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Westfields, Middlewich Road
Sandbach, Cheshire
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DATE: 30 May 2019

OUR REF:

YOUR REF:

Dear Councillor

CORPORATE OVERVIEW AND SCRUTINY COMMITTEE - THURSDAY, 6TH JUNE, 2019

I am now able to enclose, for consideration at next Thursday, 6th June, 2019 meeting of the Corporate Overview and Scrutiny Committee, the following reports that were unavailable when the agenda was printed.

Agenda No Item 6

2018/19 Review of Performance Quarter 4 (Pages 3 - 52)

To consider a report of the Head of Finance & Performance.

Yours sincerely

Democratic Services Officer

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Working for a brighter future together

Corporate Overview and Scrutiny

Date of Meeting: 06 June 2019

Report Title: 2018/19 Financial Outturn and Review of Performance

Portfolio Holder: Finance and Communication
Corporate Policy and Legal Services

Senior Officer: Alex Thompson – Head of Financial Support & Procurement
(Acting Section 151 Officer)

1. Report Summary

- 1.1. This report provides a copy of the Cabinet report on 2018/19 Financial Outturn and Review of Performance which outlines how the Council has managed its resources to provide value for money services during the 2018/19 financial year. The report includes a revenue outturn summary, a summary of financial performance for the year, as well as associated appendices to show how the Council has achieved against the outcomes contained within the Corporate Plan.
- 1.2. Corporate Overview and Scrutiny Committee are invited to provide comments to Cabinet for their meeting of 11 June 2019.

2. Recommendation/s

That Corporate Overview and Scrutiny Committee:

- 2.1. note the contents.
- 2.2. provide feedback on the report to Cabinet for their meeting of 11 June 2019.

3. Reasons for Recommendation/s

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance.

4. Other Options Considered

- 4.1. Not applicable

5. Background

- 5.1. Overview and Scrutiny Committee are an important part of the reporting and decision making process so are receiving this report in advance of Cabinet to allow an opportunity to give feedback that Cabinet can consider when they receive this report on 11 June.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The legal implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.2. Finance Implications

- 6.2.1. The financial implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.3. Policy Implications

- 6.3.1. The policy implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.4. Equality Implications

- 6.4.1. The equality implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.5. Human Resources Implications

- 6.5.1. The human resources implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.6. Risk Management Implications

- 6.6.1. The risk management implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.7. Rural Communities Implications

- 6.7.1. The rural communities implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.8. Implications for Children & Young People / Cared for Children

6.8.1. The implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

6.9. Public Health Implications

6.9.1. Public health implications are contained in the 2018/19 Financial Outturn and Review of Performance report.

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

8.1. As part of the budget setting process the Pre-Budget Report 2018/19 provided an opportunity for interested parties to review and comment on the Council's Budget proposals.

9. Access to Information

9.1. The following are links to key background documents:

[Budget Book 2018/19](#)

[Medium Term Financial Strategy 2018/21](#)

[Mid Year Review of Performance 2018/19](#)

[Third Quarter Review of Performance 2018/19](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Head of Financial Support and Procurement (Acting Section 151 Officer)

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Working for a brighter future together

Cabinet

Date of Meeting: 12 June 2019

Report Title: 2018/19 Financial Outturn and Review of Performance

Portfolio Holder: Cllr Amanda Stott - Finance, IT and Communication
Cllr Jill Rhodes - Public Health and Corporate Services

Senior Officer: Alex Thompson – Head of Financial Support & Procurement
(Acting Section 151 Officer)

1. Report Summary

- 1.1. This report outlines how the Council has managed its resources to provide value for money services during the 2018/19 financial year. The report includes a revenue outturn summary, a summary of financial performance for the year, as well as associated appendices to show how the Council has achieved against the outcomes contained within the Corporate Plan.
- 1.2. The financial outturn for Cheshire East Council is balanced for 2018/19, with gross income matching gross expenditure and the appropriate use of earmarked reserves, meaning General Reserves remain unchanged at £10.3m. This is despite the fact that 2018/19 presented a challenging year for the Council, in common with other local authorities across the UK, as revenue budgets came under severe pressure due to the combined effects of rising inflation, increased demand for services and continuing reductions in government funding.
- 1.3. Despite financial pressures in 2018/19 statutory duties of the Council were still delivered within the relevant statutory parameters and the associated inspection frameworks. In this environment the ability to deliver financial savings whilst maintaining service standards across the Council was extremely challenging.
- 1.4. The Council has continued to perform strongly, delivering positive outcomes in each of the six priority areas identified by the Corporate Plan. In delivering outcomes the Council has worked with residents, businesses and its partners to achieve positive outcomes.

- 1.5. The main financial challenges during the year related to demand led pressures exceeding forecasts in the People Directorate relating to the costs of Childrens Services.
- 1.6. Financial pressures experienced in 2018/19 have been addressed for 2019/20 as part of the budget setting process. These also included costs in Environmental Operations, delays associated with achieving some of the efficiency savings included within service budgets, increased B4B project revenue cost and anticipated additional costs relating to the way that holiday pay is calculated. Additional costs incurred in addressing these issues are being offset by the draw down of earmarked reserves to balance to a net budget in 2018/19.
- 1.7. Expenditure on the capital programme is £97m. The revised budgets for 2018/19 total £153.8m and underspends against these budgets will be slipped into 2019/20 and re-profiled as part of the outturn reporting. Capital receipts in year amounted to £6.3m against a forecast of £5.9m.
- 1.8. The Council's wholly owned companies produced a positive outturn for the year, with reserves increasing by £1.0m for the Group. In accordance with contractual arrangements, £0.4m will be reported as Company Reserves with £0.6m being transferred to the Council.
- 1.9. The Council's Corporate Plan sets out 6 Priority Outcomes and 2018/19 has seen important improvements in each area. Examples evidenced within Appendix 2 highlight how outcomes are being achieved. For example: People were helped to continue to live independently; Capital work programmes increase the number of school places available; National targets exceeded for waste recycling; and we are achieving higher than national results in GCSE and A-Levels to give people the education they need in order to thrive.
- 1.10. At outturn a few examples of good performance were:
 - 27 community venues have celebrated becoming Connected Communities Centres, with 21 of these opening in 2018/19
 - The Carriageway Improvements Programme saw 533,606m² of carriageway resurfaced by 2018/19 year-end
 - As of March 2019, 88% of Cheshire East schools are Good or Outstanding
 - All Green Flag and Green Heritage awards were retained this year
 - The Sport England Active Lives Survey reported that Cheshire East is the most active Borough in North West
 - Our registration service received a bronze award for 'reinventing local services' at the annual iESE (the public sector transformation partner) national awards
 - We finalised TOGETHER, our shared definition of coproduction in Cheshire East, which sets out how we will work together as equal

partners to improve, develop and deliver services towards a common goal for all of our children, young people, families and adults

- Cheshire East is top of the North West league table for the take-up of the 30 hours' free childcare scheme
- Our new Adult Safeguarding Trainer delivered training to 571 Care Staff working in a Care Home or Domiciliary setting in quarter four
- Annual Economic Output (Gross Value Added) was £13.5bn which is greater than both the rate of growth in England and the North West
- Performance and turnaround of Major Planning Applications start at 74% against a target of 90%
- The Council continues to reduce tonnage of CO2 emissions from its buildings; 8,306 tonnes against a target of 8,322 tonnes

1.11. Areas requiring further improvement also identified as:

- Timeliness of assessments for Education Health and Care Plans (EHCP's) remains a challenge and below target
- Demand on domiciliary care remains high and the number of packages of care have increased and this has led to some delays
- Number of cared for children is reducing but cost of care is remaining static

1.12. Additional and supporting detailed performance data is reported for information to Scrutiny committees. The quarter three Place Scorecard was received by the Environment and Regeneration Overview and Scrutiny Committee on 18 March 2019. The quarter two Children and Families Scorecard was received by the Children and Families Overview and Scrutiny on 28 January 2019. The latest Adults and Public Health Scorecards were received by the Health and Adult Social Care and Communities Overview and Scrutiny Committee on 7 February 2019.

1.13. The attached Appendices set out details of how the Council has performed in 2018/19:

Appendix 1 – Revenue Outturn Summary 2018/19 – Provides the final revenue outturn position for the period 1st April 2018 to 31st March 2019.

Appendix 2 – Achievements against the Corporate Plan - Provides highlights of Council activities, and achievements, from working with partners and the community throughout 2018/19. The Appendix is set out in line with the 6 outcomes contained within the Corporate Plan 2017 to 2020.

Appendix 3 – Grants – includes details of capital and revenue grants received during 2018/19.

Appendix 4 – Requests for Supplementary Capital Estimates and Virements

Appendix 5 – Debt Management

Appendix 6 – Reserves

Appendix 7 – Treasury Management Annual Report

2. Recommendation/s

That Cabinet:

- 2.1. note the balanced revenue position.
- 2.2. note the capital outturn position.
- 2.3. note the debt management position
- 2.4. receive the Treasury Management Annual Report for 2018/19 as detailed in Appendix 7.
- 2.5. recommend to Council to approve:
 - 2.5.1. fully funded supplementary capital estimates above £1,000,000 in accordance with Financial Procedure Rules as detailed in **(Appendix 4 Table 6)**;

3. Reasons for Recommendation/s

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 3.2. The overall process for managing the Council's resources focuses on value for money and good governance and stewardship. Financial changes that become necessary during the year are properly authorised and this report sets out those areas where any further approvals are now required.
- 3.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.
- 3.4. It also meets the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

4. Other Options Considered

- 4.1. Not applicable

5. Background

- 5.1. Monitoring performance is essential to the achievement of outcomes within the Corporate Plan. This is especially important in evidencing the achievement of value for money across an organisation the size of Cheshire East Council. The Council is the third largest in the Northwest of England, responsible for over 500 services, supporting over 375,000 local people. Gross annual spending is over £740m, with a balanced net budget for 2018/19 of £269.8m.
- 5.2. The management structure of the Council is organised in to three directorates, People, Place and Corporate. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan.
- 5.3. At final outturn, the Council's reserves strategy remains effective with a zero net variance against the budgeted position, as forecast at the third quarter review. Capital Expenditure for the year was £97m.
- 5.4. The Council complied with all of its legislative and regulatory requirements in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities. Overall the level of borrowing reduced in year by £12m with average interest rates on long and short term borrowing of 2.72%. The Council held £28m of invested funds at 31st March 2019 with an average income return of 2.14% in year.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The legal implications surrounding the process of setting the 2018 to 2021 medium term financial strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the final outturn stage of 2018/19. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 6.1.2. The only other implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are governed by the Finance Procedure Rules.
- 6.1.3. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will

be dealt within the individual reports to Members or Officer Decision Records that relate.

6.2. Finance Implications

- 6.2.1. The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively and that business planning and financial decision making are made in the right context.
- 6.2.2. The Council's Audit & Governance Committee is responsible for reviewing and analysing the Council's financial position at year-end. The final accounts will be approved by 31st July 2019 following external auditing and associated recommendations to the Committee.
- 6.2.3. Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council.
- 6.2.4. The forecast outturn for 2018/19, as reported at quarter three, was used to inform the budget setting process for 2019/20. Analysis of the final outturn helps to inform the Council of potential issues arising for the 2019/20 budget, or highlights potential underlying issues that can be managed in future budget setting cycles. It is important to note that the minor variations reported at outturn have not identified any significant risks to the 2019/20 budget.

6.3. Policy Implications

- 6.3.1. This report is a backward look at Council activities during the final quarter.
- 6.3.2. Performance management supports delivery of all Council policies. The final outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2020/23 medium term financial strategy.

6.4. Equality Implications

- 6.4.1. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.5. Human Resources Implications

- 6.5.1. This report is a backward look at Council activities at outturn and states the year end position. Any HR implications that arise from activities

funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.6. Risk Management Implications

6.6.1. Performance and risk management are part of the management processes of the Authority. Risks are captured both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders. Risks identified in this report are used to inform the overall financial control risk contained in the Corporate Risk Register.

6.6.2. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2018/19 budget and the level of general reserves were factored into the 2019/20 financial scenario, budget and reserves strategy.

6.7. Rural Communities Implications

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

6.8. Implications for Children & Young People / Cared for Children

6.8.1. The report provides details of service provision across the borough, acknowledges the ofsted report and notes the overspend on Children in Care.

6.9. Public Health Implications

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

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

8.1. As part of the budget setting process the Pre-Budget Report 2018/19 provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of

individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

9. Access to Information

9.1. The following are links to key background documents:

[Budget Book 2018/19](#)

[Medium Term Financial Strategy 2018/21](#)

[Mid Year Review of Performance 2018/19](#)

[Third Quarter Review of Performance 2018/19](#)

[Statement of Accounts 2018/19](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Head of Financial Support and Procurement (Acting Section 151 Officer)

Email: alex.thompson@cheshireeast.gov.uk

Appendix 1

Revenue Outturn 2018/19

2018/19 Outturn Review (GROSS Revenue Budget £616m)	Revised Budget (net) £m	Final Outturn Position £m	Over / (Under) spend £m
SERVICE DIRECTORATES			
Adult Social Care	104.2	104.4	0.2
Childrens Services	57.5	59.3	1.8
Public Health Communities	1.8	1.7	(0.1)
People	163.5	165.4	1.9
Planning & Sustainable Development	2.3	2.2	(0.1)
Infrastructure & Highways (incl Car Parking)	7.7	8.0	0.3
Growth & Regeneration (inc directorate)	16.3	15.9	(0.4)
Rural & Cultural Economy	3.0	3.2	0.2
Customer Operations	8.3	8.6	0.3
Client Commissioning	38.0	39.4	1.4
Place	75.6	77.3	1.7
Corporate Services	22.7	23.5	0.8
Corporate	22.7	23.5	0.8
Total Services Net Budget	261.8	266.2	4.4
CENTRAL BUDGETS			
Capital Financing	10.0	10.0	-
Transfer to / from Earmarked Reserves	(1.3)	(6.1)	(4.8)
Corporate Contributions / Central Budgets	(0.7)	0.8	1.5
Total Central Budgets	8.0	4.7	(3.3)
TOTAL NET BUDGET	269.8	270.9	1.1
Business Rates Retention Scheme	(43.0)	(43.0)	-
Revenue Support Grant	(5.4)	(5.4)	-
Specific Grants	(14.0)	(15.1)	(1.1)
Council Tax	(206.4)	(206.4)	-
Sourced from Collection Fund	(1.0)	(1.0)	-
Total Central Budgets	(269.8)	(270.9)	(1.1)
Net Position	0	0	0

The Council achieved a balanced outturn for 2018/19, meaning the general reserve closed at an unchanged level of £10.3m.

People Directorate

The People Directorate net expenditure outturn of £163.5m is £1.9m higher than budget.

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 a combination of factors, which have been building over a number of years, and relate to meeting the needs of our most vulnerable residents and this has been recognised in the 2018/19 budget where growth has been allocated. Adult Social Care Commissioning have responded to this challenge by commissioning the care at home and care with accommodation 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 have also introduced an Early Help Framework to support better outcomes in the Voluntary, Community and Faith sectors.

The number of cared for children stood at 483 at 31st March 2019, having been at much higher levels during the year. This continues to place strain on existing budgets and has resulted in an overspend in this area of £1.6m. There are various smaller variances in the Children's budget to increase this to £1.8m. Particular issues include transport and also the increasing costs of pupils with special educational needs which has led to an overspend against the Council's Dedicated Schools Grant.

Place Directorate

The Place Directorate net expenditure outturn of £77.3m is £1.7m higher than budget.

The pressures were predominantly made up of three items: Digital £0.9m, Environmental Operations £1.5m and abortive costs for the Silk Street scheme £0.4m. These have been offset by one off income in the Benefits payments centre of £0.4m due to an increased recovery rate.

The remainder of Place is reporting an underspend of £0.7m, an improvement of £0.3m on third quarter. There have been high levels of vacancies across the majority of services and an over achievement of income in Housing, Farms, Benefits and Regulatory Services & Health. Facilities Management have a favourable position mainly due to the management of carbon credits. These have offset pressures in Strategic Infrastructure, Development Management, Tatton Park and Cultural Economy and the creation of earmarked reserves mainly for severe weather and HS2.

Corporate Directorate

The Corporate Directorate net expenditure outturn of £23.5m is £0.8m higher than budget.

The main reason for the over spend arises from the non delivery of planned savings under the MARS scheme. The budget set a savings target of £1.5m for the MARS scheme but the actual saving achieved was only £0.549m, a shortfall of £0.951m.

The outturn was supported by the flexible use of £0.273m capital receipts to offset the cost of one-off redundancy costs (associated with the directorate restructure).

Appendix 2 Overview of Performance

1. Our local communities are strong and supportive

- The Early Help and Community Grant Scheme saw 45 grants being awarded in 2018/19 totalling £78,344, and contributing to over £1.2 million worth of projects.
- Over 100 volunteers have been – or continued to be – inspired to be involved in community projects during 2018/19.
- The launch of Cheshire East £2million allocated New Homes Bonus has been a great success. In 2018/19, over £1million was allocated to 43 projects across the Borough as part of the New Homes Bonus Community Fund.
- 27 community venues have celebrated becoming Connected Communities Centres to date; 21 of these opening in 2018/19.
- The Communities Team have supported a total of a further 86 volunteers in setting up new projects including event support, dementia training, provision for young people, information and advice around sexual health, mental health provision and a project to tackle social isolation.
- There are now 18 active neighbourhood partnerships across the Borough with working action plans that set out local priorities.
- The Anti-Social Behaviour (ASB) Team has implemented an anti-social behaviour alert system which enables the Council to better collaborate with Cheshire Police, and worked closely with partner agencies to reduce levels of ASB.
- There were 1,443,113 visitors to our libraries in 2018/19, slightly below the 2017/18 number (1,472,235). However, Cheshire East libraries were reported as the #1 authority in the North West for issues per 1,000 population in the 2018 CIPFA Public Library statistics.
- The annual Summer Reading Challenge reached 15% of the 5 to 12 year old population in Cheshire East - the highest rate of participation for all North West authorities.
- The Communities team has worked successfully with 78 volunteers to enable several projects and events including the Poynton health walk, Weston family fun event, self-care champions and at the Green in the Corner community café on the Hurdsfield estate in Macclesfield.
- £20,000 of funding has been allocated by Safer Cheshire East Partnership to invest in computer/digital equipment that will enable 'Get Safer Online' community training sessions, tackling digital inclusion and online safety.
- £123,000 of funding was secured from Ministry of Housing, Communities and Local Government to support schools in Crewe to accommodate children who don't speak English as their first language.
- Following a number of incidents in Crewe and Macclesfield for anti-social behaviour (ASB), a street safe event took place in Crewe to gather local intelligence from residents and form an action plan to reduce incidents.

2. Cheshire East has a strong and resilient economy

- Cheshire East has an annual economic output (GVA - Gross Value Added) of £13.5bn (latest data, as of 2017), and over the 2012-17 period, the growth rate averaged 3.3% a year, which is substantially greater than the rates achieved by the North West (1.9%) or England (2.3%).
- As of 2018, 77.5% of the Borough's working-age residents were in employment. This employment rate is higher than the North West (73.8%) and England (75.4%) averages.
- The value of the visitor economy in Cheshire East is on track to hit £1bn by 2020. Latest figures (August 2018, relating to 2017), show a 69.3% increase since the Borough came into being in 2009.
- There are 11,557 people employed in the Cheshire East visitor economy; an increase of over 34% since 2009.
- Overnight stays in 2017 injected £200m into the hotel industry – an increase of 3.9% on the previous year, and figures show more people are staying overnight than ever before.
- A Strategic Regeneration Framework for Macclesfield has been drafted and consulted on, to map out a new vision, objectives and route map forward for the town centre.
- Through Connecting Cheshire, 13,046 premises have access to superfast broadband against a final contract target of 13,706
- The Carriageway Improvements Programme saw 533,606m² of carriageway resurfaced by 2018/19 year-end.
- A borough-wide Transport Strategy has been developed, including public consultation leading to a final strategy for adoption in 2019.
- The Highways Service was awarded with the Chartered Institution of Highways & Transportation (CIHT) North West Best Practice Safety Award for its challenging safety barrier work on the notoriously steep and winding A54 Congleton to Buxton road in the Peak District National Park.
- The highways growth programme and Crewe Green roundabout was a finalist in the national Municipal Journal Awards and the Crewe Green Roundabout project also won the Institute of Highway Engineers (North West) Project of the Year.
- The average level of customer satisfaction with Highway service was 46% in 2018 (NHT survey).
- There was a 94% repudiation rate on highways insurance claims in 2018/19.
- 96.6% of potholes were repaired within code of practice timeframes in 2018/19, slightly below target of 98.3%.
- Parking Services have undertaken several 'Safer Parking in and around Schools' presentations – delivered to the school children by Civil Enforcement Officers in class assemblies.
- Only 1.09% of Civil Enforcement Officer Penalty Charge Notices were cancelled due to issuance errors, below our 1.5% target (where a lower result is better).
- The Council continues to work collaboratively with Government, Network Rail and HS2 to develop proposals for enhanced hub station options that support the Council's growth and regeneration ambitions for Crewe.
- 2018/19 saw the successful launch of the ground-breaking 'Field to Fork' project at Tatton Park's Farm attraction, following £1.3m investment in partnership with the Heritage Lottery Fund. The project generated national TV and press coverage, achieved a highly commended award at the 2018 North West Regional Construction Awards, and won the Marketing Cheshire 2018 'Best Tourism Event/Experience' award.

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

- The Council has worked with local primary schools to offer 98.4% of Cheshire East residents a place at a school of their choice for September 2019, with nearly 93% being offered their first preference.
- The majority of parents of Cheshire East school children will get their first choice of secondary school, offering preference places to 96.5% of Cheshire East residents with 90% offered their first preference.
- Cheshire East is top of the North West league table for the take-up of the 30 hours' free childcare scheme.
- As of March 2019, 88% of Cheshire East schools are Good or Outstanding. This represents 136 out of 155 schools.
- 2018 validated GCSE figures show 71% of pupils achieved a 'standard pass' or better in English and maths (9-4 grades) with 48% achieving the 'strong pass' (9-5 grades). Compared to all local authorities (155 in total), this places Cheshire East in the top 30 and rated 'A' for both of these indicators.
- The three-year trend for Progress 8 (the measure of added value between the end of Key Stage 2 to the end of Key Stage 4) has seen a positive improvement to now being above the national figure.
- Cheshire East achieved A-Level results above the national average. Overall pass rates (A*-E grades) resulted in a pass rate of 99%, which is above the national rate and places Cheshire East 20th compared to all authorities.
- Cheshire East's Annual SENCO (Special Educational Needs Coordinator) Conference, open to all Cheshire East schools and colleges, was held on 1 March 2019.
- In quarter 4, further progress was made in the development of four Children's Homes in Cheshire East.
- A range of capital work programmes continue to progress which will create an additional 140 special educational need (SEN) school places across Cheshire East.
- Other school expansion programmes continue to be developed to meet the sufficiency of school places across the Borough for mainstream provision.
- Key visual documents have been developed which support schools to provide careers and employment advice to young people.
- We finalised TOGETHER, our shared definition of coproduction in Cheshire East, which sets out how we will work together as equal partners to improve, develop and deliver services towards a common goal for all of our children, young people, families and adults.
- We held our first 'SEND Ignition' workshop at Macclesfield Town Football Club
- Star Celebrations took place in November 2018, an annual event to recognise the achievements of all our cared for children and care leavers.
- Our new Corporate Parenting Strategy, 2018-21 set out our ambition to improve outcomes for our cared for children and care leavers. Full Council signed up to these pledges in December 2018.
- Ofsted carried out a 'focused visit' (October 2018) around how well we assess and plan to meet the needs of cared for children. Ofsted praised the progress the Council had made in planning for care for children and that the wishes of children and young people were reflected very well in their plans.
- Annual November Children's Rights Month was dedicated to raising awareness of children's rights.

4. Cheshire East is a green and sustainable place

- Performance on turnaround of Major planning applications stood at 94% (against a target of 90%), and our turnaround of 'Non-major' applications stood at 91% (against a target of 90%).
- A continued high level of applications were received across 2018/19 – 195 Major applications, and 3,372 'Non-major'.
- There were 17 Air Quality Management Areas in Cheshire East at the end of 2018/19, 54% of which had an associated Air Quality Action Plan. A draft Action Plan has been produced for all AQMA's to bring performance to 100%, and is currently moving through the approval process with Defra.
- We ensured the ease of use of 86% of our Public Rights of Way (ahead of our target of above 80%).
- Work has begun on the new composting plant that will enable residents to recycle food waste in the garden waste bin.
- Recycling through the silver and green bin schemes and from our Household Waste Recycling Centres continues to ensure we exceed national targets for recycling.
- The authority has now switched away from landfill to 'energy from waste' as the main means of disposing of our black bin residual waste.
- We successfully worked with the digital transformation team to introduce two key projects – digitising the additional garden bin scheme and then the household waste and recycling bins supply charging scheme.
- Cheshire East Council has provided funding to Crewe Town Council to ensure the recruitment of two members of staff responsible for reducing the levels of fly tipping in Crewe.
- 95% of respondents rated our countryside events as Excellent or Good in 2018/19.
- All Green Flag and Green Heritage awards were retained this year, including the Green Heritage Awards for Queens Park Crewe.
- Over £800,000 of improvements have been made to parks, play areas and other public open spaces across the Borough this year with the help of grant and Section 106 funding.
- The Council has now adopted its Cemeteries Strategy and Regulations (2019), and have published these on our website.
- The Council's programme to support low carbon investment, through European Local Energy Assistance from the European Investment Bank, has passed a funding milestone allowing it to secure a further tranche of capital by leveraging investment across the public and private sector.
- The Council continues to reduce tonnage of CO2 emissions (electricity and gas) from its buildings – 8,306 tonnes at quarter 4 2018/19 is below the target of 8,322 tonnes and a reduction on 9,247 at quarter 4 2017/18.

5. People live well and for longer

- 727 affordable homes were delivered in 2018/19, significantly ahead of our 355 annual target.
- The Council maintained the number of long-term empty homes in Cheshire East below 1% (at 0.97%).
- We delivered 528 major adaptations to homes in 2018/19 to enable people to continue to live in their own homes.
- 311 households were helped to achieve affordable warmth.
- 651 preventative actions were taken in order to reduce levels of homelessness in Cheshire East.
- The most recent Sport England Active Lives Survey has reported that Cheshire East is the most active Borough in North West (out of 39 authorities).
- There were 3.6 million visits to our leisure centres in 2018/19, a 7% increase in participation year-on-year.
- 6,497 young people were given 'Bikeability' bike proficiency training in 2018/19 against a target of 6,080.
- 8,014 hours of volunteer support were given to local sports clubs and events against the target of 7,065 hours.
- In January, the learning disability team recruited 4 transition workers to the service to work with young people aged 16-25 to ensure a successful transition into adult services.
- Social workers in the community mental health team began to work to a different model of social work enabling them to introduce full implementation of the Care Act.
- In October 2018, the Continuing Health Care social work team was established.
- Sexual Health services have been recommissioned.
- National Child Measurement Programme letters have been sent to all children in reception and year 6. Children whose parents have not opted out will be weighed and measured and parents will be informed.
- The new commissioning framework for adults is beginning to attract new and innovative providers into the Borough, providing more choice for service users.
- The Council has been selected as a Pilot Site for the implementation of the new National Practice Framework for Strengths Based Practice in Adult Social Care. There are five pilot sites nationally.
- Live Well continues to be an important resource and usage has increased since its first release in May 2017.
- Recommissioning activity on the Infection Prevention Control contract has been taking place and extensive work conducted.
- Our new Adult Safeguarding Trainer delivered training to 571 Care Staff working in a Care Home or Domiciliary setting in quarter 4.
- Cheshire East Council's adoption performance has been praised by the Department for Education. In a letter, marking the publication of 2015-18 adoption scorecards, the Department recognised the strong performance on adoption 'timeliness' in Cheshire East.
- The Department for Education's threshold for both time taken to place children with their adoptive families, and for the average time to match an adoptive family for children, was met in 2015-18.
- Cheshire East held a ceremony to recognise the dedication and commitment to caring for children shown by our foster parents, including some of our longest serving foster carers.
- A Cheshire East Member of Youth Parliament has recently joined the national youth advisory panel (YAP).
- 100% of Food Safety A-D inspections were completed against the annual programme, and 76% of Food Safety E rated premises received intervention activity.

6. A Responsible, Effective and Efficient Organisation

- The Council retained CIPFA Platinum accreditation.
- New digital services have been implemented to provide improved customer access 24/7 to a range of services including council tax, benefits, waste and recycling, blue badges and pest control.
- A new online customer account has been implemented providing customers with up to date information on their council tax balance, payments, bills and benefits entitlement
- The implementation of our new digital waste permit was awarded the Best Small Scale Project at the 2018 Public Sector Paperless Awards.
- 99.2% of Local Taxation collected within 2 years (Combined Council Tax and Business Rates) was collected in 2018/19, achieving our target of 99%.
- We have significantly improved the response time to Freedom of Information requests from 80% in March 2017 to 97% in March 2018.
- We successfully implemented GDPR project across the Council to ensure compliance by 25th May 2018.
- In 2018, the Council had a 92% compliance rate in terms of response times, a vast improvement on the 82% compliance rate in 2017, and above the 90% required by the ICO.
- The average number of working days lost to staff sickness has reduced in 2018/19 to 10.31 days (from 11.18 days in 2017/18). Training launched in November for managers focusing on shared good practice in attendance management will continue into 2019.
- 87 apprenticeships were in place at the end of 2018/19, ahead of our Cheshire East Council target of 82.
- Staff turnover stood at 11% at the end of 2018/19, below our target of 12%.
- Our registration service received a bronze award for 'reinventing local services' at the annual iESE (the public sector transformation partner) national awards.
- At the 2018 North West Weddings Awards the Service was voted the best ceremony provider.
- The former Asset Management and Facilities Management services have been restructured to create a new Estates Service which will enable a more streamlined corporate landlord function.
- The Council's land and property brought in over £1.681m rental income for the Council, with the service reducing average monthly debt down to £86,000, its lowest in recent years.
- Within the Assets teams, 359 property cases were closed throughout the year, with the property information team supporting with 2,754 internal and external enquiries.
- During the year the Council has been developing and work towards delivering planned phases of its Brighter Future Together Programme.
- We recruited and trained over 100 Brighter Future Together Champions to support the embedding of culture across the organisation.
- The Democratic Services team worked to prepare for the largest scale local elections in four years on 2 May 2019, supporting the election of 82 Borough Councillors and over 1,000 Town and Parish Councillors.
- We launched a Member/Officer Protocol, and piloted a dedicated member advice and enquiry service.
- We appointed a full time Equality, Diversity and Inclusion Officer and recruited 38 Equality Champions.
- We trained 53 Mental Health First Aiders to offer support to officers across the Council.

Appendix 3 Grants

Government Grant Funding of Local Expenditure

1. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2018/19 was £272.4m.
2. In 2018/19 Cheshire East Council's specific use grants held within the services was budgeted to be £254.1m based on Government announcements to February 2018. At mid-year, this figure was revised down to £249.8m but was revised up at third quarter to £251.1m.
3. The last quarter has seen a decrease in specific use grant of £0.5m. In the People Directorate, the majority of the difference relates to Academy conversions. In Place Directorate, there has been an increase in Local Enterprise Partnership funding, off-set by a reduction in Housing Benefit Subsidy.
4. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
5. General purpose grants were budgeted to be £18.4m. This reduced by £0.7m during the year as the Adult Skills Lifelong Learning budget was transferred to the service. Further in-year grant announcements have increased the amount received to £27.5m.
6. Where additional non-ringfenced grant funding is received, services wishing to increase their expenditure budgets are required by Finance Procedure Rules to seek approval to use this additional funding. Additional general purpose grants totalling £1.9m was received during the final quarter of 2018/19. Services are seeking approval to use £451,706 of this additional funding (**Table 1**), and this has been transferred to an earmarked reserve.
7. These grants were received too late in 2018/19 to seek approval to spend in year and therefore this report seeks approval to service requests to incur expenditure of £451,706 in 2019/20, fully funded by the additional grants.
8. There is also a service request relating to 2019/20 for an Extended Personal Advisor Duty Implementation grant. This request is to increase the budget expenditure in Children & Families by £27,822.
9. During the quarter service budgets have been increased by £114,661 as a result of officer decision records. This related to High Streets Community Clean Up funding and EU Exit funding that was received and expenditure budget required during 2018/19.
10. Business Rates Tax Loss Compensation grants of £7.1m have also been received during 2018/19 to reimburse billing authorities for the extra discounts offered to businesses as announced in the Autumn Statements. This includes the doubling of Small Business Rate Relief (SBRR) for a further year and the SBRR Threshold Change Grant. These grants have been transferred to the Collection Fund Management earmarked reserve.

11. Net additional general purpose grant of £9.8m has been received during the year, with £1.2m being allocated direct to services. After allowing for the transfer of £7.5m to earmarked reserves, the net outturn variance is a £1.1m improvement against budget.

12. **Table 2** below provides a summary of the updated budget position for grants in 2018/19 by type and service. Further details of grants are shown in the Statement of Accounts.

Table 1 – Requests for Allocation of Additional Grant Funding

Service	£000	Details
Place Brownfield Register & Payments In Principle	4	This is to support delivery of updated brownfield registers and other minor statutory changes to development management functions during 2018/19.
Homelessness Case Level Information H-CLIC	5	The purpose of the H-CLIC is to ensure that there is a robust homelessness dataset to better understand the causes of homelessness, and make more effective policies to reduce it.
Homelessness Prevention Top-up	22	Additional funding as part of a homelessness prevention top-up grant.
Flexible Homelessness Support Top-up	45	The funding is intended to increase the focus on preventing homelessness in local authorities.
Custom Build Land Duty	30	The funding relates to new responsibilities imposed by the The Self-build and Custom Housebuilding Act 2015.
Local Authority Parks Improvement Funding	66	To undertake remedial work and renovation of existing parks to enhance the green space available to their local communities. To target funds to those parks in local area in need of greatest repair and improvement.
Letting Agency Transparency & Redress Schemes and Rogue Landlord Measures	1	These grants are to fund additional monitoring responsibilities within Strategic Housing in respect of letting agents.

Service	£000	Details
People – Children & Families Tackling Troubled Families Grant	172	The Troubled Families Programme was extended to 2019/20 works with families where children are not attending school, young people are committing crime, families are involved in anti-social behaviour and adults are out of work.
People - Adult Social Care & Independent Living Tobacco Products Directive and Age of Sale – Nicotine Inhaling Products legislation	5	The funding is for supporting the implementation of the revised Tobacco Product Directive (TPD) and Age of Sale – Nicotine Inhaling Product (NIP) Legislation (vaping products) which is a Trading Standards function.
Corporate – Chief Operating Officer Local Government Transparency Code - New Burdens	13	New burdens in relation to the Council's obligation to publish information in line with the Government's Transparency Code 2014.
Corporate – ICT EU Exit	57	New funding to support local authorities as they make preparations for Brexit.
Central Landlord Costs	32	New funding received relating to landlord costs.
Total Allocation 2018/19	452	
People – Children and Families Extended Personal Adviser Duty Implementation	28	The purpose of the grant is to support Local Authorities to respond positively to requests for support from care leavers who may have difficulties and be struggling to transition to adulthood by requiring them to offer Personal Adviser support to all care leavers up to the age of 25.
Total Allocation 2019/20	28	

Table 2 – Corporate Grants Register

Corporate Grants Register 2018/19		Original Budget	Revised Forecast TQR	Final Outturn	Change from TQR Forecast
	Note	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
SPECIFIC USE (Held within Services)					
PEOPLE					
Schools	1	156,411	151,442	150,526	-916
Children & Families		409	1,749	2,330	581
Adult Social Care		10,244	11,695	11,697	2
Public Health		16,400	16,400	16,400	0
Total		183,464	181,286	180,953	-333
PLACE					
Growth and Regeneration		197	547	547	0
Planning and Sustainable Development		0	283	282	-1
Directorate		0	787	1,092	305
Customer Operations		70,391	68,212	67,767	-445
Total		70,588	69,829	69,688	-141
TOTAL SPECIFIC USE		254,052	251,115	250,641	-474
GENERAL PURPOSE (Held Corporately)					
Central Funding					
Revenue Support Grant		5,416	5,416	5,416	0
Total Central Funding		5,416	5,416	5,416	0

Corporate Grants Register 2018/19		Original Budget	Revised Forecast TQR	Final Outturn	Change from TQR Forecast
	Note	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
PEOPLE					
Children & Families		2,696	2,910	3,082	172
Total		2,696	2,910	3,082	172
PLACE					
Growth and Regeneration		52	312	385	73
Planning and Sustainable Development				39	39
Commissioning				132	132
Customer Services		1,639	1,695	1,719	24
Total		1,691	2,007	2,275	268
CORPORATE					
Legal Services			133	146	13
ICT				105	105
Total		0	133	251	118
CENTRAL					
Central		8,563	8,701	9,375	674
Collection Fund			6,364	7,053	689
Total		8,563	15,065	16,428	1,363
Total Service Funding		12,950	20,115	22,036	1,921
TOTAL GENERAL PURPOSE		18,366	25,531	27,452	1,921
TOTAL GRANT FUNDING		272,418	276,646	278,093	1,447

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.

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Appendix 4 Requests for Supplementary Capital Estimates and Virements

Capital Programme 2018/21

1. Since the third quarter review the overall programme has increased by £28.3m, from £415.2m to £443.5m, as shown in the table below. A summary of the capital programme and funding is shown at table 3.

Table 1 - Summary Capital Programme

	Revised TQR Budget	Amendments to TQR Budget	Transfers to/from Addendum	Budget Reductions	SCE's	Revised Outturn Budget
	2018/21 £m		2018/21 £m	2018/21 £m	2018/21 £m	2018/21 £m
People Directorate	37.9	0.1	-	(0.1)	0.0	37.9
Place Directorate	352.3	-	23.7	(1.4)	3.6	378.3
Corporate Directorate	25.0	-	-	-	2.3	27.3
	415.2	0.1	23.7	(1.5)	5.9	443.5

2. A number of projects have been approved at the Finance Portfolio holder meeting to move budgets from the Capital Addendum to the main capital programme totalling £23.7m. This amount primarily relates two projects within the Place Directorate, a strategic Site acquisition in Crewe £22.3m and the Highways Depot project £1.4m.
3. There are a number of Supplementary Estimates that require approval at Outturn of £5.9m. This relates primarily to two projects, the first being an increase in the Best for Business Project run jointly with Cheshire West and Chester Council of

£2.1m to take in to account their share of the costs so far on the project that is being hosted by Cheshire East. The second is an additional £1.5m for the A500 Dualling scheme to take the project to the next development stage.

4. 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 2**.

Table 2 - Capital Funding Sources

	Revised TQR Budget 2018/21 £m	Revised Outturn Budget 2018/21 £m	Change 2018/21 £m
Grants	212.1	215.1	3.0
External Contributions	44.5	47.3	2.8
Cheshire East Resources	158.6	181.1	22.5
	415.2	443.5	28.3

Capital Budget 2018/19

5. At Outturn the Council had actual expenditure of £96.8m against an in-year forecast position of £153.7m, with an overall slippage figure of £56.9m. **Table 3** gives a summary of the Capital Programme and **Table 4** shows transfers from and to the Capital Addendum.
6. The main areas of slippage are within the ICT projects of £9.3m, £23.7m on Infrastructure & Highways, £10.0m within

Growth and Regeneration and £2.5m with the Education and Strategy Projects.

7. **Table 5** 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.

8. **Table 6** details requests of Supplementary Capital Estimates (SCE) over £1,000,000 which is for the increase in budget on the Best for Business Project to include the share of the costs due from Cheshire West and Chester Council for 2018/19 and the additional £1.5m required for the A500 Dualling scheme.

Table 3 - Summary Capital Programme and Funding

Service	In-Year Budget	SCE's Virements Reductions During Quarter	SCE's Virements Reductions Outturn	Revised In-Year Budget Outturn	Actual Expenditure	Forecast Expenditure	
	Outturn £000	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000	2019/20 £000	2020/21 and Future Years £000
People Directorate							
Adults, Public Health and Communities	3			3	3	-	-
Children's Social Care (Incl. Directorate)	119			119	20	365	-
Education and 14-19 Skills	13,766	301	(205)	13,862	10,681	19,575	6,467
Prevention and Support	753	(30)		723	442	281	-
Total People Directorate	14,641	271	(205)	14,707	11,146	20,221	6,467
Place Directorate							
Infrastructure and Highways (inc Car Parking)	74,288	2,349	621	77,259	53,520	73,854	94,455
Growth and Regeneration	21,446	2,688	317	24,451	14,394	58,984	50,543
Rural and Cultural Economy	2,170	-	(18)	2,152	1,206	2,722	103
Customer Operations	87			87	19	98	-
Client Commissioning - Environmental	6,609	108	-	6,717	1,851	13,347	-
Client Commissioning - Leisure	5,309	-	28	5,337	2,780	8,332	2,092
Total Place Directorate	109,909	5,145	948	116,003	73,770	157,337	147,193

Service	In-Year Budget Outturn £000	SCE's Virements Reductions During Quarter 2018/19 £000	SCE's Virements Reductions Outturn 2018/19 £000	Revised In-Year Budget Outturn 2018/19 £000	Actual Expenditure 2018/19 £000	Forecast Expenditure	
						2019/20 £000	2020/21 and Future Years £000
Corporate Directorate							
Finance and Performance	577	150	-	727	727	-	-
ICT	20,095	-	2,238	22,333	11,167	11,978	3,497
Total Corporate Directorate	20,672	150	2,238	23,060	11,894	11,978	3,497
Total Capital Programme	145,222	5,566	2,981	153,770	96,810	189,536	157,157

Funding Sources	2018/19 £000	2019/20 £000	2020/21 and Future Years £000
Grants	47,950	98,436	68,742
External Contributions	5,937	12,279	29,132
Cheshire East Council Resources	42,923	78,821	59,283
Total	96,810	189,536	157,157

Table 4 – Transfers from and to the Capital Addendum

Service	Capital Scheme	Amount Transferred Outturn £	Reason / Comment
Budgets Transferred from the Addendum to the Main Capital Programme			
Place - Infrastructure and Highways (inc Car Parking)	Winter Service Provision - Depot Rationalisation	1,400,000	Approved to the Capital Programme
Place - Growth and Regeneration - Strategic Site	Strategic Site Acquisition	22,300,000	Approved to the Capital Programme
Total Budgets Transferred to Main Capital Programme		23,700,000	

Table 5 - Approved Supplementary Capital Estimates up to £500,000 and Virements up to £1,000,000

Service	Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements			
Supplementary Capital Estimates that have been made up to £500,000			
People - Education and 14-19 Skills	Schools Condition Fund	17,874	To increase the budget with a Contribution from Elworth Hall Primary to fund additional expenditure incurred in year on their internal remodelling project.
Place - Growth and Regeneration	Premises Capital (FM)	78,036	To increase budget to incorporate Nantwich Almshouses Trust contribution to replacement of heating pipework
Place - Growth and Regeneration	Schools Capital Maintenance	8,969	To increase budget to Rode Heath Primary contribution towards Replacement Window Project
Place - Infrastructure and Highways (inc Car Parking)	Highway Maintenance Minor Works	100,000	CEH to engage Telent to deliver replacement of existing RMS system commencing in the current financial year, utilising the revenue funding contribution for works undertaken in 2018/19.
Place - Infrastructure and Highways (inc Car Parking)	Town Studies	200,000	Funded from LTP grant
Place - Infrastructure and Highways (inc Car Parking)	Hassall Rd, Alsager Ped Xing	113	To increase the budget to match the amount in the S106 pot.
Place - Infrastructure and Highways (inc Car Parking)	Nantwich Rd, Middlewich	280	To increase the budget to match the amount in the S106 pot.
Place - Infrastructure and Highways (inc Car Parking)	A54/A533 Leadsmithy St, M'wich	14,707	Project to be funded by S106 receipt
Place - Infrastructure and Highways (inc Car Parking)	Taylor Dr/Edmund Wright Way	68,866	To fully utilise S106 receipt
Place - Customer Services	Digital Customer Services	47,259	Revenue contribution to cover overspend
Place - Rural and Cultural Economy	Field to Fork	30,000	Expected additional costs to be funded by a revenue contribution from Tatton
Place - Rural and Cultural Economy	Twin Trails - Gritstone Trail	81	Proportion of funding from CWAC
Place - Rural and Cultural Economy	Queens Drive, Nantwich s106	1,423	Increase budget to take in consideration the interest applied.
Place - Growth and Regeneration	North Cheshire Garden Village	150,000	Grant received from Homes and Communities Agency
Place - S278s	Various	255,788	To increase budgets to match funding and forecasts
Place Client Commissioning - Environmental	Fountain Fields Redevelopment	35,339	Additional Park Development Fund contribution to the Fountain's Field project.
Place Client Commissioning - Environmental	Arnold Rhodes Public Open Space Improvements Phase 2	5,774	Additional contribution from the Arnold Rhodes, Disley Play Area project.
Place Client Commissioning - Environmental	Household Bins Schemes	50,366	Additional contribution from the Arnold Rhodes, Disley Play Area project.
Place - Client Commissioning Leisure	Alsager Leisure Centre Gym Conversion	28,066	ESAR contribution for additional works required to the existng gym space at Alsager Leisure Centre to match the new extension to the gym space
Corporate - ICT	Best for Business	16,337	Capital Receipts to cover addition spend
Total Supplementary Capital Estimates Requested		1,109,278	

Service	Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements			
Capital Budget Virements that have been made up to £1,000,000			
People - Education and 14-19 Skills	Schools Condition Fund	15,123	DFC Contribution from following schools to fund overspend on School Condition Project: Elworth Hall; Malbank High; Audlem St James; Havannah; Bexton; and Ruskin High.
People - Education and 14-19 Skills	Healthy Pupils Capital Fund	1,392	DFC Contribution from following Schools to fund overspend on Healthy Pupils Project: Alsager Highfields and Bosley St Mary.
Place - Growth and Regeneration	Macclesfield Public Realm	5,000	A transfer of £5,000 from Active Travel Department for Transport grant to Macclesfield Public Realm for cycle parking.
Place - Infrastructure and Highways (inc Car Parking)	Taylor Dr/Edmund Wright Way	250,000	Virements within the Highways service to cover additional costs within the programme.
Place - Infrastructure and Highways (inc Car Parking)	LED Street Lighting – Residential Areas	143,294	
Place - Infrastructure and Highways (inc Car Parking)	Programme Management	69,377	
Place - Infrastructure and Highways (inc Car Parking)	Congleton Public Realm	223,281	
Place - Infrastructure and Highways (inc Car Parking)	Hassall Rd, Alsager Ped Xing	6,242	All to be vired from Highways Investment Network to cover additional spend
Place - Infrastructure and Highways (inc Car Parking)	Middlewich Rd, H Chapel Ped X	37,079	
Place - Infrastructure and Highways (inc Car Parking)	S106 Sheppenhall Lane, Aston	2,114	
Place - Infrastructure and Highways (inc Car Parking)	Nantwich Rd, Middlewich	36,603	
Place - Infrastructure and Highways (inc Car Parking)	Surface Water Mgt Schemes	3,899	
Place - Infrastructure and Highways (inc Car Parking)	Highway Maintenance Minor Wks	439,417	
Place - Infrastructure and Highways (inc Car Parking)	Highway Investment Programme DFT Grant	407,817	
		933,172	
Place - Infrastructure and Highways (inc Car Parking)	Structural Replacement Lighting	295,950	Residual budget for Street Lighting to be moved to Highways Maintenance
Place Commissioning - Environmental	Park Development Fund	-35,339	A transfer of £35,339 to the Fountain Fields Redevelopment project.
Place Commissioning - Environmental	Arnold Rhodes, Disley Play Area	-5,774	A transfer of £5,774 to the Arnold Rhodes Public Open Space Improvements Phase 2 project.
Place - Rural and Cultural Economy	Field to Fork	18,198	Additional expenditure to be funded by Tatton Vision Phase 2
Place - Rural and Cultural Economy	Tatton Events Infrastructure	2,708	Expenditure to be funded by Tatton Vision Phase 2
Place - Rural and Green Infrastructure	S106 Next plc, Wilmslow	19,077	Assign additional costs from Active Travel 40CACAP-CH00071 budget
Place - Rural and Green Infrastructure	Elworth s106 Footpath Works	20,809	Assign additional costs from Active Travel 40CACAP-CH00071 budget
Place - Rural and Green Infrastructure	PROW Capital Works	13,009	Assign additional costs from Active Travel 40CACAP-CH00071 budget
Place - Growth and Regeneration	Schools Capital Maintenance (FM)	109,000	To increased grant allocation, Schools Capital Condition grant
Place - Growth and Regeneration	Schools Capital Maintenance	95,512	Residual budget from underspend anticipated at Hurdsfield Family Centre
Place - Growth and Regeneration	North-West Crewe Package	34,488	Residual budget from underspend anticipated at Hurdsfield Family Centre
Total Capital Budget Virements Approved		2,208,276	
Total Supplementary Capital Estimates and Virements		3,317,554	

Table 6 - Request for Supplementary Capital Estimates above £1,000,000 and Virements above £5,000,000

Service	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			
Infrastructure and Highways (inc Car Parking)	A500 Dualling Scheme	1,500,000	Funding required to take the project to the next development stage. To be funded by the existing capital programme through other budget reductions.
Corporate - ICT	Best for Business	2,175,257	To bring Cheshire West and Chester contribution in to the budget.
Total Supplementary Capital Estimates and Virements		3,675,257	

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Appendix 5 Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £270,000 since third quarter.
2. Annually, the Council raises invoices with a total value of over £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 2018/19 the team collected £2.4m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of March 2019 was £8.7m.
6. The total amount of service debt over six months old is £4.7m; provision of £5.4m has been made to cover doubtful debt in the event that it needs to be written off.

Debt Summary

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
People			
Adults, Public Health and Communities	5,006	2,928	3,671
Children's Social Care (Incl. Directorate)	202	28	28
Education and 14-19 Skills	156	2	2
Prevention and Support	11	11	11
Schools	32	22	-
Place			
Planning and Sustainable Development	61	33	33
Infrastructure and Highways (inc Car Parking)	1,562	1,079	1,079
Growth and Regeneration	701	268	268
Rural and Cultural Economy	72	4	4
Customer Services	5	4	4
Client Commissioning - Environmental	264	263	263
Corporate			
Human Resources	10	7	7
Finance and Performance	10	7	7
Professional Services	51	1	1
ICT	591	2	2
	8,734	4,659	5,380

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Appendix 6 Reserves

Management of Council Reserves

1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
2. The opening balance at 1st April 2018 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2017/18. The outturn position for 2018/19 is balanced so the General Reserve remains at the same value.
3. The updated Risk Assessment for 2019/20 provides for the Minimum Level to increase to £12.0m. This is considered a relatively prudent overall target for reserves at 4.5% of the net budget. The Reserves Strategy for 2019/20 set out a planned contribution from earmarked reserves of £1.7m to the general reserve in 2019/20, which will increase the general reserve to £12m in accordance with the risk assessed level.
4. At third quarter review the Council's forecast overspend was estimated at £4.8m compared to the 2018/19 budget. Mitigating actions to bring the outturn in line with budget were proposed and included use of earmarked reserves of £1.9m. This was in addition to planned use of earmarked reserves which have been monitored via the team plans during 2018/19.
5. A central contingency referred to as the MTFS (Medium Term Financial Strategy) Reserve has been created to support in year pressures against the 2019/20 revenue budget. Use of this earmarked reserve will be subject to approval of robust business cases.
6. **Table 1** shows the total reserves at the end of March 2018/19. Overall the Council remains in a strong financial position given the major challenges across the public sector.

Table 1 – Reserves Position

	£m
General Reserve	10.3
Earmarked Reserves (excluding Schools)	45.6
Total Reserves Balance at 31 March 2019	55.9

7. Further details of individual reserves are available in the Statement of Accounts 2018/19 Note 3.
[Click here to go to the Statement of Accounts](#)

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Appendix 7

Treasury Management Annual Report 2018/19



1. Introduction

- 1.1 In February 2018 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.
- 1.2 The Authority's treasury management strategy for 2018/19 was approved at a meeting of the Council on 22nd February 2018. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 1.3 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.4 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 21st February 2019.

2. Economic events of 2018/19

- 2.1 **Economic background:** After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.
- 2.2 After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.

- 2.3 The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.
- 2.4 With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including rejecting Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The EU must grant any extension and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.
- 2.5 While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.
- 2.6 **Financial markets:** December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.
- 2.7 Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.
- 2.8 Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at

the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.

- 2.9 **Credit background:** Credit Default Swap (CDS) spreads, which act as a measure of risk, drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.
- 2.10 The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc) has been completed transferring their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.
- 2.11 In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty. This was followed with the same treatment for UK banks and a number of government-related entities.
- 2.12 There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

3. Local Context

- 3.1 On 31st March 2019, the Authority had net borrowings of £17m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.19 Actual £m
General Fund CFR	330
Less: *Other debt liabilities	24
Borrowing CFR	354
External borrowing	(158)
Internal borrowing	196
Less: Usable reserves	(112)
Less: Working capital	(67)
Net borrowings	17

* finance leases and PFI liabilities that form part of the Authority's total debt

- 3.2 The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.
- 3.3 The treasury management position at 31st March 2019 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.18 Balance £m	Movement £m	31.3.19 Balance £m	31.3.19 Rate %
Long-term borrowing	(110)	6	(104)	4.13
Short-term borrowing	(60)	6	(54)	1.99
Total borrowing	(170)	12	(158)	3.41
Long-term investments	10	0	10	4.56
Short-term investments	12	(8)	4	0.80
Cash and cash equivalents	2	12	14	0.79
Total investments	24	4	28	2.14
Net borrowing	(146)	16	(130)	

4. Borrowing Strategy during the year

- 4.1 At 31st March 2019 the Authority held £158m of loans (a decrease of £11m from 31st March 2018), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.18 Balance £m	Net Movement £m	31.3.19 Balance £m	31.3.19 Weighted Average Rate %	31.3.19 Weighted Average Maturity (years)
Public Works Loan Board	77	(6)	71	4.10	20.0
Banks (LOBO)	17	-	17	4.63	27.3
Salix – Energy Efficiency loans	4	(1)	3	0.00	1.6
Local authorities (long-term)	19	1	20	1.17	1.1
Local authorities (short-term)	53	(6)	47	0.82	0.2
Total borrowing	170	(12)	158	2.73	12.2

- 4.2 The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.
- 4.3 With short-term interest rates remaining much lower than long-term rates, the Authority considered it to be more cost effective in the near term to use internal resources and borrow rolling temporary loans on the inter-Local Authority market instead. The net movement in temporary loans is shown in table 3 above.
- 4.4 The Authority has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark which also takes into account usable reserves and working capital. In order to ensure borrowing is more reflective of the risks associated with long term spending and to provide longer term certainty and stability to the debt portfolio, a review of alternative borrowing options will be considered in 2019/20.
- 4.5 LOBO loans: The Authority continues to hold £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

5. Treasury Investment Activity

- 5.1 The Authority held £28m of invested funds at 31st March 2019, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £11m and £45m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.18 Balance £m	Net Movement £m	31.3.19 Balance £m	31.3.19 Income Return %	31.3.19 Weighted Average Maturity (days)
Banks (unsecured)	0.7	(0.7)	-	-	-
Government inc LA's	11.6	(7.6)	4.0	0.80	8
Money Market Funds	1.5	12.6	14.1	0.79	1
Other Pooled Funds:					
- Property funds	7.5	-	7.5	4.62	-
- Cash plus funds	2.5	(2.5)	-	-	-
- Multi asset income funds	-	2.5	2.5	4.39	-
Total investments	23.8	4.3	28.1	2.14	2

**Weighted average maturity will not apply to property and multi-asset funds as the underlying assets have no pre-determined maturity date.*

- 5.2 A full list of organisations in which the Council had treasury investments is shown in Table 5.

Table 5: Treasury Investments

	31/03/18 £m	31/03/19 £m
GOVERNMENT		
West Yorkshire Police Crime Commissioner	-	4.0
Central Bedfordshire Council	6.6	-
Surrey Heath District Council	5.0	-
UK BANKS		
Barclays Bank	0.7	-
MONEY MARKET FUNDS		
Federated Investors	-	6.9
Aberdeen Asset (formerly Scottish Widows)	-	5.7
Deutsche	0.5	1.0
CCLA	0.5	0.5
Standard Life	0.5	-
MANAGED FUNDS		
Property Funds	7.5	7.5
Kames – Multi Asset Income Fund	-	2.5
Royal London – Enhanced Cash Fund	2.5	-
TOTAL	23.8	28.1

- 5.3 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

- 5.4 Given the increasing risk and low returns from unsecured bank deposits the Council has continued to invest short term funds in Money Market Funds which spreads the risk, and where cash flow allows, with other Local Authorities. A strategic long term investment level of £10m has been maintained in order to generate enhanced income whilst diversifying risk. During 2018/19 the Council redeemed it's investment with Royal London Enhanced Cash Plus Fund and invested into the Kames Multi asset fund instead. Whilst the value of the underlying investment may vary, the fund provides increased income returns (4.39% compared to 0.90% for the Royal London Fund). The average income return in 2018/19 was 1.75% compared to 1.55% in 2017/18.
- 5.5 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 6 below.

Table 6: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2018	3.81	AA-	16%	6	0.56%
31.03.2019	4.40	AA-	78%	3	0.79%
Similar LAs	4.17	AA-	58%	50	0.84%
All LAs	4.20	AA-	55%	29	0.85%

- 5.6 £10m of the Authority's investments are held in externally managed strategic pooled funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a total return of £640,000 (7.30%), comprising a £406,000 (4.56%) income return which is used to support services in year, and £234m (2.74%) of capital growth.
- 5.7 Strategic funds have no defined maturity date, but are available for withdrawal after a notice period. For this reason their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. In light of their performance over the medium / long-term and the Authority's latest cash flow forecasts, overall investment levels in these funds has been maintained.
- 5.8 Readiness for Brexit: With little by way of political clarity as to the exact date on whether there would be an agreed deal prior to leaving the EU and to be prepared for the outside chance of a particularly disruptive Brexit (such as last-minute no-deal) on 29th March, the Authority ensured there were enough accounts open at UK-domiciled banks and Money Market Funds to hold

sufficient liquidity over the year end and that its account with the Debt Management Account Deposit Facility (DMADF) remained available for use in an emergency.

6. Non-treasury Investments

6.1 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

6.2 As at 31st March 2019 the following non-treasury investments were held.

Table 7: Non-treasury Investments

Counterparty	Type	Original Investment £000*	Fair Value 31.03.18 £000	Fair Value 31.03.19 £000
Alderley Park Ltd	Equity	1,070	2,400	3,880
Manchester Science Partnerships Ltd	Equity	739	1,604	2,072
GM & Cheshire Life Sciences Fund	Pooled Fund	2,923	2,146	3,053
Alderley Park Ltd	Loan	1,531	1,282	1,290
Cheshire Green Employment Park	Loan	1,264	-	1,213
Everybody Sport & Recreation Ltd	Loan	664	288	643
Engenie Ltd	Loan	24	24	23
Cheshire Neighbours Credit Union	Loan	15	-	-
Total Value		8,230	7,744	12,174

* Original investment for loans represents the outstanding principal as at 31/03/19

6.3 During the year the Council made new loans to Everybody Sport & Recreation and Cheshire Neighbours Credit Union. The loan to Cheshire Green Employment Park is arranged through the Local Enterprise Partnership, Growing Places Fund but with the Council as the loan provider. The fair values at 31/03/19 include an allowance for expected credit losses.

7. Compliance

7.1 All treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 8 below and compliance with specific investment limits is demonstrated in table 9 below.

Table 8: Debt Limits

	2018/19 Maximum	31.3.19 Actual	2018/19 Operational Boundary	2018/19 Authorised Limit	Complied?
Borrowing	170	158	390	400	Yes
PFI and Finance Leases	25	24	25	25	Yes
Total debt	195	182	415	425	Yes

- 7.2 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However, there were no such occurrences during 2018/19.

Table 9: Investment Limits

	2018/19 Maximum	31.3.19 Actual	2018/19 Limit	Complied?
Any single organisation, except the UK Government	£6.9m	-	£12m	Yes
Any group of organisations under the same ownership	£6.9m	-	£12m	Yes
Any group of pooled funds under the same management	£10.2m	£8.0m	£25m	Yes
Negotiable instruments held in a broker's nominee account	-	-	£25m	Yes
Limit per non-UK country	-	-	£12m	Yes
Registered providers	-	-	£25m	Yes
Unsecured investments with building societies	-	-	£12m	Yes
Loans to unrated corporates	-	-	£12m	Yes
Money Market Funds	£34.8m	£14m	£50m (£12m per fund)	Yes

8. Treasury Management Indicators

- 8.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 8.2 **Security:** The Authority has not adopted a specific measure of its exposure to credit risk. However, the credit quality of all counterparties is kept under continual review. No investments were made with any organisation if there were substantive doubts about its credit quality, even though it may otherwise meet the Councils investment criteria.
- 8.3 **Liquidity:** The Authority has not adopted a specific measure of its exposure to liquidity risk. However, a cash flow forecasting model is maintained to

determine the maximum period for which funds may prudently be committed and to plan appropriately.

- 8.4 **Interest rate Exposure:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of the net principal borrowed was:

Table 10: Interest Rate Exposure

	31.3.19 Actual	2018/19 Limit	Complied?
Upper limit on fixed interest rate exposure	57%	100%	Yes
Upper limit on variable interest rate exposure	43%	100%	Yes

- 8.5 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Table 11: Maturity Structure of Borrowing

	31.3.19 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	45%	50%	0%	Yes
12 months and within 24 months	15%	25%	0%	Yes
24 months and within 5 years	2%	35%	0%	Yes
5 years and within 10 years	2%	50%	0%	Yes
10 years and within 20 years	14%	100%	0%	Yes
20 years and above	22%	100%	0%	Yes

Note – LOBO loans are treated as maturing in under 12 months as the Council would repay if the lender exercised their option to vary the interest rate.

- 8.6 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 12: Principal Investment Limits Longer than 364 Days

	2018/19	2019/20	2019/21
Actual principal invested beyond year end	-	-	-
Limit on principal invested beyond year end	£25m	£15m	£10m
Complied?	Yes	Yes	Yes

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