire Authority                | 10.5         |
| Town and Parish Councils               | 6.9          |
| <b>Total</b>                           | <b>232.2</b> |

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

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

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

\*\*data not yet available

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

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

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

#### **Non-Domestic Rates (NDR)**

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



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

153. The Cheshire and GM Pool are also taking part in a pilot scheme where the pool is able to retain locally the 50% of “additional growth” in business rates which in the usual Business Rates Retention Scheme would be paid directly to Central Government.

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

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

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

\*\*data not yet available

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

### Capital Programme 2017/21

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

**Table 6 – Summary Capital Programme**

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

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

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

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

**Table 7 – Capital Funding Sources**

|                         | MYR<br>Total<br>Forecast<br>Budget<br>£m | TQR<br>Total<br>Forecast<br>Budget<br>£m | Change<br><br><br><br>£m |
|-------------------------|--|--|--------------------------|
| Grants                  | 181.9                                    | 182.0                                    | 0.1                      |
| External Contributions  | 54.5                                     | 55.2                                     | 0.7                      |
| Cheshire East Resources | 162.1                                    | 162.7                                    | 0.6                      |
|                         | <b>398.5</b>                             | <b>399.9</b>                             | <b>1.4</b>               |

**Capital Budget 2017/18**

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

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

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

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

**Central Adjustments**

**Capital Financing Costs and Treasury Management**

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



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

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

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

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

**Table 9 – Interest Rate Comparison**

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

169. It is likely that further borrowing will be required throughout the current year and in future years. At the moment this need is being met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. If the predicted interest environment changes or the availability of temporary borrowing reduces then this strategy will be re-assessed.

170. The Section 151 Officer has explored options to revise the approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Liaison with the Council's treasury management advisors, Arlingclose, has taken place and the proposal to use the annuity method to calculate the Minimum Revenue Provision will result in the ability to take an MRP holiday and realise savings of £6m in 2017/18. This approach was approved by Council at its meeting on 14th December 2017.

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

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

### **Central Contingencies and Contributions**

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

### **Debt Management**

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

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

### Outturn Impact

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

**Table 10 – Impact on Balances**

|                            | £m           |
|----------------------------|--------------|
| Service Net Budget Outturn | (9.4)        |
| Central Budgets Outturn    | 8.6          |
| Specific Grants Outturn    | 0.7          |
| <b>Total</b>               | <b>(0.1)</b> |

### Management of Council Reserves

181. The Council's Reserves Strategy 2017-20 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is currently £0.1m.

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

# 3. Workforce Development

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

## Culture and Values

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

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

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

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

Employee of the year frontline -13 people nominated

Employee of the year support – 15 people nominated

Manager of the year – 20 people nominated

First time Manager of the year – 4 people nominated

Team of the year Innovation – 6 teams

Team of the year Collaboration – 12 teams

Team of the year Outstanding Service – 20 teams

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

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

## Building Capability and Capacity

193. The Corporate Training Programme and Continuous Professional Development Portfolios ensure that the Council creates a workforce which is safe, knowledgeable and competent in

performing their duties to the highest possible standard, providing the best quality services to the residents and businesses.

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

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

### **Resourcing and Talent**

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

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

### **Reward and Recognition**

200. To enhance the range of employee benefits an online “Rewards Centre” continues to be well received with more than 1,328 staff (31%) now signed up. The Rewards Centre provides staff with over 6,000 different discounts and offers for well known high street retailers, days out, holidays, etc., including discounts at over 120,000 outlets. Currently the most popular retailers for staff are Sainsbury’s, Tesco, Argos, Boots, M&S, Morrison’s, Costa Coffee, Ikea and discounted cinema tickets. Available through telephone, mobile, or website ordering, the Rewards Centre will help staff make their money go further and will support the attraction and retention of employees.

### **Education HR Consultancy**

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

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

### **Health and Safety**

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

### **Staffing Changes**

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

**Table 11: Cheshire East Council Employee Headcount and FTE Figures**

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

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



## Agency workers

205. Agency workers are a valuable component of the Council's workforce, providing short term cover, project work and flexible specialist skills to maintain service delivery in areas such as social services, ICT and other professional services. The table below provides a summary of active agency worker assignments as at the end of October and December 2017, and shows agency worker assignments as a percentage of all active workforce assignments (excluding casuals) at the end of the specified month.

**Table 12: Number and percentage of agency worker assignments**

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

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

## Absence

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

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

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

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

## Voluntary Redundancies

208. The Council's voluntary redundancy scheme continues to support organisational change and the delivery of the planned programme of change in the Council Plan. The effective use of voluntary redundancy in this way enables the Council to achieve its planned savings and efficiencies and also helps to maintain good employee relations within the Authority and minimises the prospect of compulsory redundancy.

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



# **Appendices to Third Quarter Review of Performance 2017/18**

**February 2018**

# Appendix 1 Cheshire East Council Strategic Outcomes



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

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

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

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

# Appendix 3 Corporate Grants Register

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

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



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

#### Notes

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

# Appendix 4 Summary Capital Programme and Funding

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

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

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

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

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

# Appendix 5 Transfers from and to the Capital Addendum

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

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



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

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

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

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

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

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

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

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

# Appendix 9 Capital Budget Reductions

| Capital Scheme  | Approved Budget<br>£ | Revised Approval<br>£ | Reduction<br>£     | Reason and Funding Source   |
|---|----------------------|-----------------------|--------------------|---|
| <b>Cabinet are asked to note the reductions in Approved Budgets</b> |                      |                       |                    |   |
| <b>Education and 14-19 Skills</b>                                   |                      |                       |                    |   |
| Suitability/Minor Works/Accessibility Block Provision               | 1,463,552            | 1,454,552             | (9,000)            | Reduction in contribution from schools  |
| <b>Infrastructure and Highways (inc Car Parking)</b>                |                      |                       |                    |   |
| <b>S278s</b>  |                      |                       |                    |   |
| Former Boars Leigh Bosley   | 10,000               | 6,291                 | (3,709)            | Budget adjusted to the level of expenditure incurred which can be recouped from the developer |
| Pinsley Green Road, Wrenbury  | 3,500                | 3,055                 | (445)              |   |
| Middlewich Road, Sandbach   | 30,000               | 20,000                | (10,000)           |   |
| Alderley Road, Wilmslow   | 3,000                | 2,608                 | (392)              |   |
| Queens Park Drive, Crewe  | 4,000                | 3,000                 | (1,000)            |   |
| Lynton Lane, Alderley Edge  | 4,000                | 3,516                 | (484)              |   |
| S278 Winlowe Crt, Macclesfield                                      | 4,000                | 1,379                 | (2,621)            |   |
| S278 Newton Hall Farm   | 4,000                | 3,864                 | (136)              |   |
| S278 Dev. off Knuts. Rd   | 4,500                | 3,792                 | (708)              |   |
| S278 Portland, Dr. - Gladedale                                      | 15,000               | 14,036                | (964)              |   |
| Alderley Edge Bypass Scheme Implementation                          | 63,111,100           | 61,111,100            | (2,000,000)        | Budget reduced to the anticipated level of costs still to be incurred against this scheme.    |
| <b>Total Capital Budget Reductions</b>                              | <b>64,656,652</b>    | <b>62,627,193</b>     | <b>(2,029,459)</b> |   |

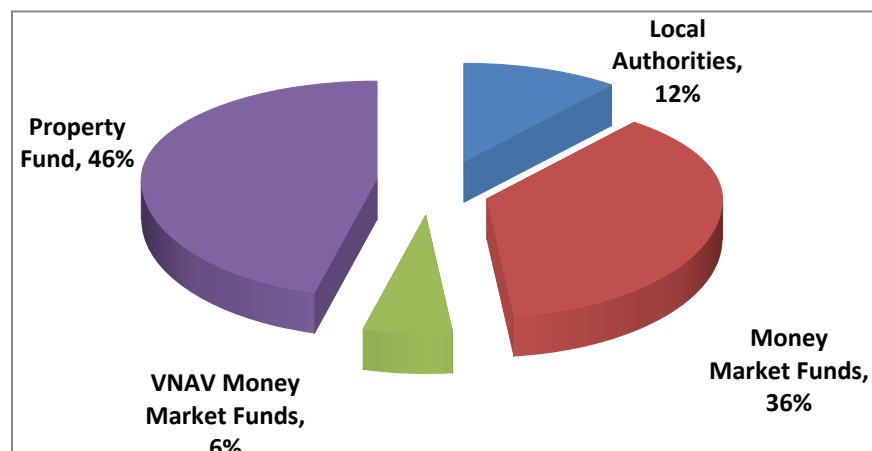
# Appendix 10 Treasury Management

## Counterparty Limits and Investment Strategy

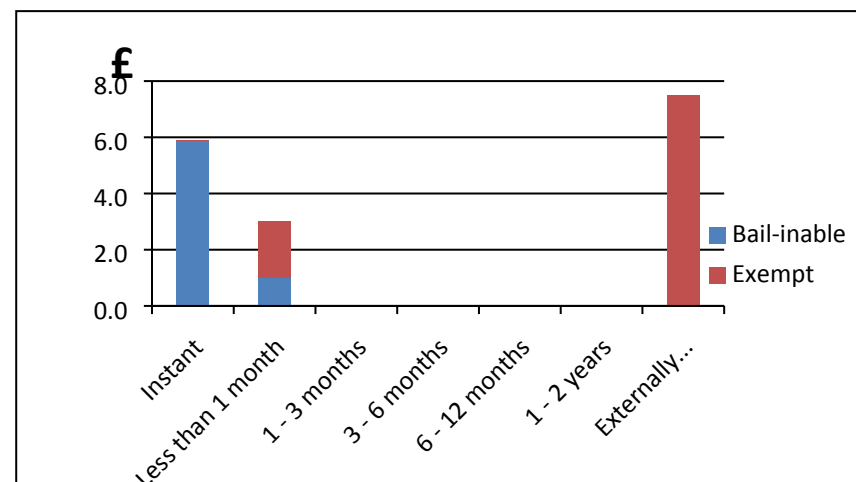
1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security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



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



**Chart 2 – Maturity Profile of Investments**



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

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

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

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

| Externally Managed Funds |  | £m  |
|--------------------------|--|-----|
| Property Fund            |  | 7.5 |

| Summary of Current Investments |  | £m          |
|--------------------------------|--|-------------|
| <b>TOTAL</b>                   |  | <b>16.4</b> |

**Table 2 – Current Temporary Borrowing**

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

# Appendix 11 Requests for Allocation of Additional Grant Funding

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

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

# Appendix 12 Debt Management

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

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

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

## DEBT SUMMARY

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

# Appendix 13 Earmarked Reserves

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

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

| Name of Reserve  | Opening<br>Balance<br>1 <sup>st</sup> April 2017 | Forecast<br>Movement in<br>2017/18 | Forecast Closing<br>Balance 31 <sup>st</sup><br>March 2018 | Notes   |
|--|--|------------------------------------|--|---|
|  | £000   | £000                               | £000   |   |
| <b>Corporate</b>   |  |                                    |  |   |
| <b>Legal Services</b>  |  |                                    |  |   |
| Insurance (Cheshire East & Cheshire County Funds)                                | 4,039  | 114                                | 4,153  | To settle insurance claims and manage excess costs.   |
| Transitional Funding-Child Protection Social Workers and Childcare Legal Support | 225  | (225)                              | -  | Childcare Legal Support   |
| <b>Democratic Services</b>   |  |                                    |  |   |
| Elections  | 123  | 43                                 | 166  | To provide funds for Election costs every 4 years.  |
| <b>Finance and Performance</b>   |  |                                    |  |   |
| Collection Fund Management   | 11,337   | (3,570)                            | 7,767  | To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years. |
| Financing Reserve  | 10,750   | -                                  | 10,750   | To provide for financing of capital schemes, other projects and initiatives.  |
| Enabling Transformation  | 2,142  | (1,820)                            | 322  | Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.                             |
| Transitional Funding-External Funding Officer                                    | 181  | (120)                              | 61   | External Funding Officer  |
| <b>Cross Service</b>   |  |                                    |  |   |
| Trading Reserve  | 1,299  | (200)                              | 1,099  | The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.   |
| Service Manager carry forward  | 3,017  | (1,906)                            | 1,111  | Allocations for Cost of Investment or grant funded expenditure.   |
| Revenue Grants - Dedicated Schools Grant   | 3,364  | (3,000)                            | 364  | Unspent specific use grant carried forward into 2017/18.  |
| Revenue Grants - Other   | 2,384  | (529)                              | 1,855  | Unspent specific use grant carried forward into 2017/18.  |
| <b>TOTAL</b>   | <b>48,912</b>                                    | <b>(16,435)</b>                    | <b>32,477</b>  |   |

**Notes:**

1. Figures exclude Schools balances.