Public Document Pack

Corporate Scrutiny Committee

Agenda

Date:	**Tuesday, 5th February, 2013**
Time:	**2.00 pm**
Venue:	**Committee Suite 1,2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ**

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

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

1. **Apologies for Absence**

2. **Declarations of Interest**

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

3. **Declaration of Party Whip**

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

4. **Minutes** (Pages 1 - 24)

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

Contact: Mark Nedderman
Tel: 01270 686459
E-Mail: mark.nedderman@cheshireeast.gov.uk

To confirm as a correct records, the minutes of the following meetings:

Adult Social Care Scrutiny Committee 27 September 2012

Children and Families Scrutiny committee 9 October 2012

Sustainable Communities Scrutiny Committee 25 October 2012

Environment and Prosperity Scrutiny committee 1 November 2012

Corporate Scrutiny Committee 7 December 2012

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

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

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

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

6. **New Scrutiny Arrangements** (Pages 25 - 30)

To consider a report of the Borough Solicitor.

7. **2012/2013 Three Quarter Year Review of Performance** (Pages 31 - 86)

To consider a report of the Chief Executive and Director of Finance and Business Services.

Agenda Item 4

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Adult Social Care Scrutiny Committee**
held on Thursday, 27th September, 2012 at Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M J Simon (Chairman)
Councillor J Saunders (Vice-Chairman)

Councillors C Andrew, D Bebbington, I Faseyi, L Jeuda, S Jones, F Keegan, B Murphy, D Stockton, A Harewood and W Livesley

Apologies

Councillors J Jackson and B Silvester

In attendance

Councillor J Clowes

Officers

Lorraine Butcher – Strategic Director of Children, Families and Adults
Lucia Scally – Head of Strategic Commissioning and Safeguarding
Dominic Oakeshott – Head of Business Management and Challenge
David Laycock - Project Manager (Business Management and Challenge)
Alison McCudden - Client Finance Manager
Martin Middleton - Direct Payments Project Manager (Interim)
Mark Grimshaw – Scrutiny Officer

10 DECLARATIONS OF INTEREST

Councillor Bill Livesley declared a non-pecuniary interest on the grounds that his father was an Empower card user.

Councillor Shirley Jones declared a non-pecuniary interest on the grounds that she was a member of the Alzheimer's Society.

11 DECLARATION OF PARTY WHIP

None noted.

12 MINUTES OF PREVIOUS MEETING

RESOLVED – That the minutes of the meeting held on 5 July 2012 be approved as a correct record.

13 **PUBLIC SPEAKING TIME/OPEN SESSION**

There were no members of the public who wished to address the Committee.

14 **QUARTER 1 FINANCE AND PERFORMANCE REPORT**

Prior to going through the Quarter 1 Finance and Performance report for Adult Social Care, the Officers from the Directorate provided some background information in order to contextualise the budget position.

Lorraine Butcher, the Strategic Director of Children, Families and Adults, noted that it had been well documented that the adult social care system, both nationally and locally was under considerable pressure. The recent White Paper 'Caring for our future: reforming care and support' (July 2012), demonstrated that the Government was aware of the need for change and reform and to some extent the White Paper also suggested how this reform would be achieved. Having said this, Lorraine Butcher explained that the changes proposed in the White Paper would take time to be implemented and in the meantime the Council was undertaking a number of steps to ensure that the budget was being managed correctly.

For instance, Lucia Scally, Head of Strategic Commissioning and Safeguarding, reported that the Directorate had recently invited a consultant to carry out an independent review of the Adult Social Care budget spend over the life of the Council. Part of this review had included bench marking the Council with other CIPFA (The Chartered Institute of Public Finance and Accountancy) comparator authorities in terms of the following:

- Review of business plans and proposals to achieve financial sustainability for Adult Social Care
- Review of fees to providers

The key conclusion from this review was that the prices that the Council paid for care and support were aligned to those in other authorities. However, the amount and type of care and support was greater when compared with the other CIPFA Councils e.g. use of nursing care. Additionally, Lucia Scally noted that the demographics of Cheshire East meant that the Council had to provide high cost individual support packages to deal with an increasingly older population. In summary, the Council had to address these pressures on the budget but in order to do so a change of approach was required. Lucia Scally explained such a change would require the Council to move away from a traditional approach of providing care for people to helping people to re-gain independence from care support, drawing on the existing assets in the local community and by continuing to support unpaid carers.

In light of this background, Dominic Oakeshott, Head of Business Management and Challenge presented the Quarter 1 Finance and Performance Review highlighting the following key points:

- The Adults Service had a net budget of £98.6m with an emerging pressure on this budget identified at £11.4m.
- The pressures on the budget were primarily from care costs, particularly for those customers with learning disabilities.

- £7.3m of remedial measures had been identified which would reduce the net forecast position to an estimated £4.1m overspend.
- That the service had been able to manage the demand for services which had resulted in limited growth in the number of new customers entering services. In part, this could be attributed to the enhanced use of re-ablement services.

It was queried why the Council had seen a consistent overspend in the Adults Service since Local Government Reorganisation and whether this was due to the budget being set at an insufficient level. Dominic Oakeshott acknowledged that it had taken time to understand the unique nature of Cheshire East, particularly in terms of the amount of nursing home beds and returning self funders. He reported however that the Council now had a better understanding of the situation and good idea of what action was required. As part of gaining this understanding, the Council had taken steps to learn from other Councils on how to successfully reduce costs.

It was questioned whether, as part of the benchmarking process, the Council had compared how much sheltered accommodation was available against other authorities. Lucia Scally acknowledged that this hadn't been done and that the service would explore performing such a comparison.

It was stated that it appeared in order to reduce the demand on services and to encourage people to remain independent for longer this would require a change of culture throughout the Council. Councillor Janet Clowes noted that work was ongoing with a range of Council services and partners in order to try and change cultures and attitudes to assist people to remain independent for longer. Providing a couple of examples, Councillor Janet Clowes drew attention to the dialogue that was occurring between officers from the Adults Service and those involved in developing the Local Plan. Additionally, the Council was working with hospitals in order to attempt to reduce the number of unnecessary discharges from hospital care into residential or nursing care. Lorraine Butcher added that the only Adults Service performance indicators that the Council had not met their targets on related to the number of hospital discharges into residential care. Cheshire West and Chester had the same issue and this therefore suggested that a long term cultural issue was behind this.

It was queried how the Council intended to enhance the use of re-ablement. Lucia Scally explained that at the current time, re-ablement services were only offered to customers at particular points in their care pathway. Moving forward, it was intended to embed re-ablement throughout all services.

It was asserted that unpaid carers were vital for managing the costs of social care. It was therefore queried whether the Council was making the requisite investment to support carers. Lucia Scally reassured the Committee that in the re-design of the Council's Adult Services, Carers would have a key role in helping to deliver positive outcomes. The Council had produced a Carers' Strategy to articulate how Carers would be supported in their role.

It was questioned how the Council would ensure that it was achieving value for money on its contracts with providers – both corporately and for individuals. Lucia Scally asserted that this was a whole system responsibility in which the Care Quality Commission (CQC), the Council and the individual would all have a role to play. Lucia Scally acknowledged however that the Council needed to get better at linking information together so that collective action could be taken.

It was queried whether the issue relating to returning self funders was unique to Cheshire East. Lucia Scally reported that this was not the case and other CIPFA comparator Councils had or were experiencing the same challenge. Lucia Scally noted that the Council was planning to speak to individuals and their families to understand why people had taken that particular care pathway.

RESOLVED:

a) That the report be noted.

b) That the Head of Strategic Commissioning and Safeguarding be requested to explore comparing the number of sheltered accommodation places in Cheshire East with Comparator CIPFA authorities.

15 BRIEFING PAPER ON THE WHITE PAPER 'CARING FOR OUR FUTURE: REFORMING CARE AND SUPPORT' (JULY 2012)

Lorraine Butcher explained that on 11 July 2012, the Government published its White Paper on the future of Adult Social care together with a draft 'Care and Support' Bill covering its implementation. Lorraine Butcher continued to summarise the key issues contained within the paper.

Lorraine Butcher explained that whilst the White Paper had been criticised by some organisations as not being far reaching enough, it was on the whole a relatively radical report. For instance, it had sought to re-write the statutory framework around Adult Social Care and for this and other reasons it had been well received by the Directors of Adult Services.

In terms of the main themes in the report, Lorraine Butcher noted that personalisation was still the main driver for reform. Additionally, there was a clear expectation that Councils would work increasingly with partners to deliver social care services and in doing so make the most of the skills and talents in local communities.

Lorraine Butcher summarised by explaining that much of what the paper espoused in terms of principles and good practice was not new and was already being actively pursued and developed within the Council. Having said that, there was still uncertainty over how the Council would be expected to deliver on the more far reaching parts of the Act without national funding reform. Lorraine Butcher reported that the Council would be able redesign the current use of resource to a certain extent but extra funding would be required if the proposals were to be fully achieved.

Attention was drawn to the 'person centred approach' outlined in 'The Vision' on page 40 of the agenda. It was queried whether this would be appropriate for those service users with dementia who perhaps would not be able to express or articulate their need. Lucia Scally explained that the approach espoused by the White Paper was to move from a reactive system to a proactive system. Those service users with dementia would therefore be involved in the choices about their care at an earlier stage.

Reference was made to the 4th bullet point on page 33 of the agenda which made reference to providing carers with a right to assessment 'if they appear to need support'. It was suggested that this language could be perceived as being imprecise. Councillor Janet Clowes acknowledged that this was an issue but noted that it was difficult for the Council to speak with any certainty on how all carers would be supported because very often, there were a high number of 'hidden carers'. Councillor Janet Clowes noted that the Council was working hard to engage and support all people who were in a caring role.

It was queried whether carers' needs were included in a re-ablement package. Councillor Janet Clowes confirmed that they were but that further work was required to follow up whether the service was being received. Lucia Scally added that that the Council was also working to improve access to information for carers.

It was questioned whether there would be any implications for the Council following the proposal to outsource social care assessments. Lorraine Butcher explained that the Council was still unsure how this would be modelled. Having said this, there were some concerns about the proposal particularly in terms of moving the delivery away from the decision making process.

It was noted that the closing date for the consultation on the White Paper was the 19 October 2012. It was suggested that a small group of Councillors from the Committee meet with Lorraine Butcher to provide some input to the Council's corporate response.

RESOLVED:

a) That the report be noted.

b) That the Scrutiny Officer arrange a meeting with the Strategic Director of Children, Families and Adults and representatives from the Committee to discuss the Council's response to the White Paper consultation prior to 19 October 2012.

16 ADULT SOCIAL CARE FINANCIAL SYSTEMS - THE VISION AND FUTURE DIRECTION

David Laycock, Project Manager (Business Management and Challenge) attended to present the vision and future direction for the Adult Social Care financial systems.

David Laycock explained that the financial arrangements supporting the Adult Social Care Department were complex with a range of payment and charging arrangements, including Empower, traditional Direct Payments, directly commissioned services and internal provision. These arrangements relied on a variety of IT systems and processes which were no longer considered viable due to a range of issues including obsolescence, lack of interfacing and insufficient audit trail production.

The Council was proposing therefore to purchase the following three systems to improve the 'social care offer' to Adult Social Care service users:

- A replacement customer record system
- A new contract management system
- A new banking product

Expanding on the latter product, David Laycock noted that this would allow Cheshire East to have viewing access to service users' accounts in order to assist with auditing.

In terms of implementation dates, David Laycock reported detailed plans had yet to be developed as the decision on what systems to purchase had not been made. Having said this, the Council's intention was to keep the procurement timescale as short as possible with a proposed implementation date proposed for 2013/14.

In terms of the proposed new banking product, it was queried whether the Council had explored the legal implications of gaining viewing access to people's accounts. Dominic Oakeshott explained that when the Empower account was offered to the service user they would be asked to sign for the Council to have viewing access.

In light of the issues that the Council had encountered with the implementation of the original Empower product, it was questioned whether lessons had be learned for the roll out of the proposed new systems. Dominic Oakeshott reported that lessons had been learned and the implementation for the new systems would be phased. This gradual implementation would allow for the resolution of any 'teething' problems without major impact. Lorraine Butcher added that the Committee could be reassured that rigorous challenge would be applied to the implementation process.

RESOLVED:

a) That the reasons justifying the need to purchase new systems be noted.

b) That the Committee supports the vision for commissioning, delivery and payment of Adult Social Care

17 **ADULT SERVICES DEBT**

Alison McCudden, Client Finance Manager, attended to inform the Committee of the current Adult Services debt levels and also to highlight the progress made in respect of debt recovery.

Alison McCudden reported that the current client contribution invoices were valued at £16m per annum and 95.5% of invoice debt was collected within 7 weeks. There had been 900 service users who had debts outstanding and this totalled £2.1m. Good progress had been made on recovering this debt and the number cases had reduced to 800 which totalled £1.9m.

In order to build on this progress, Alison McCudden explained that the Council was exploring further initiatives to reduce the amount of debt owed. Key to this was embedding debt avoidance practice across the Directorate in order to try and ensure that service users avoided entering into debt with the Council.

In addition to debt avoidance, the Council was also developing further recovery initiatives. Alison McCudden noted that whilst the Council would always work closely and sensitively with service users to manage their payments, it was necessary to reclaim debts to ensure fairness to all those who had paid for a Council service. With this in mind, the Council was exploring the use of Small Claims Court action where debt cases were deemed suitable for final debt recovery actions.

A concern was expressed about the possible use of Bailiffs for collecting debts off vulnerable adults. Dominic Oakeshott explained that whilst the Council did need to become more rigorous in how it dealt with debt, Bailiffs and Small Claims Court action would only be used as a last resort.

RESOLVED: That the report be noted.

18 **EMPOWER UPDATE**

Martin Middleton, Direct Payments Project Manager (Interim), attended to provide a high level briefing and further update on the Council's prepaid social care card product (known as the Empower Card) since the last update to the Committee on 15 March 2012.

He explained that due to a number of challenges created by the rapid take up of the Empower product, the Council had approved a 'pause' in the roll out of the Empower Card in November 2011 as part of a post-implementation review. This pause became indefinite in March 2012 pending the completion of a detailed review of all card accounts and during this time, no new customers had been given an Empower card.

Martin Middleton reported that a strategic Empower steering group continued to oversee the 'pause', meeting on a regular basis. He noted that complexity of the audit process had resulted in the review taking far longer than had been anticipated at the outset. Having said that, the 'pause' had also enabled Officers to review all processes around the Empower card thoroughly which had resulted in a far more stable system.

Work was ongoing to review alternative products available in the market place that could potentially meet the needs of CEC and its customers including prepaid card developments.

Martin Middleton explained that the Council was looking to establish a new platform and system in a phased and managed way from April 2013 and that this work would progress alongside the continued audit and stabilisation processes for the existing product. Once the review had been completed, it was suggested that a report be brought to the Scrutiny Committee for consideration.

RESOLVED:

a) That the report be noted.

b) That the continued progress of the review of all Empower card customer accounts (and associated care reviews) be noted.

c) That the Committee endorse the Council's continued exploration and evaluation of the current prepaid card product against alternative options available in the market.

d) That the Direct Payments Project Manager (Interim) be requested to provide the Committee with an update report once the review reaches completion.

19 WORK PROGRAMME UPDATE

The Committee considered the work programme. An update was provided on the two ongoing task and finish reviews. Councillor Laura Jeuda, Chairman of the Adult Social Care Complaints Process Task Group noted that it was likely that the Group would report in February 2013. Councillor Shirley Jones, Chairman of the Dementia Task Group noted that the review would be ready to report in November 2012.

RESOLVED: That the work programme be noted.

The meeting commenced at 10.10 am and concluded at 12.35 pm

Councillor M J Simon (Chairman)

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Children and Families Scrutiny Committee** held on Tuesday, 9th October, 2012 at Committee Suite 1,2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor A Kolker (Chairman)
Councillor K Edwards (Vice-Chairman)

Councillors R Domleo, L Brown, G Merry, M Sherratt and P Hayes

Apologies

Councillors G Barton, P Butterill, P Hoyland, D Neilson and B Silvester and John McCann and Jill Kelly.

In Attendance

Councillors H Gaddum and A Thwaite

Officers

Barbara Dale, School Admissions and Organisation Manager
Chris Williams, Transport Manager
Fintan Bradley, Head of Service: Strategy, Planning and Performance
Mark Bayley, Principal Manager: Quality Assurance
Penny Kay, Head of Cheshire East Youth Offending Service
Tony Crane, Deputy Director of Children's Services
Mark Grimshaw – Scrutiny Officer

30 DECLARATIONS OF INTEREST

None noted.

31 DECLARATION OF PARTY WHIP

None noted.

32 MINUTES OF PREVIOUS MEETING

RESOLVED – That the minutes of the meeting held on 11 September 2012 be approved as a correct record.

33 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public who wished to address the Committee.

34 **CONSULTATION ON THE PROPOSED SCHOOL ORGANISATION FRAMEWORK 2012**

Fintan Bradley, Head of Service: Strategy, Planning and Performance, explained the draft framework had been written at a time of a rapidly changing legislative framework and educational landscape which had seen growth in the number of Academies and Free Schools. Central Government changes in relation to schools and education capital funding, schools admissions and Schools Funding Formula meant that the role of the Local Authority was changing. However, the Council still had a statutory responsibility for commissioning sufficient school places for children and young people in its area. Fintan Bradley therefore noted that it was essential that the key policy that underpinned this role was agreed so that the priorities of the Council informed its school organisation process.

Barbara Dale, School Admissions and Organisation Manager, explained that the draft framework had been informed by a data set relating to the population of Cheshire East and as a corollary this data had therefore informed the proposals. Barbara Dale noted however that his data would be the subject of a biannual review and audit and it was likely that the demographic information would be updated following the data received from the 2012 census.

In terms of the priorities in the draft framework, Barbara Dale explained that previously local authorities had been expected to take action to reduce the number of surplus places in schools in order to maximise efficiency. A change of government had brought a change of emphasis and the Council was now expected retain a number of surplus places to enable parental choice.

The Committee was invited to feedback their comments on the draft framework so that they could be included prior to the consultation closing date of 19 October 2012.

A number of comments were made about the quality of the draft framework particularly around how comprehensive it was.

It was queried whether the Council planned to support those schools with a surplus number of places. Fintan Bradley reported that it would be the responsibility of the school to manage surplus places as there would no extra money provided. Having said this, Fintan Bradley noted that the Council would attempt to maintain the number of surplus places at around 10% overall.

It was requested that the Committee receive a 5 year estimate of school finance as a result of the new school formula funding arrangement. This was suggested due to a concern that the new funding arrangements could affect the viability of schools. Fintan Bradley confirmed that he would be able to provide information up to the end of 2014/15 based on modelling that the Council had produced. Any information beyond that point would be provided in the form of predictions on what the funding landscape might look like.

It was questioned whether the Council would monitor schools with surplus places and if any interventions could be implemented for schools with falling places. Fintan Bradley reported that the Council would work with schools on the best way to re-organise if they were struggling to fill their Published Admission Number (PAN). This could possibly include options such as federation or becoming a free school. As a supplementary point, it was questioned whether the Council would help a school to maintain a faith ethos, if its future was threatened. Fintan Bradley confirmed that the Council would work closely with the respective Diocese in such a case.

A number of comments were made with regards to the pressure that proposed housing developments could have on school places. Barbara Dale and Fintan Bradley acknowledged that this was an issue, particularly as the Council had a responsibility to ensure that there were sufficient school places in an area. Links with the planning department existed and the Children's Directorate made the case that the requisite Section 106 monies were allocated for education purposes. Barbara Dale noted that this process would become even more important once the Community Infrastructure Levy (CIL) replaced Section 106 as the Directorate would need to bid for the money, stating that education needed to be made a priority.

Attention was drawn to paragraph 7.3.8 on page 82 of the agenda. It was asserted that the inclusion of this paragraph weakened the Council's position in accessing Section 106 monies for education provision as the distances (2 and 3 miles) were too far. It was suggested that this paragraph be removed from the draft framework. Barbara Dale acknowledged the point but noted that the criterion was taken from the Council's draft Section 106 policy. Therefore, if the paragraph was to be removed, the implications would need to be fully considered to assess its implications and the draft Section 106 policy would need to be amended.

It was suggested that the Children's Directorate should be able to recommend that a planning application be refused if sufficient development monies could not be achieved for fulfilling the education infrastructure requirements. It was agreed that this would be raised with the planning department to verify process.

RESOLVED:

a) That the report be noted.

b) That it be requested that the Committee receive an estimate of school finance as far as the current modelling allowed within the context of the new school formula funding arrangements.

c) That it be recommended that paragraph 7.3.8 on page 82 of the agenda be removed from the draft framework and that attempts be made to consolidate this with the Council's Section 106 policy.

d) That it be recommended that the Children's Directorate should be able to make representations to refuse a planning application if sufficient infrastructure requirements for education provision are not in place.

35 NEW OFSTED SCHOOL INSPECTION FRAMEWORK - UPDATE

Mark Bayley, Principal Manager: Quality Assurance, attended to present on the New Ofsted Inspection Framework and its implications for the Council.

Mark Bayley explained that the current Safeguarding and Looked After Children (SLAC) inspection was being removed after July 2012 and in its place would be the following inspections:

- Framework for the inspection of local authority arrangements for the protection of children – Mark Bayley noted that this inspection had come into place from May 2012 and that as it was targeted at those authorities whose performance had been no better than 'adequate', there was a chance that the Council could be inspected under the framework.
- Joint Framework for multi-agency inspection of child protection services – Proposed to start in June 2013
- Inspections of Local Authority adoption agencies, Local Authority fostering agencies and services and outcomes for looked after children – Mark Bayley reported that from April 2013 there would be a move from separate inspections into a single 'looked after children' inspection.

Outlining the key features of the new inspections, Mark Bayley noted the following:

- The inspections would be Unannounced. This had resulted in the Directorate implementing a rigorous self-evaluation process so that they were always ready for an inspection.
- The inspections would focus on practice with an increased focus on tracking sample cases.
- The inspections would have a wider brief, not simply focusing on those children within the thresholds of care but assessing the processes for early intervention and post safeguarding arrangements.

Tony Crane, Deputy Director of Children's Services commented that local authorities had been promised a reduction in bureaucracy with the implementation of the new inspection framework. He noted that following a 'dry run' inspection this had not proved to be the case as it was still resource intensive.

RESOLVED – That the presentation be noted.

36 YOUTH OFFENDING SERVICE - UPDATE

Penny Kay, Head of Cheshire East Youth Offending Service, attended to provide a verbal update on the Youth Offending Service (YOS). Penny Kay reported that from 1 October 2012, Cheshire East had established its own YOS after formerly being part of a shared service with Cheshire West and Chester. The Cheshire East YOS had recently received a visit from John Drew, the Chairman of the Youth Justice Board. Following this visit, John Drew had written to compliment the Council's YOS arrangements, noting the considerable improvements that had been made.

Penny Kay described how this had reflected the work and effort that gone into reducing the number of young offenders and re-offending rates since Local Government Reorganisation (LGR). This success was attributed to the innovative preventative and multi-agency practice that had been developed. Penny Kay noted that these improvements had also been made in the context of reducing the YOS staff by a third since LGR.

It was queried whether the YOS did any work with those young people classified as being 'Not in Education, Employment or Training (NEET)'. Penny Kay reported that NEET was a key risk factor and therefore the YOS had a worker based in the Virtual School which had proved to be a helpful arrangement.

It was questioned whether the Council compares its Youth Offending performance with other authorities. Penny Kay confirmed that Cheshire East YOS was recognised as being in the top two performing authorities in the North West.

A number of comments were made about investing in community assets and activities in order to help prevent youth offending. Tony Crane explained that this was difficult in the current funding environment but that the Council was working closely with community groups to deliver activities. It was asserted that there would be a strong ‘invest to save’ basis for providing a small budget to support youth activities in communities and community centres.

RESOLVED –

a) That the update be noted

b) That it be recommended that a small budget be made available to support youth activities in communities and community centres in line with a preventative and ‘invest to save’ agenda.

37 AVAILABLE WALKING ROUTES TO SCHOOL

As requested at the meeting held on 11 September 2012, Chris Williams, Transport Manager attended to present the draft updated policy on Available Walking Routes to School.

Chris Williams explained that the need to review the Council’s Available Walking Routes to School policy had arisen due to a recent Local Ombudsman Case which had criticised another local authority for the way their policy had been drafted and implemented. As a result, this had caused the Council, among with most other local authorities, to re-examine the approach to their policies and working practices.

Chris Williams noted that as the Council had inherited its policy from the former Cheshire County Council, its walking routes had not been assessed for a significant amount of time. This meant that due to infrastructure changes some routes could now be deemed safe whilst others might have become unsafe. Chris Williams explained that as it would take time to review the routes, changes would occur gradually. When a route had been re-assessed and a change of status was deemed necessary, Chris Williams reported that local ward Councillors would be informed prior to communication with schools and parents.

It was commented that it appeared that the policy had been revised to be much more stringent and therefore a number of routes would become ‘safe’ walking routes as opposed to being formally ‘unsafe’.

RESOLVED –

a) That the report be noted

b) That it be recommended that the importance of informing local ward Councillors of a proposed change to a route be emphasised in the report.

38 **WORK PROGRAMME UPDATE**

Members considered the work programme.

RESOLVED – That the work programme be noted.

39 **FORWARD PLAN - EXTRACTS**

The Committee gave consideration to the extracts of the forward plan which fell within the remit of the Committee.

RESOLVED – That the forward plan be noted.

The meeting commenced at 3.00 pm and concluded at 5.15 pm

Councillor A Kolker (Chairman)

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Sustainable Communities Scrutiny Committee** held on Thursday, 25th October, 2012 at Committee Suite 1,2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor H Murray (Chairman)
Councillor M Grant (Vice-Chairman)

Councillors L Brown, P Hayes, D Hough, J Jackson, W Livesley and J Wray

In attendance

E Lam

Apologies

Councillors M Parsons

40 DECLARATIONS OF INTEREST

None

41 DECLARATIONS OF PARTY WHIP

None

42 PUBLIC SPEAKING TIME/OPEN

There were no members of the public wishing to speak

43 MINUTES OF THE LAST MEETING

The minutes were approved as a correct record and signed by the Chairman subject to Councillor Livesley being included in the list of apologies.

As this was the last meeting of the Sustainable Communities Scrutiny Committee, the Chairman thanked the Committee for its hard work and support.

44 CUSTOMER RELATIONSHIP MANAGEMENT PROJECT

The Committee received an update on the implementation of the new Customer Relationship Management (CRM) system into the Councils contact centre. With regard to the Waste and Recycling Service, it was noted that there were still large volumes of calls with regard to missed bin collections. however there appeared to be no pattern or consistency and the contact centre continued to work with the service to resolve this issue. Councillor Livesley highlighted that on occasions missed collections were due to the bins not being put out on time and that the service now had the technology in certain vehicles in the north of the borough to monitor the wagons and collections. It was agreed that information on this technology should be included in the Members bulletin.

It was noted that as part of the highways contract, Ringway Jacobs did not use the CRM system, however since the contract commenced there appeared to be a slight increase in call volumes. Members raised concern about this and agreed that the relevant Group/Committee should investigate the situation.

RESOLVED

- That details of the technology used to monitor the waste collection rounds be included in the Members bulletin.
- That a breakdown of the waste complaints be circulated to the Committee.
- That the appropriate Group/Committee be requested to investigate the increase in highway calls and the possibility of it being included within the CRM system.

45 FUNDING FOR THE COMMUNITY AND VOLUNTARY SECTOR

Consideration was given to an update on Cheshire East Councils funding to the community, voluntary, faith and not for profit sector. It also provided a summary of the current funding position and key issues of note. It was highlighted that the total level of funding to the sector was now approximately £5.9m which was a slight reduction from 2011/12 where the figure was £6.3m.

A summary table of Cheshire East Councils funding to date was circulated round the table. It was agreed that this table should be circulated to all Members of the Council. Members questioned why the Citizens Advice Bureaus received different amounts of funding, it was agreed that they should be grouped together on the summary table.

Following detailed consideration of the funding, it was agreed that this issue should continue to be monitored by the relevant Group/Committee.

RESOLVED

- That the summary table of Cheshire East Council funding to date be circulated to all members of the Council.
- That this issue continue to be monitored by the relevant Group/ Committee.
- That detail of the Citizens Advice Bureaus funding be cirulcyed to the Committee.
- That the various Citizens Advice Bureaus be grouped together on the summary table.

46 POLICE AND CRIME COMMISSIONER REPORT

Consideration was given to a report of the Safer Cheshire East Partnership on the work undertaken to secure funding and the impact the new arrangements would have on Cheshire East Council.

It was noted that a business case had been prepared which would be submitted to the candidates at the end of October 2012. It was agreed that this would be circulated to the Committee once it had been signed off by the Partnership. Members agreed that the executive summary needed to sell the work of the partnership and prove that it was value for money.

With regard to the part time Anti Social Behaviour Coordinator, it was noted that if funding was not received for this position, the Head of Community Services would look to mainstream the post.

RESOLVED

That the update be noted.

47 ROUTE MANAGEMENT STUDIES

The Committee received an outline on the process that had been followed and provided feedback on the success of the engagement events. This included an update on the range of issues identified and how Cheshire East Highways were progressing the works and studies that had been identified.
It was agreed that the Local Area partnerships should receive a briefing on the Route Management Studies and that the relevant Group/Committee should monitor the work.

RESOLVED

- That the Local Area Partnerships receive a briefing on the Route Management Studies.
- That the relevant Group/Committee continues to monitor the work

48 REVISED STATEMENT OF GAMBLING PRINCIPLES

Consideration was given to the revised Statement of Gambling Principles prior to it being submitted to Cabinet and then Council for approval.

Members made the following comments:

- With regard to the Responsible Authorities, Town and Parish Councils should be included within paragraph 6.3 and consulted accordingly.
- The last sentence of paragraph 8.6.2 should be a new paragraph.
- With regard to Reviews, it was agreed that Town and Parish Councils should be included in paragraph 9.1.
- Noise leakage should be included in paragraph 10.2.2.
- With regard to the review of a premises licence and the application for a premises licence, these issues should be considered by the full Committee and not a Sub Committee.

- With regard to paragraph 13.1.5, applicants must provide information leaflets and helpline numbers to protect vulnerable persons.
- Councillors should be notified of applications in their wards.
- Test purchasers should be employed to ensure that underage gambling is not taking place.

RESOLVED

That Cabinet be recommended to approve the above comments prior to the final report being submitted to Council.

49 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

50 **CCTV CAMERA REVIEW**

Consideration was given to the progress made on the review of the CCTV Camera network.

RESOLVED

That the relevant Group/Committee monitor the review.

The meeting commenced at 10.30 am and concluded at 1.30 pm

Councillor H Murray (Chairman)

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Environment and Prosperity Scrutiny Committee**
held on Thursday, 1st November, 2012 at Meeting Room, Sandbach Library, The Commons, Sandbach, CW11 1FJ

PRESENT

Councillor W Livesley (Chairman)
Councillor D Stockton (Vice-Chairman)

Councillors A Barratt, D Brickhill, H Davenport, W S Davies, W Fitzgerald, R Fletcher, P Hayes, S Hogben and P Hoyland

Apologies

Councillors K Edwards

Substitute

Councillor P Nurse

In attendance

Councillors L Brown, D Newton, R Menlove and A Thwaite.

Officers

G Edwards – Streetscape and Bereavement Manager
P Hartwell – Head of Community Services
K Melling – Head of Highways and Transport
J Nicholson – Strategic Director, Places and Organisational Capacity

52 **DECLARATIONS OF INTEREST**

None

53 **DECLARATIONS OF PARTY WHIP**

None

54 **CALL-IN OF KEY DECISION CE12/13-18 DELIVERY OF STREETSCAPE AND PARKING MAINTENANCE ACTIVITIES WITHIN THE HIGHWAY SERVICES CONTRACT**

Further to the meetings held on 1 October and 16 October 2012, Members gave consideration to the questions and answers previously submitted.

With regard to question 6, it was questioned why grounds maintenance was not listed as a consultee. K Melling highlighted that the Streetscape Manager was also responsible for Grounds Maintenance and had been consulted.

With regard to question 9, clarification was sought as to why service standards would only initially be at the same standard. K Melling highlighted that this formed the basis of initial discussions, future funding could not be predicted and efficiencies were being investigated.

With regard to question 3, it was felt that this answer referred to Highways. However it was explained to Members that Ringway Jacobs were two separate companies which had merged. They had expertise in all areas of municipal works including grounds maintenance; the existing work force would also be used.

With regard to the 7% savings that could be achieved, it was highlighted that this was an initial starting point that Ringway Jacobs could commit to, however it may be possible to achieve further savings. Savings could be achieved through economies of scale, drawing on expertise and through an integrated approach. If Cheshire East was not happy then this would dictate whether or not the contract was extended.

In addition to this Members raised the following issues:

- It was felt that the answers to the questions were not detailed enough and that the decision was premature.
- The justification of the transfer appeared to be budget related and that service standards would be maintained, however the answers given did not support this.
- A questionnaire had been circulated to Members on their opinion of Ringway Jacobs. It was felt appropriate that the results of this should be reviewed prior to extending the contract.
- Town and Parish Councils may want to take responsibility of streetscape through the devolution of services.

Following consideration of the evidence received Members were of the opinion that this issue required further review by the relevant Policy Development Group. Cabinet should therefore be recommended to defer the decision until a full report had been received from that group.

RESOLVED

That Cabinet be advised to defer the decision until a full report had been received from the relevant Policy Development Group.

The meeting commenced at 2.00 pm and concluded at 2.32 pm

Councillor W Livesley (Chairman)

This page is intentionally left blank

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Scrutiny Committee**
held on Friday, 7th December, 2012 at Meeting Room Sandbach Library -The Commons, Sandbach CW11 1FJ

PRESENT

Councillor G Merry (Vice-Chair, in the Chair)
Councillor (none)

Councillors S Corcoran, F Keegan and D Newton

Apologies

Councillors G Baxendale, B Burkhill, R Domleo and D Neilson

1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING

RESOLVED – That the minutes of the meeting held on 4 September 2012 be confirmed as a correct record and signed by the Chairman.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 DECLARATION OF PARTY WHIP

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

5 PUBLIC SPEAKING TIME/OPEN SESSION

Mr Stuart Redgard of Wilmslow attended the meeting to seek the Committee's advice about the background to the Romani caravan bequeathed by the late George Bramwell Evans, a radio broadcaster, to Wilmslow Urban District Council on his death in the 1940's but which in November 2012, had been gifted by Cheshire East Council to Bradford Metropolitan Borough Council and was now located in the Industrial Museum Bradford.

The Chairman informed Mr Redgard that this matter was beyond the scope of the Committee but undertook to pass his details onto the relevant officer within the Council to pursue the matter.

6 COUNCIL TAX BASE AND SUPPORT AND TECHNICAL REFORMS

The Committee considered a report of the Director of Finance and Business Services notifying Cabinet of the Council tax base for Cheshire East for 2013/14 and containing changes relating to the calculation of the Council tax base.

The Local Government Finance Act 2012 allowed Billing Authorities flexibility over the application of council tax discounts and premiums in respect of empty properties. The Committee considered the merits and potential risks of changing the Council's arrangements with respect to the application of council tax discounts and premiums in respect of empty properties which were uninhabitable but undergoing substantial renovation (formerly class A exemption), particularly in relation to individuals or families who had bought a property with the intention of living in it themselves.

The committee was informed that the Council had flexibility through section 13A of the Local Government Act 1992 to apply discretion in respect of discounts locally, where it considered the circumstances required and it was suggested that the Council should deal with such circumstances on a case by case basis.

In connection with the Council Tax base calculation, the committee sought advice about the discretionary powers available to the Council to allow council tax payments to be made over a 12 month period rather than the current arrangements for 10 payments.

RESOLVED-

(a) That the arrangements set out in the report to allow the Council to apply discretion on a case by case basis in relation to applications for Council Tax discounts in connection with uninhabited properties undergoing substantial renovation, in accordance with Section 13A of the Local Government Act 1992, be monitored with a view to the arrangements being reviewed in 12 months time.

(b) That the Finance Portfolio Holder be requested to investigate the possibility of extending arrangements to allow all Council Tax payers within Cheshire East to pay Council tax over 12 months instead of 10 months.

The meeting commenced at 2.00 pm and concluded at 3.00 pm

Councillor G Merry (Vice-Chair, in the Chair)

CHESHIRE EAST COUNCIL

Corporate Scrutiny Committee

Date of Meeting: 5 February 2013
Report of: Borough Solicitor
Subject/Title: Corporate Scrutiny Committee - New Arrangements

---

1.0 Report Summary

1.1 The purpose of the report is set out the arrangements for this committee in the context of the Council's new governance arrangements approved in December 2012.

2.0 Recommendation

That the new terms of reference be noted, the proposed working arrangements be approved, and consideration be given to the Committee's work programme.

3.0 Reasons for Recommendations

3.1 At its meeting on the 13 December 2012, Council resolved to reduce the number of Scrutiny Committees from six to three and introduced six policy development groups to sit under Cabinet to be responsible for policy development work, thereby freeing up the new scrutiny function to concentrate on retrospective scrutiny reviews.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 There are no identifiable policy implications

7.0 Financial Implications

7.1 There are no direct financial implications associated with this report.

8.0 Legal Implications

8.1 In accordance with the Local Government Act 2000 (as amended by the Localism Act 2011), Local Authorities operating under the Leader/ Cabinet model mast make provision for the appointment of at least one Overview and Scrutiny Committee and sets out the powers of scrutiny committees including the right to investigate and make reports and recommendations on anything which is the responsibility of the executive..

9.0 Risk Management

9.1 There are no identifiable risks.

10.0 Background

10.1 The purpose of this report is to set out the new responsibilities of the committee in the context of the Council's new structure, to gain an understanding the committee's relationship with Policy Development Groups and the Cabinet and to have an appreciation of the scale of remit of the committee.

10.2 The Committee met informally on 10 January 2013 to give initial consideration to the committee's work programme and to reach agreement about the way the committee will operate, on topic selection, and how cabinet and senior officers will be engaged in the process.

10.3 Terms of Reference

10.4 In general terms, the committee will be engaged in retrospective activity. Although it may still set up task and finish groups, they would only be concerned with policy review. This is on the assumption that Policy Development Groups will be forward looking, dealing with policy development.

10.5 The terms of reference for the committee in the revised Constitution are as follows:

The Corporate Scrutiny Committee will fulfil the functions of an Overview and Scrutiny Committee as they relate to the performance and functions of the Council and:

- *in relation to the Budget and Policy Framework respond to any consultation which is required under the law or the Council's constitution;*
- *may 'call in' any decision of cabinet in accordance with the Scrutiny procedure rules contained within section 4 of the constitution;*
- *will scrutinise quarterly performance reports;*
- *may scrutinise any Cabinet decisions;*

- *may scrutinise the effectiveness of any existing policies and retrospectively any new policies introduced by Cabinet;*

- *deal with any matter referred to it in accordance with the Council's protocol on Councillor Call for Action.*

10.6 In practical terms, this means that the Committee may scrutinise any of the Council's functions with the exception of health matters which are the responsibility of Health and Wellbeing Scrutiny Committee and Community Safety matters which are the responsibility of the Community Safety Scrutiny Committee.

10.7 There are specific responsibilities to involve statutory co-opted members in connection with education matters. When dealing with education matters, local authority scrutiny committees have responsibility to allow co-opted members representing faith groups and parent governor representatives to attend, take part in proceedings and to vote on those matters. Historically, the Council has had two faith co-opted members representing the Church of England and Catholic dioceses, and two parent governor representatives .Parent governor co-opted members are appointed for between 2 and 4 years through an election process. The terms of office of parent governor representatives who previously sat on the Children and families have lapsed and colleagues in the Children and Families Directorate are currently in the process of electing new parent governor representatives. All four co-opted members must be invited to take part as fully voting co-opted members whenever the Committee is dealing with education matters.

10.8 At the informal meeting on 15 January, members had suggested the following:

<u>Work Programme</u>

- The Committee needs to have regard to the Council's new 3 year plan;
- The Committee needs to take advice from Cabinet/CMT;
- The programme should be manageable and deal with a small number of high level matters;
- Further advice is required about the Committee's involvement in the consultation on budget setting;
- The Committee should routinely review historic decisions taken by Cabinet to assess whether expected outcomes have been met.

<u>Style of meeting</u>

- Although opportunities to use task and finish groups are expected to be limited, the committee would not wish to rule them out at this stage.

- The committee will operate in a ‘select committee’s style but will operate in a co-operative non adversarial manner.

  Holding to Account

- Participation by portfolio holders and officers will be by invitation only.

  Review of Performance information

- At least quarterly and matters be drawn form performance reports for further investigation on an exception basis.

- Potential Work Programme Items

  The Committee reviewed the work programme ‘handover document’ produced by the former Scrutiny Chairmen’s Group prior to the introduction of the new arrangements. (See attached sheet). The Committee is asked to review that document.

11.0 Access to Information

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

Name: Mark Nedderman
Designation: Senior Scrutiny Officer
Tel No: 01270 686459
Email: mark.nedderman@cheshireeast.gov.uk

Committee origin and subject	Comments
Sustainable Communities	
Section 106 Agreements – to receive progress reports on monies owing/spent	Further information required before the matter is prioritised
Libraries Strategy – 6 month review - to review the success of the strategy following its implementation in August.	The Communities PDG is currently reviewing the strategy. This committees involvement should be held in abeyance until such time as changes in the libraries service are in place and their effectiveness assessed
Performance Management information	To be received at least quarterly
Budget Monitoring	To be undertaken at least quarterly
Response to the recent Task and Finish review of Car Park Management review.	The committee to receive and comment on Cabinet response to the review
Environment and Prosperity	
Christmas bins collections – based on lessons learned from 2011/2012, to ensure that the revised collection service costing an additional £60,000 is effective and cost efficient.	Further information required before the matter is prioritised
Report on project slippages – financial impact on the Council	Further information required before the matter is prioritised
National Planning Policy Framework – potential briefing for all Members	Member Briefing
Planning Enforcement T&F	The Committee to 'sign off' the report following completion of the review
Children and Families	
ICT system update	Further information required before the matter is prioritised
School Examination data	Further information required before the matter is prioritised
Regulation 33 update	Scrutiny
Annual Announced Inspection Action Plan update	Further information required

	before the matter is prioritised
Home to School Transport Task and Finish -update	Review actions of Cabinet in response to the scrutiny review
Adult Social care	
Residential Provision Task and Finish Review -update	Review actions of Cabinet in response to the scrutiny review
Corporate	
Budget Consultation	Further information required before the matter is prioritised
Business Generation Centres update	Review actions of Cabinet in response to the scrutiny review

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	4 February 2013
Report of:	Chief Executive / Director of Finance & Business Services / Head of Performance, Customer Services & Capacity
Subject/Title:	2012/2013 Three Quarter Year Review of Performance
Portfolio Holders:	Councillor Peter Raynes - Portfolio Holder for Finance Councillor Barry Moran – Portfolio Holder for Performance

1.0 Report Summary

1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report, attached as Annex 1, gives summary and detailed information about its financial and non-financial performance at the three quarter year stage of 2012/2013. The report also requests approval for supplementary estimates.

1.2 Section 1 of the report provides projections of Service financial performance for the 2012/2013 financial year. It focuses on the key financial pressures which the Council's Services are facing, areas of high financial risk to the Council and the strong remedial measures identified by Services to mitigate these pressures. Key issues affecting Services' Capital Programmes are also reported.

1.3 Section 2 provides an update on the overall Financial Stability of the Council, including the positions on Grants, Council Tax and Business Rates, Treasury Management, Centrally held budgets, and the management of the Council's Reserves.

1.4 Section 3 provides a summary of the key non-financial performance headlines for the year to date.

2.0 Decision Requested

2.1 Cabinet is requested to note and comment as appropriate on the following issues:

- the projected Service revenue and capital outturn positions **(Section 1)**;
- the overall financial stability of the Council, and the potential impact on the Council's general reserves position **(Section 2)**;
- the Council's invoiced debt position **(Appendix 2)**;
- the delivery of the overall Capital Programme **(Section 2, paragraphs 110 to 122 and Appendix 3)**;

- Reductions in the approved capital programme (**Appendix 4)**

- Supplementary Capital Estimates and Virements up to £250,000 approved in accordance with Finance Procedure Rules (**Appendix 5b)**

- the service performance successes achieved during the first three quarters of 2012/2013, and consider issues raised in relation to underperformance against targets and how these will be addressed **(Section 3**).

2.2 Cabinet is requested to approve the following:

- Supplementary Revenue Estimates of £33,000 for additional expenditure fully funded from non-ringfenced specific grant **(Section 2, paragraph 97)**

- Supplementary Capital Estimates and Virements over £250,000 and up to £1m (**Appendix 5a)**

3.0 Reasons for Recommendations

3.1 The Council is committed to high standards of achievement and continuing improvement. Performance information plays a vital role in ensuring that the Council celebrates its achievements, understands its performance in key areas and addresses issues of underperformance. The Council and partners have identified a series of improvement measures to support outcomes for local people as outlined in the priorities and objectives of the Sustainable Community Strategy.

3.2 In accordance with good practice, Members should receive a quarterly report on the financial performance of the Council. Finance Procedure Rules set out the requirements for financial approvals by Members, and relevant recommendations are contained in this report.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications including – Carbon Reduction, Health

6.1 Performance management supports delivery of all key Council policies including carbon reduction and health. The projected outturn position, ongoing impacts in future years, and the impact on general reserves have been fed into the assumptions underpinning the 2013/2014 Budget and Medium Term Financial Strategy. .

7.0 Financial Implications (Authorised by the Director of Finance & Business Services)

7.1 The Council's financial resources are aligned to its priorities and used to deliver priority outcomes for local communities. Monitoring performance helps ensure that resources are used effectively and that business planning and financial decision making are made in the context of performance.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 Although the Council will no longer be required to report to Government on its performance against measures in the National Indicator Set, monitoring and reporting on performance is essential if decision-makers and the public are to be assured of adequate progress against declared plans and targets.

9.0 Risk Management

9.1 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 2012/2013 Budget and the level of general reserves have been factored into the 2013/2014 Financial Scenario and Budget, and Reserves Strategy.

9.2 Performance and risk management are part of the key management processes of the Authority. Risks are captured both in terms of the risk of underperforming and the risk to the Council in not delivering its ambitions for the community of Cheshire East.

10.0 Background

10.1 The three quarter year financial position demonstrates the strength of the performance information provided in the earlier reviews of Performance to Cabinet on 20th August 2012, and 12th November 2012. The Council has an ambitious savings target of £21.7m for 2012/2013, with an extremely challenging delivery plan. The risk of non-delivery of this ambitious plan, alongside emerging in-year pressures, is being managed well and strong mitigation plans have been identified and are being delivered.

10.2 The strength of Member and management action in the third quarter of the financial year has led to an improvement of £0.7m in the projected overall position since the Mid Year Review. This would result in an increase in the Council's general reserves level from £12.5m to £13.2m. Work continues to further mitigate the projected Service pressures and the aim is to better the overall performance against the Budget by the end of the financial year.

10.3 Our vision, corporate plans, financial allocations, democratic and organisational structures are all designed to help us achieve the outcomes that matter to the people of Cheshire East. Performance reporting and a focus on improvement are fundamental to achieving our long term ambitions. The report reflects a developing framework to embed performance management culture throughout the organisation.

11.0 Access to Information

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

Name: Chris Mann / Vivienne Quayle
Designation: Finance Manager / Head of Performance, Customer Services and Capacity
Tel No: 01270 686229 / 01270 685859
Email: chris.mann@cheshireeast.gov.uk / Vivienne.quayle@cheshireeast.gov.uk

ANNEX 1

Three Quarter Year Review of Performance 2012 / 2013

February 2013

Introduction

As part of the annual performance reporting framework set out in the Finance and Contract Procedure Rules, regular reports are required to be published. The Council is committed to high standards of achievement and continuing improvement. The report reflects a developing framework to embed performance management culture throughout the organisation.

The report provides an update of the Council's financial and non-financial performance at the three quarter year stage of 2012/2013, and also seeks Member approval to Supplementary Revenue and Capital Estimates and Virements. An overview and summary financial table are provided at the beginning of the report.

Section 1 of the report provides projections of Service financial performance for the 2012/2013 financial year. It focuses on the key financial pressures which the Council's services are facing, areas of high financial risk to the Council, and the strong remedial actions identified by services to mitigate these pressures. Key issues affecting Services' capital programmes are also reported.

The figures included in this section reflect the original Business Plan adjusted for approved Supplementary Estimates and Virements, including those requested in the report. The permanent element of these updated budget figures form the carried forward element of the 2013/2014 Budget.

Section 2 provides an update on the overall Financial Stability of the Council, including the positions on Grants received, Council Tax and Business Rates, the Council's overall Capital Programme and its funding, Treasury Management, Centrally held budgets, and the Management of the Council's Reserves.

Section 3 provides a summary of the key non financial performance headlines for the year to date.

The Council has undertaken work to ensure Value for Money is provided throughout the council. The impacts of these improvements were noted in the Audit letter issued last Autumn and are visible in the improved control of finances seen in this 3rd Quarter and the previous mid year report. The audit letter notes improvements in Highways Maintenance, HR, Finance and IT. In particular the capital programme has been subject to more rigorous review from both Officers and Cabinet members through a new project management system and a Gateway Approval system.

The Council continues to provide detailed and transparent financial information about its use of public money both in this report and its budget processes.

Appendices are provided as follows:-

- **Appendix 1** explains changes to the Revenue Budget since the Mid Year Review in November 2012 which have been authorised or require authorisation via this quarterly report.
- **Appendix 2** analyses the position on Outstanding Debt.
- **Appendix 3** summarises revised in year Capital budgets and the revised forecasts of total Capital Programme expenditure and its funding.
- **Appendix 4** lists reductions to the total approved budgets of projects within the Capital programme.
- **Appendices 5a and 5b** list requests for Supplementary Capital Estimates and Virements.
- **Appendix 6** shows the latest position on the Corporate Grants register.
- **Appendix 7** provides details of Treasury Management investments.
- **Appendix 8** details progress against Performance Indicators.

Contents

Introduction ... - 1 -

2012/2013 Revenue Forecasts – Three Quarter Year Review Summary ... - 3 -

Overview ... - 4 -

Section 1. Directorate Financial Summary ... - 5 -

Section 2. Financial Stability ... - 16 -

Section 3. Performance Report ... - 22 -

Appendices

- Appendix 1 – Changes to Revised Budget 2012/2013 since Mid Year Review ... - 25 -
- Appendix 2 – Debt Management ... - 27 -
- Appendix 3 – Summary Capital Programme and Funding ... - 28 -
- Appendix 4 – Reductions in Capital Programme ... - 29 -
- Appendix 5a/5b – Request for Supplementary Capital Estimates (SCEs) and Virements ... - 30 -
- Appendix 6 – Corporate Grants Register as at 31st December 2012 ... - 36 -
- Appendix 7 – Treasury Management ... - 37 -
- Appendix 8 – Performance Report ... - 40 -

2012/2013 Outturn Forecast at Three Quarter Year Review

Financial Position

2012/2013 Three Quarter Year Review	REVENUE: Revised Net Budget £m	REVENUE: Emerging Pressures £m	REVENUE: Remedial Actions Identified to Date £m	REVENUE: Current Forecast Over / (Underspend) £m	Change from MYR £m	For Further information please see the following sections
DIRECTORATES						
Children & Families	59.2	5.5	-4.5	1.0	-0.3	Section 1, Paragraphs 2-11
Adults	99.0	11.0	-6.9	4.1	0.0	Section 1, Paragraphs 20-33
Places & Organisational Capacity	77.1	4.7	-3.0	1.7	0.2	Section 1, Paragraphs 37-55
Corporate Services	26.7	0.3	-0.3	0.0	-0.4	Section 1, Paragraphs 73-86
TOTAL: Directorates	262.0	21.5	-14.7	6.8	-0.5	
CENTRAL BUDGETS						
Specific Grants	-41.5	-0.2		-0.2	0.0	Section 2, Paragraphs 94
Capital Financing	14.8	-0.9		-0.9	0.0	Section 2, Paragraphs 121-122
Contingencies	4.3			0.0	0.0	Section 2, Paragraphs 126-127
Invest to Save Reserve	-0.6			0.0	0.0	
Corporate Income	0.0	-0.2		-0.2	-0.2	
TOTAL: Central Budgets	-23.0	-1.3	0.0	-1.3	-0.2	
TOTALS	**239.0**	**20.2**	**-14.7**	**5.5**	**-0.7**	

	Planned Contribution 2012/2013 Revised Budget £m	Forecast Variance @ Quarter 3 £m	Impact on reserves Quarter 3 Forecast £m
Impact on Reserves	7.3 *	-5.5	1.8

*Reduced from £7.6m by Supplementary Revenue Estimates on 19th July 2012

General Reserves Balance	2012/2013 Budget £m		Quarter 3 Forecast £m	
Opening Balance April 2012	13.2	Actual	11.4	
2012/13 Impact on Reserves (see above)	7.6	Forecast	1.8	Section 2, Paragraphs 130-134
Closing Balance March 2013	20.8	Forecast	13.2	

Overview

The following key points provide an overview of the Three Quarter Year Review position. The Revenue and Reserves positions below are linked to the preceding table.

Revenue

- The third quarter report shows a reduction of £0.5m in Directorate spend and a £0.2m reduction in Central Budgets against the Mid Year position.

- Overall Directorate revenue budget is now expected to overspend by 2.6% (£6.8m).

- Services face emerging pressures totalling £21.5m, and to date have identified remedial actions of £14.7m to mitigate these issues.

- Demand led service pressures applying across directorates include:-

  - **Children & Families -** Care costs £3.9m; Social Care staffing £0.8m; Unachievable transport savings £1.1m
  - **Adults –** Learning Disability Pooled Budget £7m; Other Care costs £2.6m
  - **Places & Organisational Capacity -** Community income £1.3m; Assets £2.6m; Waste, Recycling & Streetscape £1.5m;
  - **Corporate Services -** ICT (incl Shared Services) £0.5m

- Central Budgets – a £1.3m saving is forecast from a reduction in interest charges and debt repayment costs (£0.9m), increased grants (£0.2m), and other income (£0.2m).

Portfolio Holders and Chief Officers will strive to identify further remedial action to mitigate the £6.8m forecast overspend prior to the year end.

The Medium Term Financial Strategy (Dec 2012) confirmed in-year pressures continuing into 2013/2014, and these combined with the above forecasts support the base expenditure and opening balances for the 2013/14 budget.

Reserves

- General Reserves are expected to increase this financial year by £1.8m to £13.2m. This is less than planned as the impact of the forecast overspend reduces the planned contribution to reserves.

- The actual closing balance will be detailed in the Statement of Accounts in June 2013. One risk that should be noted is the potential for up-front severance costs from restructuring being funded in 2012/2013.

Capital

- The revised capital programme was approved by Council on 13 December 2012. The revised in year budget of £75.4m is forecast to underspend by £18.5m.

Debt

- Total outstanding Debt (excluding local taxation) is £6.7m, of which £2.9m is over 6 months old. A bad debt provision of £2.7m is available to meet potential write-offs.

Financial Stability

- The Council has retained its position among the top third of Unitary Councils in terms of council tax collection. 99% of Council Tax / Business Rates are collected within 3 years.

- Investment income is £0.2m higher than budgeted, following improved returns in the second quarter. Average interest rate earned on investments (0.8%) is higher than the London Inter Bank 7 day rate.

Performance

- At the Three Quarter Year point, 26.9% of service performance indicators are on target or exceeding their target.

1. Directorate Financial Summary

Introduction

1. This section provides details of the key revenue and capital issues emerging from the three quarter year review. It highlights the main budget pressures faced by the Council, and remedial actions proposed to mitigate these pressures.

Children and Families

2. The service has a net budget of £59.2m, excluding Dedicated Schools Grant (DSG) which is shown separately **(paras 20-23).** **Table 1** highlights that emerging pressures of £5.5m have been identified. Remedial action of £4.5m has been identified to date which will reduce the forecast overspend to £1.0m (a reduction of £0.3m since Mid Year Review.

Table 1 – Children and Families Revenue (excluding DSG)

	REVENUE					
	Revised Net Budget £000	Emerging Pressures £000	Remedial Actions Identified to Date £000	Current Forecast Over / (Underspend) £000	Change from MYR £000	Paragraph Number(s)
Children & Families						
Directorate	562	0	0	0	238	
Safeguarding & Specialist Support	26,851	4,367	-474	3,893	26	4-11
Early Intervention & Prevention	12,844	0	-2,228	-2,228	-128	12-13
Strategy, Planning & Performance	18,927	1,141	-1,836	-695	-486	14
	59,184	**5,508**	**-4,538**	**970**	**-350**	

3. **Table 2** shows that the service has a 2012/2013 revised capital budget of £17.9m. Expenditure is forecast to be £14.9m, resulting in a forecast underspend of £3.0m, which will be spent in future years.

Table 2 – Children and Families Capital

	MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend)	Paragraph Number(s)
Children & Families					
Safeguarding & Specialist Support	0.8	0.8	0.7	-0.1	
Early Intervention & Prevention	0.2	0.2	0.2	0.0	
Strategy, Planning & Performance	16.7	16.9	14.0	-2.9	
	17.7	**17.9**	**14.9**	**-3.0**	15-19

Key Revenue Issues

Safeguarding and Specialist Support (SSS)

4. The external care placements budget for Cared For Children (CFC), is currently projected to overspend by £3.9m. Further actions are being identified to bring costs down further. There are currently 402 Cared for Children (as at 4th January 2013) compared with 434 at the start of April 2012, there is evidence that the action that the service are taking to control the number of placements is working. Whilst, overall care numbers have reduced, 30 children were admitted to care during this period (April 2012 to January 2013.

5. The Children's care placement budget continues to be under pressure due to a number of factors including: the impact of looking after children who do not continue with education but still have a social care cost (i.e. when they are in Education, this is partially funded by the Dedicated Schools Grant and no provision needs to be made for social care day services) and the cost of providing care to children with increasingly complex needs.

6. Remedial action of £0.4m associated with reduced care costs (i.e. through reviews and care contract commissioning) is expected to be delivered by the service in 2012/2013 with further full year effect savings expected in 2013/2014.

7. The new Head of Service is actively reviewing placements and the longer term commissioning models that should be adopted. Alongside this, improved integration between Children's and Adults social care and health care is being explored, and discussions are currently underway in relation to health contributions, towards complex care packages.

8. The service are continuing to review and reduce out of borough placements, to try and ensure that the council fulfils its corporate parenting responsibility and keeps children within the local area. The service intends to invest in local residential services and the delivery model for these services is being reviewed.

9. There continues to be a shortage of foster carers, despite a very heavily advertised recruitment campaign (FACE). The ability of the service to invest and develop this function is currently impacted by the budget pressures within care costs and the staffing capacity pressures outlined below. Consideration is being given to benefits and support that would encourage more foster parents.

10. The service continue to experience difficulty in attracting and recruiting key personnel into front line social worker posts, leading to a reliance on more costly agency staff in the interim. This is leading to a pressure of £0.75m within the service. Actions to tackle the recruitment issue are being progressed. It is anticipated that the new recruitment process will be in place during early 2013 which will reduce the reliance of the service on agency staff in 2013/2014.

11. The service continues to be in a significant overspend situation in relation to care costs and agency staffing. The new Head of Service is taking active steps to control and reduce the overspend on a permanent basis. An overspend position of £3.9m cannot be eradicated within the current financial year, but within the business planning proposals there is a strategy to significantly reduce the care cost pressure over the next 3 years. The main challenges at the moment are the availability of alternative support services other than external care placements and the need to balance the council's statutory requirement to identify and care for children at risk, alongside its duty to secure value for money.

Early Intervention and Prevention

12. The service are currently containing their overall budget pressures by diverting resources which should be invested in preventative services. The service are expected to deliver an underspend of £2.2m.

13. As part of the 2013/2014 business planning process, the service are reviewing the options and benefits of investing in early intervention and prevention services to reduce overall costs within care commissioning. The Heads of Services are actively working together to develop longer term plans.

Strategy, Planning and Performance

14. The main pressure within the service is from the policy proposal to deliver £1.1m of transport savings. Good progress is being made with the remedial action plan that was devised at First Quarter Review and part year savings of £0.8m are expected to be delivered in 2012/2013 with a full year effect of £1.1m in 2013/2014.

Capital Programme - Key Issues

15. Since the mid-year review, the in year capital budget has been adjusted for a number of supplementary capital estimates (Appendix 5a and 5b) mainly funded by additional schools contributions and capital grants resulting in an overall increase of £0.2m.

16. The service will slip £3.0m of forecast expenditure in to future financial years and this is mainly in the Strategy, Planning and performance service where the schools capital programme sits.

17. A list of the Children and Families Supplementary Capital Estimates and Virements up to and including £250,000 are shown in Appendix 5b. Cabinet are asked to note the changes.

18. Cabinet is asked to approve the Supplementary Estimate of £0.9m for the Springfield Special School scheme which will be fully funded from the schools balances and Devolved Formula Capital (Appendix 5a). The proposal is to create a sports barn facility that will incorporate a sports hall and swimming pool, with changing facilities, adjacent to the main school.

19. Cabinet are requested to note the budget reductions as listed on Appendix 4.

Dedicated Schools Grant (DSG)

20. **Table 3** shows that total pressures on DSG for 2012/2013 are currently £4.4m, which is an increase of £0.9m since Mid Year Review.

Table 3 – Dedicated Schools Grant

	REVENUE					
	Revised Net Budget £000	Emerging Pressures £000	Remedial Actions Identified to Date £000	Current Forecast Over / (Underspend) £000	Change from MYR £000	Paragraph Number(s)
Schools Grant Funded including DSG						
Strategy, Planning & Performance - DSG	0	2,814	0	2,814	-719	
Schools (Individual School Budgets)	0	0	0	0	0	
Other Schools Provision	0	1,621	0	1,621	1,621	
Pupil Premium	0	0	0	0	0	
	0	**4,435**	**0**	**4,435**	**902**	20-23

21. The DSG budget is fully funded by ring fenced grant of £191m, of which approximately 94% is formally delegated to schools and the remaining 6% is retained centrally by the Council for statutory functions that have not been delegated.

22. The majority of the 6%, which equates to just over £13.6m is spent on specific educational needs of children. Special Educational Needs (SEN) expenditure is determined by children either receiving a formal Statement assessing their needs or an Individual Pupil Funding assessment. The SEN budget is experiencing significant increases in pressure resulting in an overspend of £2.8m. In addition the overspend on both SEN and 3 and 4 year old places from 2011/2012 has been carried forward, giving a total DSG overspend of £4.4m. This is ring fenced to DSG and will be managed against the overall DSG position.

23. This issue is being discussed, and a remedial action plan is being managed, with the Schools Forum. Plans are being drawn up to recoup as much as possible within 2012/2013, with any remaining overspend being carried forward as a first call on the 2013/2014 DSG budgets.

Adults

24. The Adults Service has a net budget of £99m. **Table 4** shows that the service faces emerging pressures of £11m. Remedial action of £6.9m has been identified which will reduce the net forecast position to an estimated £4.1m overspend (the same as at Mid Year Review).

Table 4 – Adults Revenue

	REVENUE					
	Revised Net Budget £000	Emerging Pressures £000	Remedial Actions Identified to Date £000	Current Forecast Over / (Underspend) £000	Change from MYR £000	Paragraph Number(s)
Adults						
Care4CE	0	286	-675	-389	-100	33
Strategic Commissioning	36,473	2,924	-771	2,153	-321	36-39
Business Management and Challenge	3,457	154	-720	-566	-20	35
Individual Commissioning	59,109	7,643	-4,697	2,946	478	26-34
	99,039	**11,007**	**-6,863**	**4,144**	**37**	

25. **Table 5** shows that the service has a 2012/2013 capital budget of £1.5m. Expenditure is forecast to be £0.8m, resulting in a forecast underspend of £0.7m, which will be spent in future years.

Table 5- Adults Capital

	MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend)	Paragraph Number(s)
Adults					
Care4CE	0.4	0.4	0.3	-0.1	
Business Management and Challenge	1.1	1.1	0.5	-0.6	
	1.5	**1.5**	**0.8**	**-0.7**	40-42

Key Revenue Issues

Individual Commissioning

26. The main pressure within the Adults Service continues to be care costs. The service has a gross pressure of £7.6m in year mainly relating to care costs which is being mitigated by remedial action of £4.7m, leaving a net budget pressure of £2.9m. The Learning Disability Pooled budget arrangement with Central and Eastern Cheshire PCT accounts for £5m of the gross overspend position within Individual Commissioning.

27. The remedial action projection of £5.2m at Mid Year Review has been reduced by £0.5m to £4.7m and this is due to care cost growth not being contained to the levels as originally anticipated. In addition, some of the remedial action is of a temporary nature, so there will continue to be pressures in 2013/2014.

28. The service are continuing to explore a number of options to reduce care costs including:
- maximising the use of Care4CE services where appropriate
- Letter to service providers to negotiate costs
- Reassessment of service user needs and review of care packages
- More rigorous review of care placements, including an independent review
- Review of respite placements (especially those over 6 weeks)
- Ensuring all relevant assessments and reassessments are considered for eligibility for Continuing Health Care (CHC) funding, whereby health have the ongoing liability to deliver and pay for care
- Review of commissioning models in the longer term

29. Remedial action is being delivered in a number of key areas (i.e. vacancy management; stopping expenditure on uncommitted activities). However, progress in containing care costs continues to be variable depending on the care packages that have been

commissioned (i.e. whilst people leave the service, the cost of new entrants is higher as they have more complex care needs).

30. Whilst the service are making good progress at keeping overall care numbers steady, care packages for complex care needs continue to add pressure to the overall care cost position. The service are currently negotiating for additional contributions from health, under the Continuing Healthcare reviews.

31. In December 2012, the Department of Health announced additional funding for winter pressures which councils need to be bid for with their Strategic Health Authority. Cheshire East will be pursuing business cases with health.

32. The previously reported budget pressures in relation to the de-commissioning of transport services and the availability of support within the external market to absorb demand have been rectified through working with alternative providers.

33. A new Head of Service starts in post from mid January 2013 and it is expected that they will help shape the direction of the service to ensure that it is sustainable in the future. The recently appointed new managers at the Strategic level are currently stabilising the service before the new Head of Service starts. Once they are in post these managers should give the service the capacity to review the direction of the service, review the assessment and care management practice and processes and review commissioning models in conjunction with the Strategic Commissioning managers.

34. There continues to be a risk that not all the identified remedial action is achievable, especially in relation to care cost reviews. The winter months are traditionally more volatile in that instances of flu, norovirus etc, are more prevalent and can lead to increased care costs. This is the major risk factor to be accounted for when considering the Adults outturn position at this point.

Care4CE and Business Management and Challenge

35. These services are delivering the remedial action plan that was developed following the First Quarter Review and are expected to deliver a combined underspend of £0.9m, this is through vacancy management; managing uncommitted budgets and utilising existing resources.

Strategic Commissioning

36. The main pressure within the strategic commissioning budget continues to be the gross overspend of £2m on the Learning Disability pooled budget health networks.

37. The pressure on the health networks remains at £2m overspend. Whilst these contracts are due to expire in March 2013, it will not be possible to complete a re-tender exercise by April 2013. The current aim is to review service users on an individual basis and renegotiate costs with the relevant provider accordingly. If this proves unsuccessful the contracts will be retendered as soon as possible but it should be noted this is likely to involve a lead time in of 9-12 months.

38. A letter has been sent out to providers advising the market of the financial position that the Council faces and seeking ways of delivering efficiencies whilst continuing to maintain a good standard of care. The response to this letter has been encouraging and further engagement work with interested providers is underway. The savings are of a temporary nature and contribute towards the remedial action in Individual Commissioning.

39. The overall outturn position for Adults is underpinned by the remedial action that must happen within the care cost pressure area. Whilst short term remedial action may help to manage the gross pressures, longer term initiatives need to be invested in to help deliver longer term savings e.g. determining accommodation with support requirements based on needs analysis; instigating programmes of service redesign for learning disability.

Capital Programme – Key Issues

40. There have been no fundamental changes to the Adults in-year budget since the mid-year position.

41. The service will slip £0.7m forecast expenditure into 2013/2014 and this relates to all three schemes within the Adults 2012/13 Capital Programme, Building Base Review £0.3m, Combined ICT project £0.2m and Careworks System £0.2m.

42. The full list of Adults Supplementary Capital Estimates and Virements are shown in Appendix 5b, Cabinet are asked to note the changes.

Places & Organisational Capacity Directorate

43. Places & Organisational Capacity Directorate has a net budget of £77.1m. **Table 6** highlights pressures of £4.7m. Remedial action of £3.0m has been identified to date which will reduce the forecast overspend to £1.7m (an increase of £0.2m since Mid Year Review).

Table 6 – Places & Organisational Capacity Revenue

	REVENUE					
	Revised Net Budget £000	Emerging Pressures £000	Remedial Actions Identified to Date £000	Current Forecast Over / (Underspend) £000	Change from MYR £000	Paragraph Number(s)
Places & Organisational Capacity						
Waste, Recycling & Streetscape	26,785	556	0	556	147	45-51
Highways & Transport	17,791	21	-210	-189	-48	52-54
Community Services	206	2,079	-290	1,789	365	55-59
Development	21,973	1,831	-1,815	16	-39	60-64
Performance, Customer Services & Capacity	10,304	205	-645	-440	-210	65-66
	77,059	**4,692**	**-2,960**	**1,732**	**215**	

44. **Table 7** shows that the service has a revised 2012/2013 capital budget of £48.5m. Expenditure is forecast to be £37.4m, resulting in an underspend of £11.1m, which will be spent in future years.

Table 7 – Places & Organisational Capacity Capital

	MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend)	Paragraph Number(s)
Places & Organisational Capacity					
Waste, Recycling & Streetscape	0.8	0.8	0.8	0.0	
Highways & Transport	26.7	27.6	22.2	-5.4	67-70
Community Services	2.6	2.6	1.7	-0.9	
Development	16.5	16.6	12.0	-4.6	71-73
Performance, Customer Services & Capacity	0.9	0.9	0.7	-0.2	74
	47.5	**48.5**	**37.4**	**-11.1**	

Key Revenue Issues

Waste, Recycling and Streetscape

45. The Service is reporting net budget pressures of £0.5m; an increase of £0.15m from Mid Year Review. Gross pressures in Waste & Recycling and Streetscape are currently £1.0m and £0.5m respectively, however in-year management actions (reflected in the net forecast) are reducing these projections to a £0.7m overspend and £0.2m underspend respectively.

46. In Waste & Recycling the gross pressures of £1.0m reflect;
- £0.6m over-spend against core collection costs (agency and fleet), attributable to original budget reductions not being achievable, combined with a review of pool staff provision being required.
- £0.5m overspend is forecast against a number of contract related pressures comprising: recycling bulking contract and related bank holiday haulage, green waste contract haulage and non achievement of proposed landfill diversion savings in year.

- Additional pressures in-year against fuel of approximately £0.3m, due to in part to increased usage / consumption, increased fuel prices and inclusion of a lower than required budget inflation provision.
- Further pressures in Waste of £0.2m as previously reported relate to: one-off buy out of overtime allowances; additional costs in respect of changes in terms relating to overtime and time off in lieu; reduced demand for the bulky waste service or Schedule 2 property collections impacting income.
- The pressures above are offset by an improved waste disposal contract forecast underspend of £0.6m, resulting from refinement of the waste disposal tonnage projections. This is an improvement of £100,000 on the MYR forecast.

47. These gross pressures are forecast to continue into 2013/2014 to some degree; however in-year they are being offset in part by one off actions totalling (£0.3m) across the Waste Service, including vacancy management.

48. Since MYR the overall position has deteriorate by £0.1m as a consequence of increased core fleet costs.

49. In Streetscape, gross pressures of £0.5m relate mainly to the later than anticipated realisation of Service review savings of £0.1m (net) and unachievable income budgets of £0.2m in Grounds Maintenance(reduced S106 forecast) and Parks Development; additional one-off costs of £0.1m associated with later than expected property / service transfers, many of which are now forecast to occur in February 2013 and a further £0.1m pressure due to the impact of the decision at FQR to defer the auto loo lease termination (seemitigations below). However in-year management actions are reducing these projections to a £0.2m underspend.

50. The income pressures above are likely to continue into 2013/2014 although the Service is looking to minimise the impact where possible. In year however, the service is mitigating these pressures through one –off actions of £0.7m comprising; vacancy management, a review of supplies budgets and an underspend relating to investment monies.

51. Since MYR the position has changed by £50,000, largely attributable to an increase in Markets Traders debt over 6 months old being provided for.

Highways and Transport

52. The Highways and Transport Service is reporting a £189,000 underspend against a £17.8m net budget. This reflects an improvement of £48,000 since Mid Year Review.

53. Within this the Transport Service is now projecting a balanced outturn position against a £7.3m net budget. This is an improvement of £158,000 from the MYR and is a result of further efficiency measures taken to realise non pay budget savings to help mitigate the Concessionary Fares and Local Bus budget pressures. In addition, recharges to client departments are being reviewed to ensure a fair and appropriate apportionment of transport costs are being made.

54. Remedial actions totalling £210,000 across the remainder of the Service are continuing to help mitigate the Directorate's overall cost pressures and include: reduced spending on Highways maintenance; Public Rights of Way and Countryside services, through a review / deferral of the routine maintenance programmes and other in-year non pay savings. Whilst not yet factored into the forecast, subject to the severity of the weather through the remaining winter months, there may be scope for further savings from the Highways winter provision budget (e.g. salt usage, winter fleet costs and winter contingencies). Conversely, a period of severe weather will increase budget pressures.

Community Services

55. Community Services is projecting income shortfalls totalling £1.3m. This has increased since Mid Year Review by £0.2m. This mainly comprises:
    - £1m in the Car Parking Service; Since MYR enforcement income is lower than anticipated (£0.2m) due to the Automatic Number Plate Recognition capital project not progressing and recruitment issues within the team.
    - £0.3m relating to the Leisure Service; reflecting continuing economic pressures; income targets for school swimming and savings from a review of the service recharge not being achievable.

56. Expenditure pressures of £0.7m are forecast, largely due to unbudgeted pay costs in the Leisure Service and CCTV overtime costs, along with the impact of pay harmonisation premium payments and the costs of taxi licensing tests.

57. Since MYR later than anticipated local service delivery asset transfers, taxi testing costs, CCTV maintenance costs and kennelling costs associated with stray dogs have increased pressures by £0.1m.

58. Despite continued pressures within the Service, a series of in-year remedial actions are proposed totalling £0.3m. These include changes to fees and charges (specifically in Pest Control), further vacancy management and other non pay savings across the Service.

59. The pressures identified in Car Parking,CCTV and Leisure Services as reported above are forecast to continue. Proposals in the draft Budget for 2013/2014 are intended to correct for these underlying base budget shortfalls.

Development Service

60. Overall the Development Service is reporting budget pressures of £1.8m, along with a series of mitigations/ remedial actions to improve the overall position to a broadly balanced outturn.

61. The Assets Service has undergone significant changes during 2012/2013, implementing the Corporate Landlord role and taking on the associated operational and budgetary responsibilities. Following further work in respect of finalising transfers of budgets from other Services and analysing spend/ income in detail, the current forecast shows emerging pressures totalling £2.6m.

62. This reflects various matters, including: unrealised savings targets of £0.5m (from asset disposals and street lighting energy); £0.8m on holding costs of surplus/ interim-managed properties; £0.8m against operational properties (some only part-budgeted, others where no budget transferred due to prior year budget savings/ reductions); rent income budget shortfalls of £0.7m in the Investment portfolio, relating to permanent income loss (on four specific sites), market conditions for industrial / commercial premises; and also one-off costs associated with later than expected property/ service transfers.

63. Some £1.4m of the gross pressures above are being mitigated in-year within other areas of the Assets Service, through a combination of ongoing savings (£0.2m) and one-off remedial actions (£1.2m) comprising: energy rebate/ water savings; vacancy management; capitalisation of staff time; reductions in non-responsive maintenance; additional income and other spend reductions. Furthermore, remedial actions totalling £0.4m are reducing the overall Assets Service pressures to £0.8m, as reported at the MYR. The £0.8m reflects the underlying base budget shortfall, as previously noted in monitoring reports during last year.

64. Other areas within the Development Service are forecasting a total £0.9m underspend to help mitigate the overall Service budget pressures. The net savings have resulted principally from vacancy management and income exceeding targets in respect of land search fees, but also takes account of potential one–off planning appeal costs. .

Performance, Customer Services and Capacity (PCSC)

65. Library Shared Services have budget pressures of £155,000 (as reported at Mid Year Review). These result from planned budget savings which are no longer achievable; a fall in income from the Education Library Service; increased property costs and relocation payments following the move to the new premises. However, the pressure will be fully mitigated in 2012/2013 by reductions in Cheshire East's Library expenditure through vacancy management and reducing expenditure on the book fund. A formal review of the Library Shared Service is underway as described in the Library Strategy to part mitigate the pressures identified in future years. The remaining pressures will have to be met from efficiency savings within Cheshire East's Library Service.

66. As reported at First Quarter Review, it is expected that £50,000 of the original £100,000 corporate Lean Review saving target will be achieved. Since MYR, further one-off savings of £0.2m have been identified in 2012/2013 across the Service to contribute to the overall Directorate position. These, together with the continuation of identifying Lean Savings throughout the Council, have led to an overall projected underspend of £0.4m.

Capital Programme – Key Issues

Highways and Transport

67. A number of increases have been made to the in-year budget, notably £0.4m for the Local Sustainable Transport Fund (approved by Cabinet in July 2012 but has only been updated at Three Quarter Review) and an additional £0.2m for Congleton Relief Road that will be funded by Prudential Borrowing.

68. The service will slip £4.3m of forecast expenditure into future years principally relating to the Alderley Edge By-pass scheme re-profiling of £3.0m into 2013/2014.

Community Services

69. There have been no changes to the Community Services in-year budget since the mid-year provision.

70. The service will slip £0.9m of forecast expenditure in to 2013/2014. The increase since mid-year review of £0.6m relates to Resident Car parking and the Leisure ICT System.

Development

71. The in year budget now includes expenditure of £0.2m funded from grant to be received from the Department for Energy and Climate Change which has already been approved by Cabinet on 7th January 2013.

72. The service will slip £4.6.m of forecast expenditure in to future years which is an increase of £3.3m on the figure reported at mid-year.

73. The most notable changes in forecast relate to Housing Development £0.5m, Accommodation Strategy £0.5m, AMS Block £1.0m, Minor works £0.3m and Tatton Investment £0.4m.

Performance, Customer Services and Capacity

74. The service will slip £0.2.m of forecast expenditure in to future years which relates to the Customer Access and Radio Frequency Schemes.

75. A list of the Places and Organisational Capacity Supplementary Capital Estimates and Virements up to and including £250,000 are shown in Appendix 5b. Cabinet are asked to note the changes.

76. Cabinet is asked to approve the Supplementary Estimate of £0.3m for the Disabled Facilities Grant scheme, which will be fully funded from government grants and external contributions (Appendix 5a).

77. Cabinet are requested to note the budget reductions as listed on Appendix 4.

Corporate Services

78. Corporate Services have a net budget of £26.7m. **Table 8** highlights pressures of £0.3m. Remedial action of £0.3m has been identified to date, which will produce a balanced outturn (an improvement of £0.4m since Mid Year Review).

Table 8 – Corporate Services Revenue

	REVENUE					
	Revised Net Budget £000	Emerging Pressures £000	Remedial Actions Identified to Date £000	Current Forecast Over / (Underspend) £000	Change from MYR £000	Paragraph Number(s)
Corporate Services						
Finance & Business Services	17,838	48	-202	-154	-377	80-85
HR & OD	3,266	0	0	0	-20	86
Borough Solicitor	5,630	254	-104	150	-13	87-89
	26,734	**302**	**-306**	**-4**	**-410**	

79. **Table 9** shows that Corporate Services has a revised 2012/2013 capital budget of £7.5m. Expenditure is forecast to be £3.8m, resulting in an underspend of £3.7m, which will be spent in future years.

Table 9 - Corporate Services Capital

	MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend)	Paragraph Number(s)
Corporate Services					
Finance & Business Services	7.9	7.5	3.8	-3.7	90-91
	7.9	**7.5**	**3.8**	**-3.7**	

Finance & Business Services

80. The Service is reporting a net underspend of £154,000, an improvement of £377,000 since Mid Year Review.

81. Within the Finance Service, the net pressure in Shared Services has reduced to £164,000 from £208,000 at MYR. Pressures on other centrally held budgets including pension gratuities and audit fees have increased to £77,000, but are offset by a favourable variance of £600,000 within the Benefits Service due to higher than expected subsidy levels.

82. ICT Strategy Services reported a net budget pressure of £214,000 at MYR, which has been reduced to a net nil position at TQR. A non staffing pressure of £240,000 mainly relates to a duplicated savings target, principally in respect of disaster recovery and broadband network consolidation, plus relocation travel. This has been mitigated in-year by vacancy management savings plus additional recharge of costs to capital projects.

83. ICT Shared Services reported a net pressure of £481,000 at mid-year, which has been reduced to £333,000 at TQR. The improvement is primarily due to forecast schools income being higher than expected. The pressure has been further mitigated by holding additional vacancies. The Service will continue to manage costs in an effort to deliver further savings, but at this point it is thought unlikely that the overspend in relation to redeployment and

notice periods will be mitigated. Work is continuing to help deliver a balanced budget in 2013/2014.

84. It is estimated that £343,000 will be required to cover ICT Shared Service voluntary redundancies, which would leave an underspend of £132,000 on the one-off cost of investment budget included in the figures for ICT.

85. Revenues, Procurement, Shared Services Manager, Internal Audit, and Insurance are forecasting net nil positions.

HR & OD

86. Previous base budget pressures have been resolved and projected under-spends in HR Strategy and Policy, Organisational and Workforce Development and HR Delivery will be offset by a projected pressure in the HR Shared Service. Overall a net nil position is projected.

Borough Solicitor

87. The Council's Reserves Strategy, reflected in the risk-assessed level of reserves, includes some provision for legal investigations. The Legal Service outturn projection includes an additional cost of £100,000 related to the independent investigation of the Lyme Green project. This has contributed to the overall pressures against the budget of £150,000, which is an improvement of £13,000 since mid-year.

88. Registration Services continues to anticipate a net budget pressure of £42,000 in respect of additional staff resources required to meet its challenging income target, particularly in terms of additional marriage ceremonies. Further investment in marketing of £25,000 (funded by Invest to Save budget) will continue to promote the Service.

89. The Coroner Service has a base budget shortfall of approximately £50,000; this will be considered in the budget planning process for 2013/2014. This pressure has been temporarily mitigated by various items, including the receipt of a £26,000 refund relating to last year, when numbers of deaths in Cheshire were lower than the average forecast. Consequently the Service is continuing to report a net pressure of £18,000.

Capital Programme – Key Issues

Finance and Business Services

90. The in-year budget for ICT has reduced by £0.4m due to virements to new schemes in future years; Enabling Citizens and Businesses (£0.2m) and Location Independent Workforce (£0.2m). (Appendix 5b)

91. After a number of challenge session discussions it has been agreed that the ICT budget will be re-profiled over four financial years instead of three (including 2012/2013) and this has resulted in an overall budget reduction of £1.8m (Appendix 4) and an additional £3.3m of forecast expenditure slipping in to future years.

Debt

92. A summary of outstanding invoiced debt by Directorate is contained in **Appendix 2.**

2. Financial Stability

Government Grant Funding of Local Expenditure

93. Cheshire East receives two main types of Government grants, formula grant and specific grants.

94. The overall total of Government grant budgeted for in 2012/2013 was £402.2m. Cheshire East Council's formula grant will be £67.7m and specific grants were originally budgeted to be £334.5m based on Government announcements to February 2012. Further announcements have revised this figure to £344.1m. Specific grants are split between non-ringfenced (£137.3m) and ringfenced (£206.8m). Spending in relation to ringfenced grants must be in line with the purpose for which it is provided.

95. **Table 10** summarises the updated forecast position for all grants in 2012/2013. A full list of grants is provided at **Appendix x.**

Table 10 – Summary of Grants to date

	Revised Budget Sept 2012/13 £m	Revised Budget Dec 2012/13 £m	Variance 2012/13 £m
Formula Grant			
Revenue Support Grant	1.3	1.3	0.0
Business Rates	66.4	66.4	0.0
	67.7	**67.7**	**0.0**
Specific			
Ringfenced Grants	206.6	206.8	-0.2
Non Ringfenced Grants - held within service	95.5	95.5	0.0
Non Ringfenced Grants - held corporately	41.8	41.8	0.0
	343.9	**344.1**	**-0.2**
Total Government Grant Funding	**411.6**	**411.8**	**-0.2**

Source: Cheshire East Finance

96. Ringfenced grants have increased by £0.2m since the Mid Year Review.

97. There has been no net change in the level of non ringfenced grants since MYR. Children and Families are now requesting a Supplementary Revenue Estimate (SRE) of £33,000 to be met from increased Skills Funding Agency grant. An additional £80,000 grant has now been awarded in –year, the majority of which was identified at MYR. However the service is now requesting use of part of this increase. The award of this specific grant is conditional upon it being used to support Lifelong Learning via support for low income learners on Skills Funding courses, and skills development programmes for the unemployed.

98. Overall, after taking account of previously approved SREs funded from specific grant, it is estimated that an additional £0.2m grant over budget will be received in 2012/2013 (see overview table on page 3).

Collecting Local Taxes for Local Expenditure

99. Cheshire East Council collects Council Tax and National Non Domestic Rates (NNDR) for use locally and nationally.

Council Tax

100. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2012/2013 at £1,216.34 for a Band D property. This is applied to the taxbase.

101. 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 2012/2013 was agreed at 146,807.37 which, when multiplied by the Band D charge, means that the expected income for the year

is £178.6m. Council Tax therefore funds approximately 73% of the Council's net revenue budget of £246.3m.

102. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police Authority, the Cheshire Fire Authority and Parish Councils. **Table 11** shows these amounts separately, giving a total collectable amount of £214.9m.

Table 11 – Cheshire East Council collects Council Tax on behalf of other precepting authorities

	£m
Cheshire East Council	178.6
Cheshire Police Authority	22.1
Cheshire Fire Authority	9.8
Town & Parish Councils	4.4
	214.9

Source: Cheshire East Finance,

103. This figure may vary slightly during the year if more discounts and exemptions are granted or more properties are built.

104. The Council expects to collect at least 99% of the amount billed, but will always pursue 100% collection. However, to allow for any delay in collection the amount billed should therefore be slightly more than the actual budget. The amount billed to date is £216.7m.

105. **Table 12** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within three years.

Table 12 – 99% of Council Tax will be collected within 3 Years

	% Collected to date
2010/2011	99.1%
2011/2012	98.9%
2012/2013	88.1%

Source: Cheshire East Finance, December 2012

National Non Domestic Rates (NNDR)

106. NNDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes in line with inflation and takes account of the costs of small business rate relief. The inflation factor used is 5.6% which reflects the Retail Price Index as at September 2011. NNDR is set nationally and paid over into the NNDR pool to be re-allocated across the country according to need.

107. The small business multiplier applied to businesses who qualify for the small business relief has been set at 45.0p in 2012/2013. The non-domestic multiplier has been set at 45.8p in the pound for 2012/2013.

108. The amount collected does not relate to the amount that is redistributed to the Council but it must be noted that the total collected includes amounts that will be distributed to police and fire authorities as well as local government.

109. **Table 13** 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 13 – Over 99% of Rates are collected within 3 years

	% Collected to date
2010/2011	99.4%
2011/2012	98.7%
2012/2013	87.5%

Source: Cheshire East Finance, December 2012

Capital Programme 2012/2016

110. At the third quarter review stage the Council is forecasting expenditure of £57.0m in 2012/2013 against an Approved Budget of £75.3m for the year. The underspend of £18.3m has been

reprofiled to spend in future years. A fundamental review of the capital programme has been undertaken to ensure that it only includes schemes that fulfil the Council's priorities for service delivery to be carried forward and any unspent balances have been deleted from the programme enabling resources to be freed up for future allocations.

111. **Appendix 5a** lists requests for Supplementary Capital Estimates (SCEs) and Virements over £250,000 and up to and including £1m in respect of forecast overspends and additional schemes not previously approved as part of the 2012/2013 Capital Programme. The SCEs have been reviewed and endorsed by the Executive Monitoring Board in accordance with Finance Procedure Rules. All SCEs are fully funded by external contributions and government grants.

112. **Appendix 5b** details Supplementary Capital Estimates of up to and including £250,000. The SCEs have been approved by delegated decision in accordance with Finance Procedure Rules and are included for Cabinet to note. All SCEs are fully funded by external contributions, government grants, prudential borrowing and capital reserves.

113. At the third quarter position the capital programme has increased slightly by £0.5m to £198.2m from the mid-year figure of £197.7m

114. There have been a number of Supplementary Capital Estimates since the mid-year forecast was reported , totalling £0.8m, that have been approved in accordance with the Financial Regulations and Delegated Decision process. These include £0.2m Department of Energy and Climate Change grant funding and £0.4m for the Local Sustainable Transport Fund.

115. There have been budget reductions of £2.3m, the most notable being a reduction of £1.9m in the ICT Core Stability Programme as agreed at the ICT Capital Challenge session.

116. There is also a number of Supplementary Capital Estimates, totalling £2.1m that are to be approved or noted at the third quarter review. These include £0.9m for Springfield Special School a scheme that will be fully funded by the school and will create a new sports barn, incorporating a sports hall and swimming pool, with changing facilities. The other most notable Supplementary Capital Estimate is the additional Disabled Facilities Grant of £0.3m that the authority is due to receive in 2012/2013.

Table 14 – Summary Capital Programme

	MYR Total Forecast Budget 2012/16 £m	Amendments to MYR Forecast Budget 2012/16 £m	Amended MYR Forecast Budget 2012/16 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2012/16 £m
Children & Families	22.9	0.0	22.9	-0.3	1.4	24.0
Adults	1.6	0.0	1.6	0.0	0.2	1.8
Places & Organisational Capacity	105.0	0.8	105.8	-0.1	0.5	106.1
Corporate Services	68.2	0.0	68.2	-1.9	0.0	66.3
	197.7	0.8	198.5	-2.3	2.1	198.2

117. The revised programme is funded from both direct income (grants, external contributions, linked capital receipts), and indirect income (borrowing approvals, revenue contributions, capital reserve, non-applied receipts). A funding summary is shown in **Table 15.**

Table 15 – Changes in Capital Funding Sources

	MYR Total Forecast Budget £m	TQR Total Forecast Budget £m	Variance £m
Grants	70.0	72.1	2.1
External Contributions	43.3	44.0	0.7
Linked/Earmarked Capital Receipts	3.4	0.0	-3.4
Supported Borrowing	1.7	1.6	-0.1
Non-Supported Borrowing	47.0	59.9	12.9
Revenue Contributions	0.6	0.5	-0.1
Capital Reserve	31.7	20.0	-11.7
	197.7	198.2	0.5

118. Since the mid-year review, there has been a change of £6.7m in the proposed application of the capital reserve to fund future capital expenditure.

119. A policy change ~ reported to Cabinet on 10th December 2012 as part of the 3 Year Medium Term Financial Strategy ~ has been agreed to apply all capital receipts held in reserve to finance capital expenditure which has taken place in previous years and has been met from borrowing.

120. The application of the capital reserve will be undertaken in 2012/2013 and will be used to repay £15m of borrowing for assets purchased after 2008 that are being written down over the various asset lives. The impact will be to reduce the level of revenue provision required for the repayment of debt in 2013/2014 and future years.

121. Capital receipts received in year 2012/2013 estimated to be £10m will be fully applied to finance capital expenditure in year. The Council has assumed it will receive an additional £15m in capital receipts in 2013/2014 and 2014/2015 to be applied accordingly.

122. **Table 16** illustrates the in-year changes to the capital programme which shows an overall increase of £0.8m. This reflects the additional Supplementary Capital Estimates and budget reductions listed in Appendices 4, 5a and 5b. Progress against the forecast budget will continue to be monitored though out the remainder of the year and updated at Outturn.

Table 16 – In Year Changes to the Capital Programme

	MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Forecast (Over/ Underspend)
Children & Families	**17.7**	**17.9**	**14.9**	**-3.0**
Adults	**1.5**	**1.5**	**0.8**	**-0.6**
Places & Organisational Capacity	**47.5**	**48.5**	**37.4**	**-11.1**
Corporate Services	**7.9**	**7.5**	**3.8**	**-3.7**
	74.6	**75.4**	**56.9**	**-18.5**

Central Adjustments

Capital Financing Costs

123. 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 budgeted costs are partly offset by the interest the Council anticipates earning from temporary investment of its cash balances

during the year. The capital financing budget of £14.8m accounts for 6% of the Council's total revenue budget.

124. At TQR, the overall saving on the capital financing budget is forecast to be £0.9m, due to a reduction in debt repayment costs and savings in external interest charges. The review of the capital programme has also led to improvements in the overall cash balances position and estimated external interest charges are now not expected to be fully incurred in 2012/2013.

Treasury Management

125. Investment income is currently £180,000 higher than budgeted which is a continuation of the improvement from the Quarter 2 position. The externally managed pooled funds continued to perform well, particularly in October and November. Higher than originally forecast cash balances and the ability to fix some deposits for slightly longer periods has also led to increased investment returns. Based upon the current economic forecasts, investment interest rates are not expected to increase and credit quality and liquidity of investments will continue to take priority over yield.

- The average lend position (the 'cash balance') including fund manager and legacy balances up to the end of the third quarter was £82.5m.

- The average annualised interest rate received on in house investments up to the end of the third quarter was 0.75%

- The average annualised interest rate received on the externally managed pooled funds up to the end of the third quarter was 0.91%.

126. The Council's total average interest rate up to the end of quarter 3 in 2012/2013 was 0.79%. This is higher than the London Inter-bank Bid Rate for 7 days at 0.43%. The base rate remained at 0.50% for the quarter.

Table 17 – Interest Rate Comparison

Comparator	Average Rate Q3
Cheshire East	0.79%
LIBID 7 Day Rate	0.43%
LIBID 3 Month Rate	0.44%
Base Rate	0.50%

127. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement (TMSS) approved by Council on 23rd February 2012 and amended 13th December 2012. The amendment removed the minimum criteria for short term credit ratings which has enabled the Council to recommence investing with Royal Bank of Scotland subject to duration limits as advised by our Treasury Management advisors. Further details of counterparty limits and current investments are given in Appendix 7.

Central Contingencies

Pensions

128. The 2012/2013 budget contained £0.7m contingency provision to meet the impact of the increase in Employer Pensions contributions. This has been fully allocated to services.

Severance and relocation costs

129. A provision of £4.0m was included in the 2012/2013 budget to meet ongoing actuarial charges relating to Voluntary Redundancies (VR), and relocation costs arising from Local Government Reorganisation. It is expected that in-year spending will be in line with the provision. Overall though, relocation costs

are lower than originally forecast, and consequently provision has been made in the 2012/2013 budget to return surplus funding transferred to the Council on reorganisation, to Cheshire West and Chester Council, in accordance with the joint agreement between the two councils.

Other Corporate Items

130. Following an audit of the Accounts Payable system, a number of duplicate payments dating back to 1 April 2009 were identified. These have been recovered, and result in a £0.2m income credit, which has been returned to Council reserves.

Outturn Impact

131. The impact of the projected service outturn position is to reduce balances by £6.8m as reported in **Section 1**.

132. Taken into account with the service related items detailed above, the impact of these service outturn issues is to reduce balances by £5.5m, summarised as follows:

Table 18 – Service Outturn Impact

	£m
Service Outturn	-6.8
Specific Grants	0.2
Capital Financing	0.9
Other Income	0.2
	-5.5

Management of Council Reserves

133. The opening balance at 1 April 2012 on the Council's General Reserves decreased from a budgeted £13.2m to an actual position of £11.4m, due to the final outturn position for 2011/2012.

134. The Council's Reserves Strategy 2012/2015 stated that the Council would maintain reserves to protect against risk and support investment. The Strategy forecast an increase in the level of reserves to £20.8m by 31st March 2013 with a risk assessed minimum level of £15m.

135. The budget included a planned contribution to reserves of £7.6m. On 19th July, Council approved Supplementary Revenue Estimates of £0.3m for 2012/2013 relating to grant income received in 2011/2012 which effectively was being held in general reserves. This produced a revised budget of £7.3m.

136. Taken together with service outturn impacts above, the overall impact is a net increase in general reserves of £1.8m to £13.2m as shown in **Table 19**.

Table 19 – Change in Reserves Position

	£m
Opening Balance at 1 April 2012	11.4
Planned Contribution to Reserves	7.3
	18.7
Service Outturn Impacts	-5.5
Forecast Closing Balance at March 2013	13.2

137. The balance of £13.2m is below the Reserves Strategy risk assessed minimal level of £15m. However, the assessment included an element of risk for a potentially adverse outturn impact, and therefore overall the level of reserves remains broadly adequate in risk terms.

138. The Council also maintains Earmarked Revenue reserves for specific purposes. At 1 April 2012 balances on these reserves stood at £7.2m. During 2012/2013, an estimated £2.1m will have been drawn down and applied to fund service expenditure for these specific items. Service outturn forecasts take account of this expenditure and funding. The majority (£1.8m) of the funding has been applied from the Invest to Save, and Enabling Local Delivery reserves, together with the Service Manager carry forwards. A detailed list of earmarked reserves is contained in the Budget Report elsewhere on the agenda.

3. Performance Report – Head of Performance, Customer Services and Capacity

2012/2013 Quarter Three Performance

139. This section provides a high level summary of the key performance headlines for the first nine months of 2012/2013.

140. For external reporting purposes at the end of quarter three, the Council continues to report on a basket of measures retained within service plans from the former National Indicator Set, and the former Best Value Performance Indicator Set.

141. At the request of the Strategic Director of Children, Families and Adults, three additional local performance measures relating to adoption of children are now being externally reported.

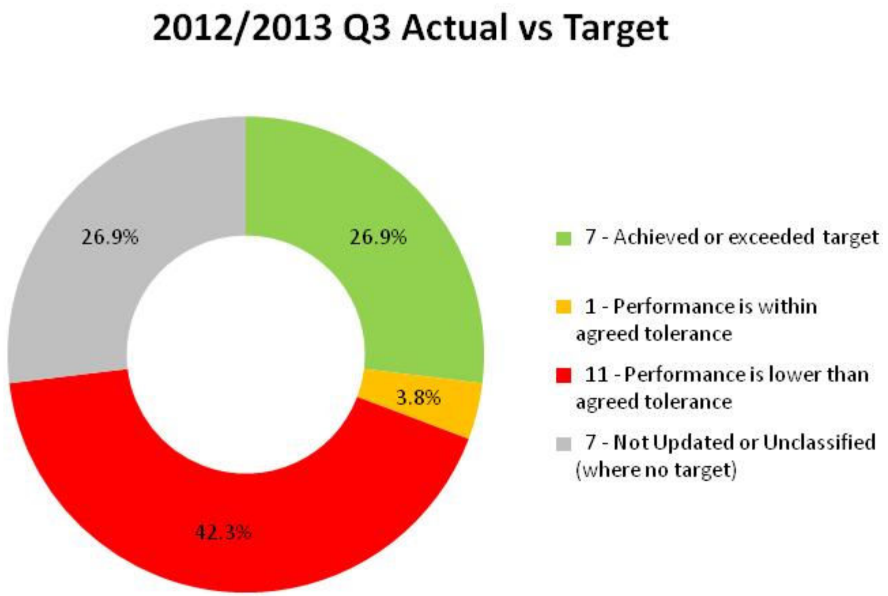
142. In total 26 measures are now being externally reported on a quarterly basis during 2012/2013, with additional measures being reported at year-end.

Performance Measure Tolerances (Red/Amber/Green ratings)

143. The Council's electronic monitoring and performance system (CorVu) is pre-populated with a five percent tolerance against the targets set by service areas, meaning that the system assigns a 'red' assessment to performance data 5% (or more) short of the target, an 'amber' assessment to data within 5% of the target, and a 'green' assessment to data performing on or above target. Where strong cases are made for the revision of tolerances (e.g. where a 5% tolerance is not appropriate due to a measure's data return format), tolerances will be revised to support individual targets. In all other circumstances, the 5% tolerance will remain in place for performance measure reporting in 2012/2013.

2012/2013 Quarter Three Performance Against Target

144. Performance assessments (red; amber; green) were made based on performance against target.



145. **26.9%** of measures are on target or exceeding their target at 2012/2013 Quarter Three.

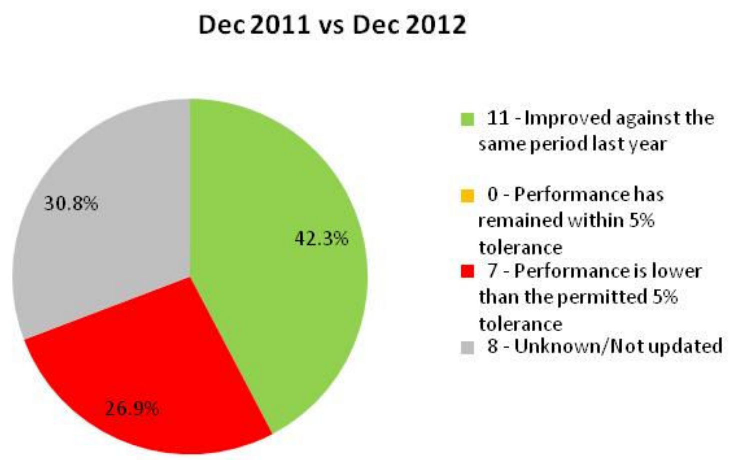
146. However **42.3%** did not achieve their quarterly target:

Directorate	*Reference*	*Definition*
Children, Families & Adults	CFA 001	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days)
	NI 59	Initial assessments for children's social care carried out within 7 working days of referral
	NI 60	Core assessments for children's social care that were carried out within 35 working days of their commencement
	NI 64	Child protection plans lasting 2 years or more
	NI 117	16 to 18 year olds who are not in education, training or employment (NEET)
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)
	NI 145	Adults with learning disabilities in settled accommodation
	NI 146	Adults with learning disabilities in employment
Places & Organisational Capacity	NI 155	Number of affordable homes delivered
	NI 157a	Processing of planning applications as measured against targets for major application types
Human Resources	BV 12	Working days lost due to sickness absence

(See Appendix 8 for further details)

Year On Year Direction Of Travel

147. Performance assessments (red; amber; green) have been made based on current performance compared to Q3 2011/2012.



148. The 7 (**26.9%**) measures which failed to achieve the same level of performance when compared to the same period last year were:

Directorate	*Reference*	*Definition*
Children, Families & Adults	NI 59	Initial assessments for children's social care carried out within 7 working days of referral
	NI 60	Core assessments for children's social care that were carried out within 35 working days of their commencement
	NI 64	Child protection plans lasting 2 years or more
	NI 65	Children becoming the subject of a Child Protection Plan for a second or subsequent time
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)
	NI 145	Adults with learning disabilities in settled accommodation
Human Resources	BV 12	Working days lost due to sickness absence

(See Appendix 8 for further details)

Appendices to Three Quarter Year Review of Performance 2012 / 2013

February 2013

Appendix 1 – Changes to Revised Budget 2012/2013 since Mid Year Review

	Mid Year Net Budget £000	Additional Grant Funding £000	Allocations from Contingency £000	Restructuring & Realignments (within Directorate) £000	Other Virements £000	Revised Qtr 3 Net Budget £000
Children & Families						
Directorate	762			-189		573
Safeguarding & Specialist Support	27,395		34	-589		26,840
Early Intervention & Prevention	11,857			987		12,844
Strategy, Planning & Performance	19,148	33		-255		18,926
	59,162	33	34	-46	0	59,183
Adults						
Care4CE	0					0
Strategic Commissioning	36,242		16	15	200	36,473
Business Management and Challenge	3,427			30		3,457
Individual Commissioning	59,109					59,109
	98,778	**0**	**16**	**45**	**200**	**99,039**
CHILDREN, FAMILIES & ADULTS	**157,940**	**33**	**50**	**-1**	**200**	**158,222**
Places & Organisational Capacity						
Waste, Recycling & Streetscape	26,885		4	-104		26,785
Highways & Transport	17,275		23	493		17,791
Community Services	150		8	48		206
Development	22,506		18	-652	100	21,972
Performance, Customer Services & Capacity	10,078		13	213		10,304
PLACES & ORGANISATIONAL CAPACITY	**76,894**	**0**	**66**	**-2**	**100**	**77,058**

	Mid Year Net Budget £000	Additional Grant Funding £000	Allocations from Contingency £000	Restructuring & Realignments (within Directorate) £000	Other Virements £000	Revised Qtr 3 Net Budget £000
Corporate Services						
Finance & Business Services	17,702		34	1	100	17,837
HR & OD	3,141		5		120	3,266
Borough Solicitor	5,557		10	2	61	5,630
CORPORATE SERVICES	**26,400**	**0**	**49**	**3**	**281**	**26,733**
TOTAL SERVICE OUTTURN	**261,234**	**33**	**165**	**0**	**581**	**262,013**
CENTRAL BUDGETS						
Specific Grants	-41,535	-33				-41,568
Capital Financing	14,800					14,800
Contingencies	4,501		-165			4,336
Contribution to Reserves	7,245					7,245
Invest to Save Reserve	0				-581	-581
CENTRAL BUDGETS	**-14,989**	**-33**	**-165**	**0**	**0**	**-15,768**
TOTAL BUDGET	**246,245**	**0**	**0**	**0**	**581**	**246,245**

Appendix 2 – Debt Management

1. In addition to the collection of Council Tax and National Non-Domestic Rates the Council also issues invoices to organisations or individuals for certain key services. Performance related to Council Tax and Non-Domestic Rates is contained in **Section 2** of this report.

2. Total Invoiced Debt at the end of December 2012 was £16.0m. After allowing for £9.2m of debt still within the payment terms, outstanding debt stood at £6.7m. This is £3.6m lower than at 30th September mainly due to settlement of debt relating to the PCT contribution towards the Learning Disability Pooled Budget within Adults Services.

3. The total amount of service debt over 6 months old is £2.9m which is unchanged from the first quarter and mid –year positions.

4. Services have created debt provisions of £2.7m to cover this debt in the event that it needs to be written off.

5. 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.

6. An analysis of the invoiced debt provision by directorate is provided in the table:

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families			
Children & Families	*659*	*350*	*205*
Schools	*55*	*48*	*55*
Adults	4,324	1,529	1,607
Total Children, Families & Adults	**5,038**	**1,927**	**1,867**
Waste, Recycling & Streetscape	359	259	174
Highways & Transport	333	233	190
Community	164	85	85
Development	813	377	377
Performance, Customer Service & Capacity	7	3	3
Total Places & Org Capacity	**1,676**	**957**	**829**
Finance & Business Services	15	12	4
HR & OD	18	1	1
Borough Solicitor	8	5	1
Total Corporate Services	**41**	**18**	**6**
TOTAL	**6,755**	**2,902**	**2,702**

Appendix 3 – Summary Capital Programme and Funding

	MYR In-Year Budget	SCE's/ Virements/ Reductions Qtr 3	Revised TQR In-Year Budget	Forecast Expenditure			
Department	2012-13 £'000	2012-13 £'000	2012-13 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	Post 2014-15 £'000
Children & Families							
New Starts	6,273	357	6,630	3,696	7,858	625	0
Ongoing schemes	11,453	-183	11,270	11,176	911	0	0
	17,726	**174**	**17,900**	**14,872**	**8,769**	**625**	**0**
Adults							
New Starts	1,466		1,466	847	949	0	0
Ongoing schemes	20	-20	0	0	0	0	0
	1,486	**-20**	**1,466**	**847**	**949**	**0**	**0**
Places & Organisational Capacity							
New Starts	27,697	989	28,686	25,288	24,917	20,728	1,512
Ongoing schemes	19,796	-46	19,750	12,160	20,632	901	0
	47,493	**943**	**48,436**	**37,448**	**45,549**	**21,629**	**1,512**
Corporate Services							
New Starts	6,781	-414	6,367	3,064	29,589	26,840	5,000
Ongoing schemes	1,093		1,093	763	829	327	0
	7,874	**-414**	**7,460**	**3,827**	**30,418**	**27,167**	**5,000**
Total New Starts	42,217	932	43,149	32,894	63,313	48,193	6,512
Total Ongoing schemes	32,362	-249	32,113	24,099	22,373	1,228	0
Total Capital Expenditure	**74,579**	**683**	**75,262**	**56,993**	**85,686**	**49,421**	**6,512**

Funding Source	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Grants	31,249	28,558	12,909	0
External Contributions	2,013	22,121	20,263	0
Supported Borrowing	1,629	20	0	0
Non-supported Borrowing	11,672	24,887	16,249	6,512
Revenue Contributions	430	100	0	0
Capital Reserve	10,000	10,000	0	0
Total	56,993	85,686	49,421	6,512

Appendix 4 – Reductions in Capital Programme

Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason
CHILDREN AND FAMILIES				
Capital for Kitchen & Dining Facilities	459,571	299,025	160,546	Budget no longer required as no commitments placed, this saving will alleviate borrowing requirements
Tytherington HS	3,130,000	3,049,686	80,314	Savings achieved which will alleviate borrowing requirements
Ruskin Secondary School	100,000	53,608	46,392	Budget not required as no commitments placed, this saving will alleviate borrowing requirements
Woodcocks Well Primary School	21,350	0	21,350	Scheme removed from Capital Programme
Christ the King Catholic & C of E PS	3,337,802	3,316,802	21,000	Scheme Completed. Surplus grant to be utilised of reduce borrowing requirements of work undertaken at Styal Primary.
Middlewich High Secondary School	199,901	179,848	20,053	Scheme Completed
			349,655	
PLACES & ORGANISATIONAL CAPACITY				
Streets & Open Spaces				
S106 Reades Lane, Congleton	13,840	5,060	8,780	No specific plans to spend so return to S106 Balances
S106 Earls Court, Earlsway, Macclesfield	145,716	128,203	17,513	No specific plans to spend so return to S106 Balances
S106 Ground Work Cheshire - Bird Sanctuary	20,000	1,700	18,300	No specific plans to spend so return to S106 Balances
Development				
Parkgate - Regeneration	509,254	359,254	150,000	No specific plans to spend
Astbury Marsh Caravan Site	41,805	41,475	330	No specific plans to spend
			194,923	
CORPORATE SERVICES				
ICT				
Core System Stability	15,342,000	13,493,000	**1,849,000**	Outcome of ICT Capital Challenge Session
Totals			**2,393,578**	

Appendix 5a – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement	PARA Ref
Cabinet are asked to approve SCE and Virements over £250,000 and up to and including £1m					
Children and Families					
Springfield Special School (School Funded Project)	2012-13	850,206	External Contribution	New Project to create a sports barn incorporating a sport hall and swimming pool with changing facilities adjacent to main school. This project is fully financed by Springfield Special School	18
		55,794	Grant - Devolved Formula Capital (DFC)	New Project to create a sports barn incorporating a sport hall and swimming pool with changing facilities adjacent to main school. This project is fully financed by Springfield Special School	
		906,000			
Places & Organisational Capacity					
Disabled Facilities Grants	2012-13	284,191	Additional DCLG Funding	Additional Disabled Facilities Grant funded by DCLG in 2012-13	76
		4,953	External Income	Repayment of a Disabled Facilities Grant, to be recycled for further disabled adaptations	
		289,144			
Total SCE's / Virements Requested		**1,195,144**			

Appendix 5b – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Cabinet are asked to note SCE and Virements up to and including £250,000				
Adults				
Building Base Review - Alteration and refurbishment works, at Dean Row, Redesmere, Hollins View, Park View, Mountview And Stanley Centre.	2012-13	161,299	Grant - Adults Mental Health	Additional grant funding available.
Building Base Review - Alteration and refurbishment works, at Dean Row, Redesmere, Hollins View, Park View, Mountview And Stanley Centre.	2012-13	25,000	Grant - CEPCT	Accessed funding available from CEPCT
Building Base Review - Alteration and refurbishment works, at Dean Row, Redesmere, Hollins View, Park View, Mountview And Stanley Centre.	2012/13	20,000	Grant - Adults Mental Health	Residual budgets within Adults with different start years, rolled up so that the funds can be focused on BBR.
		206,299		
Children and Families				
Short Breaks for Disabled Children	2012-13	203,276	Grant (Short Break)	2012-13 Grant award to enable improvement into provision for short breaks for disabled children.
Capital Maintenance	2012/13	30,000	Contribution from Shavington HS delegated budget	School has agreed to make a contribution to the Roofing Work
Capital Maintenance	2012/13	9,000	Contribution from Cranberry PS Delegated Budget	School has agreed to make a contribution to the Roofing Work
Capital Maintenance	2012/13	10,000	Contribution from Ashgrove PS Delegated Budget	School has agreed to make a contribution to the window replacement work
Capital Maintenance	2012/13	31,000	Grant - Modernisation Grant	To fund overspend of capital maintenance budget allocation towards work at Poynton High School.
Feasibility 10-11	2010-11	25,000	Grant - Capital Maintaince Grant	Feasibility Costs, to be funded temporary from Capital Grants. If capital projects are not progressed the costs associated with this project will be funded from the revenue budget.
Malbank School & Sixth Form College	2010-11	70,038	Contribution from Schools Delegated Budget	Additional Cost of DDA works for multi purpose / multi functional new build project to be funded by a further contribution from Malbank High School.
Wilmslow High Secondary School	2011-12	4,250	Contribution from Schools Delegated Budget	School has agreed to fund additional costs of refurbishing three Science Labs
Minor Works/Accessibility	2011-12	6,000	Contribution from Schools Delegated Budget	Offley Primary School has agreed to fund the additional work for foul drainage at site.

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Church Lawton - Specialist Provision	2011-12	77,000	Grant - Capital Maintaince Grant	Feasibility Costs, to be funded temporarily from Capital Grants. If capital projects are not progressed the costs associated with this project will be funded from the revenue budget.
DFC Grant	2012-13	68,556	DFC Grant	Increase budget to match funds available to schools of Devolved Formula Capital Grant
Pupil Referral Unit 11-12	2011-12	17,049	Grant - Capital Maintaince Grant	To be funded temporarily from Capital Grants. If capital projects are not progressed the costs associated with this project will be funded from the revenue budget.
Lostock Hall Primary School	2011-12	39,962	Grant - Capital Maintaince Grant	To be funded temporarily from Capital Grants subject to discussions with Lostock Primary School contributing towards the additional cost of this project.
Suitability (<£100k)	2012-13	1,864	Contribution from Schools Delegated Budget	Additional Cost to works undertaken at Vine Tree Primary School to be funded by a further contribution from school.
Minor Works (<£100k)	2012-13	46,755	Contribution from Schools Delegated Budget	Additional Cost to works at Shavington High School, Monk Coppenhall Primary, The Berkeley Primary School, The Quinta Primary School and Ivy Bank Primary to be funded by a further contribution from these schools.
Stapeley Broad Lane Primary School	2012-13	39,000	Contribution from Schools Delegated Budget	Additional Cost to Hall Extension at Stapeley Broad Lane Primary School to be funded by a further contribution from school.
Adelaide Special School	2011-12	14,000	Contribution from Schools Delegated Budget	Additional Cost of improvements at Adelaide Special School to be funded by requesting a further contribution from school.
Cledford Infants School	2011-12	11,000	Grant - Capital Maintaince Grant	Additional Cost to refurbishing of a vacant school building, Cledford Infants School, to accommodate a number of Children and Families Social Care staff on a permanent basis.
Short Break Re Provision 11-12	2011-12	124,000	Prudential Borrowing	Recommended for restatement in the capital programme at a reduced budget. The original budget for this project was £249,000.
St Oswalds (School Funded Project)	2012-13	26,282	Grant - Devolved Formula Capital (DFC)	Additional Cost to project funded by a further contribution of the schools share of Devolved Formula Capital.
St Oswalds (School Funded Project)	2012-13	130,831	Contribution from Schools Delegated Budget	New Project financed by St Oswalds Primary School to develop an additional classroom to operate a three class model.
Monks Coppenhall Primary School	2011-12	3,288	Grant - Devolved Formula Capital (DFC)	Additional Cost of refurbishment of toilets and kitchen at Monks Coppenhall Primary School to be funded by a further contribution of the schools share of Devolved Formula Capital Grant.

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Suitability Bids (<£100k)	2011-12	3,737	Grant - Devolved Formula Capital (DFC)	Additional Cost of work to create a single storey extension and re-modelling of classroom at Mobberley Primary School to be funded by a further contribution of the schools share of Devolved Formula Capital Grant
Styal Primary School	2011-12	6,000	Grant - Devolved Formula Capital (DFC)	Virement between two schemes to create an new classroom and remodel and fit an extension at Styal Primary School for the cost of work on the schools wring for electricity.
Suitability (<£100k)	2012-13	5,000	Grant - Devolved Formula Capital (DFC)	Additional Cost to works undertaken at Vine Tree Primary School to be funded by a further contribution from school share of Devolved Formula Capital Grant.
Minor Works (<£100k)	2012-13	40,213	Grant - Devolved Formula Capital (DFC)	Additional Cost to works at Shavington High School, Monk Coppenhall Primary, The Berkeley Primary School, The Quinta Primary School and Ivy Bank Primary to be funded by a further contribution from these schools share of Devolved Formula Capital Grant.
Basic Need (<£100k)	2012-13	28,000	Grant - Capital Maintaince Grant	Additional Costs to phase one work undertaken at Pebble Brook Primary to be funded from savings on phase two work at Pebble Brook Primary.
TLC Vernons PS Amalgamation	2008-09	60,000	Grant - Primary Capital Programme (PCP)	Additional cost to work at Vernon's Primary School. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
Stapely Broad Lane PS - Replacement of temp accomod	2009-10	6,000	Grant - Primary Capital Programme (PCP)	Additional cost to work at Stapeley Broad Lane. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
Offley Primary School	2009-10	2,859	Grant - Primary Capital Programme (PCP)	Additional cost to work at Offley Primary School. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
Cledford TLC Scheme	2009-10	12,000	Grant - Primary Capital Programme (PCP)	Additional cost to work at Cledford Primary School. This is intended to be funded from a residual element of grant funding the Primary Capital Programme.
		1,151,960		
Places & Organisational Capacity				
Streets & Open Spaces				
Sandbach Park	2009-10	1,989	External Funding	Re-align budgets between Sandbach Park & Building Refurb schemes. Also to increase budget for Assets staff time charges not known at time of budget setting.
Sandbach Park		586	Prudential Borrowing	

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Congleton Park Improvements - Town Wood	2009-10	840	External Contribution	Increased costs/scope being funded by external contribution from Groundwork Trust
Queens Park Restoration	2004-05	80,000	LTP Grant	Increased project costs to meet Consultants & Architects final fee's. Ongoing review of settlement of final contractor claims
Sandbach Park Building Refurbishment	2008-09	4,516	Prudential Borrowing	Re-align budgets between Sandbach Park & Building Refurb schemes. Also to increase budget for Assets staff time charges not known at time of budget setting.
Highways & Transport				
Congleton Relief Road	2012-13	200,000	Prudential Borrowing	The investigation of a number of transport options including the provision of a possible link between the west of Congleton from the A534 Sandbach Road and north to the A34 Manchester Road, bypassing Congleton Town Centre and linking a number of potential development sites. This additional funding is to allow scheme to progress through development stage.
S278 Sherbourne Road, Crewe	2008-09	5,000	Developer Contribution	Increase in costs or scope from original S278 agreement - extra costs to be met by Developer
Connect 2 - Phase 3	2010-11	84,459	Sustrans Grant	Grant income for 12-13 higher than estimated - re-align grant income budget
Connect 2 Phase 2-3	2010-11	50,000	LTP Grant	Increased as a result of the need to re-design intended route. Concerns expressed by landowner late in design process. Sustrans successfully approached for additional funding to cover the increased design and construction costs. Failure to complete project would have resulted in significant abortive costs for CEC.
Air Quality Action Plan	2012-13	30,000	LTP Grant	Decision to seperately identify Air Quality costs from Local Measures budgets for easier more transparent reporting
Bridge Maintenance Minor Works	2012-13	84,459	LTP Grant	Partial reversal of previous budget virement to Connect 2 due to additional Sustrans grant being received for that project.
Community Services				
Parking Penalty Charge Notice Processing	2012-13	10,000	Prudential Borrowing	Increased costs for software licencing - funded by virement within budget holders area of responsibility
Nantwich Pool Enhancements	2008-09	20,000	Prudential Borrowing	Specific works to replace the external pool cover were identified as part of the Council's ' Invest to Save ' projects. The works are to be undertaken as part of the overall Nantwich Pool refurbishment project, so approval is sought to vire the funding the main Capital project budget.

Capital Scheme	Starts Year	Amount Requested £	Funding	Reason for SCE/Virement
Lifestyle Centre Refurb at MLC	2011-12	20,000	Prudential Borrowing	Specific maintenance & internal decoration works have been outlined as part of the detailed design and remodelling works. An agreed contribution of £ 20k (not £10k as previously outlined) has been agreed from the Corporate Minor Works budget, so approval is sought to vire the funding to the main capital project budget.
Lifestyle Centre Refurb at WLC	2011-12	20,000	Prudential Borrowing	Specific maintenance & internal decoration works have been outlined as part of the detailed design and remodelling works. An agreed contribution of £ 20k (not £10k as previously outlined) has been agreed from the Corporate Minor Works budget, so approval is sought to vire the funding to the main capital project budget.
Performance, Customer Services & Capacity				
Customer Relationship Management & Telephone Syster	2009/10	37,000	Prudential Borrowing	The scope of the two projects was combined resulting in a single delivery from ICTSS.
Relocation of Library Services	2011-12	1,554	Funded by Revenue contribution	Overspend by Libraries Shared Service
Development				
Earl Road Handforth Feasibility	2012/13	130,000	Financed from Revenue Funding	Feasibility study to identify strategic options for Council owned land off Earl Road, Handforth.£100,000 funded from existing feasibility budget and £30,000 from a revenue contribution towards capital.
Tatton Vision 12-13	2012/13	95,000	Capital Reserve	
Private Sector Assistance	2011-12	16,082	External Income	Repayment of Home Repair loans previously funded by external grant, to be recycled for further home repairs
Minor Works 2012/13	2012/13	7,752	Prudential Borrowing	Residual budgets within Assets with different start years, rolled up so that the funds can be focused on Minor Works.
		899,237		
Corporate Services				
Enable Citizens and Businesses	2012/13	233,000	Prudential Borrowing	Outcome of ICT Capital Challenge Session
Location Independent Workforce	2012/13	181,000	Prudential Borrowing	Outcome of ICT Capital Challenge Session
		414,000		
Total SCE's Requested		**2,671,496**		

Appendix 6 – Corporate Grants Register as at 31st December 2012

	Note	Forecast Sept MYR 2012/2013 £000	Forecast Dec TQR 2012/2013 £000	Variance 2012/2013 £000	
Formula Grant					
Revenue Support Grant		1,287	1,287	0	
National Non Domestic Rates		66,390	66,390	0	
Total Formula Grant		**67,677**	**67,677**	**0**	
Specific Grants					
Ringfenced Grants					
Dedicated Schools Grant		193,540	193,540	(0)	
Pupil Premium Grant		4,009	4,164	(155)	
Sixth Forms Grant (EFA)		8,801	8,801	0	
Golden Hello		40	40	0	
16-19 Bursary		128	128	0	
Summer Schools (New Grant as at July-2012)		90	91	(1)	
Total Ringfenced Grants		**206,608**	**206,764**	**(156)**	
Non Ringfenced Grants - held within service					
Council Tax Benefit Subsidy	*1*	20,408	20,408	0	
Housing Benefit Subsidy	*1*	75,128	75,128	0	
Total Benefit Subsidies		**95,536**	**95,536**	**0**	
Non Ringfenced Grants - held corporately					
Children & Families					
Early Intervention Grant		12,908	12,908	0	
Learning Disabilities & Health Reform - PCT tra		6,128	6,128	0	
Learning Disabilities & Health Reform		4,417	4,417	0	
Adult Skills & Adult Safeguarding Learning		675	675	0	
Skills Funding Agency	*2*	294	296	(2)	SRE bid
YOS grant		418	418	0	
NHS S256 Reablement		3,756	3,756	0	
Troubled Families		522	522	0	
Troubled Families - Co-ordinator		100	100	0	
Music Grant		143	143	0	
Adoption Improvement Grant		40	40	0	
Places & Organisational Capacity					
Housing Benefit & Council Tax Admin.		2,094	2,094	0	
NNDR Administration Grant		562	562	0	

Notes
1 The budgets for Council Tax Benefit and Housing Benefit Subsidy grants are held within the service.
2 Grant increased by £78k at MYR, and a further £2k at TQR. SRE bid now made for £33k.

	Note	Forecast Sept MYR 2012/2013 £000	Forecast Dec TQR 2012/2013 £000	Variance 2012/2013 £000
Non Ringfenced Grants - held corporately (con't)				
Places & Organisational Capacity (con't)				
Local Service Support Grant -		0	0	0
Preventing Homelessness Grant		253	254	(1)
Lead Local Flood Authorities		177	177	0
Community Safety Fund		148	148	0
Extended Rights to Free Transport (C&F)		385	385	0
Local Services Support Grant Total		*963*	*963*	*0*
Mortgage Rescue / preventing Repossessions		107	107	0
Community Transport Grant		139	139	0
Local Sustainable Transport Fund		578	578	0
Town Team Partnership		0	40	(40)
Corporate				
New Homes Bonus 2011/12		870	870	0
New Homes Bonus 2012/13		1,844	1,844	0
New Homes Bonus 2013/14		0	0	0
Affordable Homes - starts 2012/13		85	85	0
Council Tax Freeze Grant 12/13		4,505	4,464	41
Council Tax - New Burdens		84	84	0
Community Rights to Challenge New Burdens grant		9	9	0
LACSEG refund from 2011/12 formula grant		503	503	0
New Burden Temporary Deferment Business Rates 12/13		5	5	0
New Burden Community Rights to Bid		5	5	0
Budgeted but not due in				
Children's Workforce in Schools Modernisation Grant		0	0	0
Learner Support Funds		0	0	0
16+ Transport Partnership grant		0	0	0
Further Education Funding (16-18 Funding)		0	0	0
Grants Claimed Retrospectively -				0
Milk Subsidy		0	0	0
Asylum Seeker		0	0	0
Workstep		0	0	0
Migration Impact Fund (Communities of Interest)		0	0	0
		41,752	**41,754**	**(2)**
Total Specific Grants		**343,896**	**344,054**	**(158)**
Total Government Grant Funding		**411,573**	**411,731**	**(158)**

Appendix 7 – 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. For named UK banks and building societies this has been set at 15% of our total investments subject to a maximum value of £15m. These limits apply to the banking group that each bank belongs to. Limits for Money Market funds have been set at 25% of total investments subject to a maximum value of £20m. There is also a maximum that can be invested in all Money Market Funds at any one time of 50% of the value of all investments.

2. Our approved counterparties list also includes a number of foreign banks although, to date, none have been used. Credit conditions within the Eurozone and world wide have been improving and consideration, with advice from our Treasury Management advisors, is being given to investments in strongly rated foreign banks. The limits applicable to foreign banks are the same as those applied to UK banks.

3. Banks credit ratings are kept under continual review although there have been no material changes in the last quarter. In addition to ratings, other credit indicators, such as Swap rates are also monitored. There has been a marked reduction in the difference between the 3 month overnight interest swap rates and LIBOR which is indicative of a reduction in credit risk. This has led to an increase in the duration limits applicable to investrments with Barclays, HSBC, Nationwide Building Society and Standard Chartered increased to 12 months. Lloyds Group and RBS Group have been increased to 6 months and Santander(UK) to 100 days.

4. Opportunities are being taken whenever possible to fix investments for longer periods to take advantage of slightly higher rates. In quarter 3 these have been generally been 3 month or I year investments with Lloyds TSB. Opportunity was also taken to purchase a 1 year Certificate of Deposit with Standard Chartered Bank. This allows the Council to keep its free custodian account arrangements in place and may provide an opportunity to profitably sell the investment prior to maturity.

5. **Table 1** shows the current investments and limits with each counterparty. A full analysis of the types of investment and current interest rates achieved is given in **Table 2.**

Table 1 – Current Investments and Limits

Counterparties	Limits		Investments as at 31/12/12	
UK BANKS				
Barclays Bank	15%	£15m	10%	£9m
Co-operative Bank:	15%	£15m	12%	£11.4m
HSBC Bank	15%	£15m	-	-
Lloyds TSB	15%	£15m	13%	£12m
Royal Bank of Scotland	15%	£15m	11%	£10m
Santander (UK) plc	15%	£15m	12%	£11m
Standard Chartered Bank	15%	£15m	2%	£2m
BUILDING SOCIETIES				
Nationwide Building Society	15%	£15m	-	-
Money Market Funds	50%		19%	
Deutsche	25%	£20m	4%	£4m
Ignis	25%	£20m	5%	£5m
Federated Prime Rate	25%	£20m	6%	£5.2m
Scottish Widows	25%	£20m	4%	£4m
Pooled Funds - External Fund Manager	50%		21%	£20.1m
				£93.7m

Table 2 – Types of Investments and Current Interest Rates

Instant Access Accounts	Avg rate %	£'000's
Instant Access Accounts	0.70%	26,406
Money Market Funds	0.42%	18,170

Notice Accounts	Avg rate %	£'000's
Notice Accounts (up to 100 days)	0.51%	15,023

Fixed Term Deposits	Start	Maturity	Rate %	£'000's
Lloyds TSB	01/11/2012	07/01/2013	1.35	4,000
Lloyds TSB	08/11/2012	08/05/2013	1.35	4,000
Lloyds TSB	16/11/2012	18/02/2013	1.15	4,000
Standard Chartered – CD	26/11/2012	26/11/2013	0.69	2,000

Externally Managed Funds	£'000's
Pooled Investments	20,139
Maturity Profile	**£'000's**
Instant Access	44,576
Maturing < 1 month	13,000
Maturing within 1 - 6 months	14,023
Maturing within 6 - 12 months	2,000
Externally Managed Funds	20,139
Total	**93,738**

6. Benchmarking of investment returns is notoriously difficult as the level of returns is related to the level of risk and different Local Authorities take different views on risk. As explained at the mid year review the Council's performance is about average compared to other Local Authorities. Returns could be increased by using lower credit rated counterparties or increasing the duration of investments. Many authorities with lower risk but higher returns than Cheshire East have historic longer dated investments which have yet to mature or have lower and less volatile daily cash balances. Higher cash balance means spreading the risk among counterparties even if the rate paid by some counterparties is relatively low.

Performance of Fund Manager

7. The table below shows the performance of the funds (net of fees) since the initial investment of £20m (£10m in each model) on 27th May 2011.

	STANDARD MODEL	DYNAMIC MODEL
April 2012	0.00%	-0.06%
May 2012	-0.04%	-0.13%
June 2012	0.10%	0.17%
July 2012	0.24%	0.27%
August 2012	0.07%	0.10%
September 2012	0.11%	0.13%
October 2012	0.07%	0.10%
November 2012	0.11%	0.12%
December 2012	-0.01%	0.01%
Cumulative 2012/13	0.66%	0.71%
Value of Investment at 31/12/12	£10,170,314	£10,146,173
Fees (Total since start)	£40,490	£43,583
Average Annual Rate as at 31/12/12	0.82%	0.65%

8. Performance of the funds in April and May was affected by the continued debt crisis in Europe, in particular the uncertainties over the Greek economy.

9. Corporate Bonds and emerging market debt were all affected by the European debt issues but improved greatly in June once the markets settled down. They have continued to provide most of the gains on the funds since then. Most good credit quality Government stocks continue to offer very low yields but the funds have focused on other AAA rated stocks (such as Norway, Canada and Australia) which have helped the performance of the Short dated bonds element of the funds.

10. The performance of the funds in the last two quarters has been encouraging and more in line with our expectations than previously. The nature of these investments is that performance can be volatile so they should only be judged over a longer period of time. Regular meetings are being held with the fund managers to assess the on-going performance and suitability of these funds.

Appendix 8 – Performance Report

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
Children, Families & Adults	CFA001	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days)	Quarterly	Low	719 days	640 days	687 days	Figures relate to 21 adoption orders to date for 2012-2013
	CFA002	Average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family (days)	Quarterly	Low	260 days	214 days	174 days	Figures relate to 21 adoption orders to date for 2012-2013

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	CFA003	Percentage of children who wait less than 21 months between entering care and moving in with their adoptive family	Quarterly	None	46%	Not Set	43%	Rationale for calculation of this figure has been obtained from number of children adopted during 01/04/2012 - 31/12/12, number of children placed with adoptive carers at 31/12/12 and number of children with an adoption decision at 31/12/12 who have not been cared for longer than 21 months. The figure is for period 01/04/12 - 31/12/12 not a cumulative 3-year figure. Whilst this has dropped slightly from last year, the drop is minor (46% to 43%), we are still a little way off the national average (56%), but are working with a new tracker system to improve this. This is part of the Improvement Plan for Adoption.

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
	NI 19	Rate of proven re-offending by young offenders	Quarterly	Low	0.97 number	1.00 number	Not Updated	Home office changes to the counting rules mean that we can no longer compare like with like as we monitor the rate of offending via the PNC data now. The method for PNC calculation is to track a 12 month cohort of young people for 12 months after the original outcome. This means it can be upto 15 months after initial outcome before a figure can be calculated. The latest data availabe on the PNC database is for two periods Oct 08 - Sept 09 and Oct 09 - Sept 10. The frequency rate of offending is 0.87 and 0.74 respectively and results in a performance change/frequency difference of -0.13. This shows that the young people in that particular cohort committed less offences compared to the cohort from the 12 months in the previous year.

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
	NI 59	Initial assessments for childrens social care carried out within 10 working days of referral	Quarterly	High	52.20%	75.00%	49.00%	There has been an improvement in the third quarter in terms of IA's completed within 10 working days. Overall there have been 1216 IA's completed in the 9mths to 31/12/2012 with 45% completed and signed off within 10 days NB 56% have been completed within 20 working days overall
	NI 60	Core assessments for childrens social care that were carried out within 35 working days of their commencement	Quarterly	High	60.60%	75.00%	56.00%	Work continues to ensure that CA's are completed in a timely fashion. 65% are currently signed off within 40 working days
	NI 64	Child protection plans lasting 2 years or more	Quarterly	Low	2.63%	5.00%	7.10%	Q3 is slightly high with 3 cases out of 42 ending which were subject to a plan for more than 2 years. The overall picture for 9 months is 6 cases out of 187 that have ended which were longer than 2 years which equates to 3.2% and is within the acceptable threshold of 5%. This demonstrates that plans for the most vulnerable children are not left to drift.

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 65	Children becoming the subject of a Child Protection Plan for a second or subsequent time	Quarterly	Low	11.11%	15.00%	7.30%	Quarter 3 relates to 4 children made subject to a plan for a second time out of 55 made subject to a plan within that period. This is within target – the cumulative figure for the year shows a decreasing picture and demonstrates that safeguarding intervention to reduce risk is sustained.
	NI 67	Child protection cases which were reviewed within required timescales	Monthly	High	100.00%	100.00%	100.00%	The service gives a high priority to ensuring that the plans to make the most vulnerable children in Cheshire East safe are reviewed within statutory requirements. This performance is a reflection of that and has been sustained for over a year.
	NI 111	First time entrants to the Youth Justice System aged 10 to 17	Quarterly	None	188 number	Not Set	36 number	This relates to the number of first time entrants for the period 1/7/2012 - 30/9/2012
	NI 117	16 to 18 year olds who are not in education, training or employment (NEET)	Quarterly	Low	5.00%	4.90%	5.30%	5.3% is the indicative figure for Dec 2012. The Autumn term is always high and subject to wide fluctuations as there are large numbers of young people who change plans due to exam results and courses not being what they anticipated. Work is ongoing to clarify the individuals where the 16+ destination is unknown and it is expected that this figure will be much more stable by March 2013

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
	NI 125	Achieving independence for older people through rehabilitation/ intermediate care	Monthly	None	74.40%	Not Set	79.30%	The new Service Manager for Intermediate Care is currently looking at new and better collection methods to increase response rates. Difficulties have been experienced contacting customers. Retrospective work is done which may see some improvement on the measure. The information needed to collate this indicator comes from two different hospital trusts and we are continuing to work through options to standardise this.
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	Monthly	High	45.50%	55.00%	40.50%	We are seeing an increasing number of service users who are receiving services that are ineligible for personal budgets (e.g. reablement). This year's target of 60% was based on a maximum achievable figure of 64% in 2011/12. However, this maximum figure currently stands at 56%. Work is being undertaken on this measure to address performance issues. The Team Support Service continues to work with teams to help them improve their performance on this measure.

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
	NI 131	Delayed transfers of care from hospitals	Monthly	None	8.70 number	Not Set	Not Updated	The Quarter 3 figure was not available prior to the Cabinet paper deadline. However, the figure as at the end of November was 9.8. The figure within this measure that account for delays attributable to adult social care is only 0.13 (last year this was 0.3 which was the equal lowest in the country).
	NI 132	Timeliness of social care assessment	Monthly	High	92.80%	94.00%	94.10%	This measure continues to perform well. New reporting at team level has been produced so that team managers can see more detailed breakdowns of time taken for completion of assessments
	NI 133	Timeliness of social care packages	Monthly	High	93.80%	93.00%	94.90%	Performance remains consistent on this measure and above target. A review of this measure is currently being considered for 2013/14: this measure is based on the old national indicator which was created prior to developments around personalisation and programmes such as reablement.

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
	NI 135	Carers receiving needs assessment or review and a specific carers service, or advice and information	Monthly	High	35.45%	32.60%	31.70%	There was a significant improvement in 2011/12 but we are still looking at ways to help more carers. For example we are currently exploring ways of improving and increasing the numbers of carer's assessments with an organisation that works with carers on behalf of Community Mental Health Teams – this is being retendered for April.
	NI 141	Percentage of vulnerable people achieving independent living	Quarterly	High	73.45%	65.00%	Not Updated	Figures for Quarter 3 were unavailable prior to Cabinet paper deadline.
	NI 142	Percentage of vulnerable people who are supported to maintain independent living	Quarterly	High	98.43%	98.70%	Not Updated	Figures for Quarter 3 were unavailable prior to Cabinet paper deadline.

Page 83

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure		Frequency	Polarity	Result 2011/12	Latest Data		Operational Comments
	Ref	Description				Target	Result	
Performance Measures 2012/13								
	NI 145	Adults with learning disabilities in settled accommodation	Monthly	High	52.90%	60.70%	41.80%	Performance on this measure is slightly behind on the same point last year (45.9%). Although there was significant improvement on this measure in 2011/12, a stretching end year target of 70% has been set. The Team Support Service is currently looking at where there are opportunities to improve performance through new ways of collecting the data required as the issue of under performance is related to gaining confirmation of accommodation status in a way that meets the criteria for the measure.
	NI 146	Adults with learning disabilities in employment	Monthly	High	7.00%	6.13%	5.23%	Performance on this measure has improved on the same point last year (4.22%). Work is ongoing to help support learning disabled people into work opportunities: for example, Work Placement Officers continue to further explore the use of assistive technology when arranging in-work support for customers.

Page 84

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
Places & Organisation Capacity	NI 155	Number of affordable homes delivered (gross)	Quarterly	High	247 number	75 number	61 number	The 6 completions this quarter consist of a mixture of Firstbuy and Assisted Purchase Scheme completions. The sluggish housing market continues restricting the progress on market sites. However, there are a number of Homes and Communities Agency grant funded sites that are due to complete before the end of March 2013 that will boost the delivery of affordable housing.
	NI 157a	Processing of planning applications as measured against targets for major application types	Quarterly	High	31.30%	60.00%	50.00%	
	NI 157b	Processing of planning applications as measured against targets for minor application types	Quarterly	High	51.70%	65.00%	75.00%	
	NI 157c	Processing of planning applications as measured against targets for other application types	Quarterly	High	69.60%	80.00%	90.40%	

Corporate Scorecard Report for 12/13 Quarterly Reporting

(Organisation Summary)

Dec-2012

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Performance Measures 2012/13								
HR & OD	BV012	Working days lost due to sickness absence (cumulative)	Monthly	Low	9.16 days	6.10 days	7.02 days	The Council has an ongoing Action Plan to address and reduce levels of absence which includes regular reporting, management training and targeted intervention on issues such as manual handling and stress management. There has also been a focus on positive health promotion involving a number of wellbeing events as well as provision of guidance and information on conditions such as cancer. Absence levels, however continue to be over target, currently by an average of 1 day per employee. Close monitoring of absences will continue and early, appropriate action will be taken. The Council is also considering the use of additional positive, targeted interventions such as an Employee Assistance Programme, stress management and early access to physiotherapy to effectively reduce absence levels.