

SERVICE FINANCIAL SUMMARY**INTRODUCTION**

1. This section provides a summary of SERVICE forecast outturn positions on revenue and capital budgets at the mid-year stage, and a summary of the debt position at 31 December 2011. It highlights the key budget pressures facing the Council, and remedial actions taken and planned, and summarises progress against savings policy proposals contained in the 2011-12 budget. Significant variances from the Mid Year Review position are highlighted.

OVERALL REVENUE SUMMARY**Table 1 - Service Revenue Outturn Forecasts**

	Net Budget £000	SRE's for approval £000	Net Projected Variance from Budget £000	Change from Mid Year Review £000
<u>Children & Families</u>				
Directorate	732		-508	-1,092
Safeguarding & Specialist Support	27,205		971	-642
Early Intervention & Prevention	11,126		-968	-251
Strategy & Planning	40,601		-1,174	-832
Other Schools Related	-22,051		2,749	927
sub total	57,613		1,070	-1,890
<u>Adults</u>				
Care4ce	0		904	-170
Local Independent Living	55,427		3,262	21
Strategic Commissioning	39,551		9	-776
sub total	94,978		4,175	-925
CHILDREN, FAMILIES & ADULTS	152,591		5,245	-2,815
Waste, Recycling & Streetscape	29,847		583	-523
Highways & Transport	20,174		-896	-872
Community	5,805		655	-477
Development	14,574	-69	1,070	226
Performance, Customer Services & Capacity	10,771		-206	-438
PLACES & ORGANISATIONAL CAPACITY	81,171	-69	1,206	-2,084
Finance & Business Services	18,028		1,554	-113
HR & OD	3,082		77	-66
Borough Solicitor	5,765		128	128
CORPORATE SERVICES	26,875		1,759	-51
CROSS CUTTING SAVINGS	-2,812		2,812	-48
TOTAL SERVICE OUTTURN	257,825	-69	11,022	-4,998

2. Table 1 above shows the projected outturn positions at a service level. Overall, services are forecasting an overspend of £11m. Significant elements of overspend arise across all areas of the Council, including unallocated cross-cutting savings.
3. An SRE request of up to £0.6m for funding from reserves to meet one-off VR costs is detailed in Annex 1.

KEY SERVICE REVENUE ISSUES

4. Key issues impacting on service outturn forecasts are summarised below.

CHILDREN & FAMILIES £1.1m overspend

5. Children and Families have reduced their forecast outturn position from £3.0m at Mid Year to £1.1m. This has been achieved through releasing earmarked reserves which are no longer required together with proactive management of placement activity which is continuing to reduce the overspend in that area; and realising efficiencies and savings wherever possible. However, it is essential that managers continue to seek efficiencies and further savings, and take whatever remedial action can be identified to ensure this forecast outturn of £1.1m is delivered.
6. As part of the Three Quarter Year Review, additional pressures have been identified for the Dedicated Schools Grant (DSG), which are not included in the Children and Families reported outturn position. An analysis of the budget for free entitlement to nursery places for three and four year olds is indicating increased take up during the year, as a result of the increase in entitlement from 12.5 to 15 hours per week. This pressure will have an ongoing permanent impact in later years, which will need to be taken into account through the forthcoming DSG budget setting process with the Schools Forum.

Directorate £508k underspend.

7. Previous predictions of the Directorate section of the budget have been of overspends. However, the earmarked reserves have been re-assessed and it has been decided that the reserves held are unnecessarily high. Consequently, a number of the reserves built up over time, will be reduced releasing funds to help support the Council's budget.

Safeguarding and Specialist Support £971k overspend

8. The service is predicting an over spend of £971k, which is a reduction of £642k from mid year review. A review of the Disability placement service has revealed much lower use of respite beds in the West than originally budgeted for, releasing £300k of unrequired budget.
9. In addition, the continued proactive management of placements through the placement panel is reducing the forecast cost. Similar management action within the 16+ service, Cared for Support and Section 17 costs are indicating an improvement of £125k in outturn projection.
10. In the Mid Year Review concerns were expressed about the impact of Court decisions on the budget and how the behaviour in some settings was

inappropriately increasing expectations and costs. The service is working with both the courts and specific settings to help ensure that appropriate and manageable decisions are taken in the future. This is a volatile area of the Council's activity and resulting budget pressures can be expected to continue.

Early Intervention and Prevention (EIP) £968k underspend

11. The change since the November projection of £852k has resulted from improved forecasts in respect of the Youth Offending Service (£43k) and Family Services (£57k) together with a number of minor variances. Continued management action is being undertaken to maintain and potentially increase the underspend to help contribute to a lower overspend overall.

Strategy, Planning and Performance (SPP) £1.174m underspend

12. In November, the service was projecting an underspend of £505k and further work was carried out to identify additional savings within the various service areas, which include:

- Workforce Development and Lifelong Learning identified additional underspends of £364k through staffing savings and reprofiling of commissioned training.
- Early Years services have identified a saving of £80k on supplies and services, equipment purchase and commissioning.
- Projected further staffing underspends, consequent on the recruitment freeze, will generate further savings of £100k.

Other School Related £2.749m overspend

13. This overspend relates to the early retirement, pension and redundancy costs relating to schools, particularly pension enhancements paid to teachers. This is a pressure on the base budget, which has been factored into the budget setting process for 2012-13.

Schools/DSG

14. Centrally retained DSG was not fully spent in 2010-11, allowing budget of £538k to be carried forward and this will be used to offset some of the budget pressures caused by increased childcare take up for three and four year olds.
15. The DSG award for 2011-12 has now been recalculated to adjust for Academy conversions. Amounts recouped from DSG are in line with expectations.
16. The Individual Schools Budget (ISB) is assumed to balance as actual spend has to equal budget, with schools retaining in full any carry forward of either an over or under spend. During 2010-11 schools generally under spent their budgets by approximately £10m, increased from approximately £8m in the previous year. The latest estimate is that schools will underspend their available allocations for 2011-12, but at a reduced level, likely to be around £8m from the latest forecasts.

ADULTS £4.2m overspend

17. Adults Service is projecting an outturn overspend position of £4.175m (this includes budget adjustments for inflation, pay harmonisation and procurement savings).

Care4CE £904k overspend

18. The underlying reason for the overspend in Care4CE remains unchanged from the First Quarter Review: delays in delivering the rationalisation of buildings and the NHS decommissioning of services.
19. The outturn position has reduced since mid year review due to remedial action that the service has taken including monitoring and reviewing staffing expenditure; stopping all non-essential spend.
20. The service are continuing to monitor spend and are taking all appropriate remedial action that does not have a detrimental effect on front line service delivery.

Individual Commissioning £3.262m overspend

21. The care cost forecast position has not changed dramatically since mid year review. There is still a risk that seasonal changes may influence the final outturn position, following reports from NHS colleagues that a higher number of vulnerable patients have been admitted over the winter period.
22. Direct payments (particularly relating to Learning Disability) are continuing to increase at a faster rate than originally predicted with a 60% forecast increase on 2010-11 whilst traditional care costs, predominantly delivered via Care4CE, are not reducing as much as originally predicted. This is leading to a net impact of £2.5m including £0.5m recoupment of unspent monies. It is hoped that the current building based review project, which is due to report to Cabinet before the end of the financial year will help alleviate this pressure for later years.
23. The importance of being able to remove the concept of double running costs is vital to the successful delivery of a balanced budget. Either the provision of service available via Care4CE needs to be maximised, reducing the reliance on external direct payments, or the provision in Care4CE needs to be reduced. The advent of personalisation means that reductions in Care4CE are the most likely outcome in the immediate short term.
24. The £0.7m saving linked to the social care redesign 2 policy proposal, still remains undelivered (it was previously anticipated that there would be a 2% reduction in the overall number of nursing and residential clients and this would lead to £0.65m care cost reduction). Whilst preventative services such as re-ablement continue to reduce the additional demand for nursing / residential placements the number of clients continues to remain steady.
25. Part of the increased demand in residential and nursing care is also being driven by individuals requiring support from the Council following the depletion of their capital resources, where the numbers are currently averaging 12 individuals every 4 weeks. In a full year every 100 individuals requiring residential and nursing care following depletion of their own funds, adds an

unbudgeted pressure of £2m. Because individuals financial positions are in the main unknown to the Council it is hard to estimate and budget for such eventualities. The economic climate is such that this feature of budget pressure is likely to continue for some time.

26. The government has recently announced additional funding to cover winter pressures from the NHS and the allocation to Cheshire East Council is £0.9m. The service will be working with the PCT to deliver services that help alleviate front line pressures and this funding will also be used towards additional winter care cost pressures

Strategic Commissioning £9k overspend

27. The outturn position for the service has altered since the mid year review following a thorough review of actual expenditure to date and future commitments.
28. In particular a review of supporting people contract commitments has identified £0.4m of additional remedial action. The 2012/13 budget includes a policy proposal to fully review supporting people contracts.
29. A reduction of £0.3m in the forecasted voluntary redundancy costs in year has also helped reduced the overall outturn position.
30. Whilst on the surface the service is nearly balanced, the service still have underlying budget pressures from VR costs (£2m); Learning Disability Pooled Budget and savings that need to be allocated (£1.5m).
31. For 2012/13, the Adults Service is undertaking a thorough line by line needs led budget exercise, which will lead to a re-alignment of budgets across all three services within the current affordability envelope. This in turn, should mean minimal variances from budget next year.

Conclusion

32. The service continues to identify remedial action to reduce the overall outturn position, and hope to be able to report further progress between now and the year end. The nature of care provision does make it harder to identify immediate and short term remedial action that can be delivered in year, although the process of review continues, aiming to ensure that the right care is being provided to individuals and that the financial pressures do not result in unsafe safeguarding situations.
33. A review of the temporary and permanent nature of the £4.1m forecast overspend has been undertaken at a high level to establish the possible impact on spending levels into later years. Three main items are impacting on the current year which are either temporary in nature or will be delivered in later years. Firstly redundancy costs of £2m, secondly the Building Based Review which has been delayed (£1m) and thirdly the delayed Transport Review (£0.8m). These three items account for the majority of the overspend.
34. Whilst the majority of the budget pressures have been mitigated in the forthcoming budget proposals in 2012/13, underlying pressures are emerging and will need to be carefully managed. Identified pressures include the extent of growth in direct payments and resulting double running costs with Care4CE

provision and the high numbers of individuals requiring care following the depletion of their capital resources.

PLACES & ORGANISATIONAL CAPACITY £1.2m overspend

35. At this point in the year the Directorate is forecasting an adverse net variance against budget of £1.2m (after remedial actions). This compares to a £3.3m adverse variance at MYR.

36. The overall net variance of £1.2m comprises:

- £838k on the impact of VR severance costs paid/forecast to date;
- £730k on procurement, Business Management Review and other allocated savings;
- £754k relating to exceptional events re car parks revaluations (increased NDR) and Planning appeal costs;
- £410k relating to exceptional inflation re Utility contract price increases for Council owned buildings, including Leisure facilities and Car Parks;
- £474k relating to policy changes since the budget was approved in February (re Grounds Maintenance, Markets rents and Library Review & Lifestyle Centre Income);
- £3.534m Service pressures: Waste Roll Out £786k, Car Parking – economic pressures £624k, Regulatory income shortfall £152k, Leisure – pay & non-pay £238k, Asset Challenge pressure £800k, Planning income pressures & Flood Defence Levy £316k, Libraries & Customer Services pressures £467k.

Offset by:

- (£3.696m) service cost reductions, principally vacancy management and non pay spending restraint across Waste & Streetscape (£1.1m), Highways Maintenance (£400k), Highways & Transport (£523k), Development Service (£898k) and Performance, Customer Services and Capacity (£775k).
- (£1.837m) remedial actions as set out in the report in paragraph 40.

Key changes since MYR:

37. The key changes since MYR totalling a net £2.1m improvement relate to the following:

Waste, Recycling & Streetscape (£523k) Improvement:

- (£171k): Service pay forecast improvement, including (£250k) vacancies, (£60k) Waste Agency remedial action, offset by £139k additional VR's and backpay costs on implementation of the Waste structure.
- £100k: additional fleet costs, mainly Waste re hired fleet and fuel usage.
- £200k: Bereavement Services adverse income forecast due to additional delay of cremator replacement.
- (592k): improvement since MYR across premises/supplies budgets mainly against Waste Contracts & minimisation, Bereavement Services and Public Conveniences.
- (£52k): improvement in realising the full extent of business process and procurement savings.

Highways & Transport (£872k) Improvement:

- (£220k): Transport have improved their financial performance since MYR principally due to realising savings against pay budgets arising from changes in the team structure together with an improvement in the full year cost of local bus contracts and the reimbursement to operators in respect of concessionary fares;
- (£500k): Highways are proposing a further (£285k) remedial action against highways maintenance having already achieved a £400k under-spend against maintenance expenditure in the first half year; achievement of this will clearly be dependent on the severity of the weather during the last three months of the financial year. In addition, (£215k) improvement against supplies and income budgets are forecast;
- (£123k): PROW/Countryside have several budget pressures arising in the current financial year against pay £90k, including the cost of voluntary redundancy £68k and overtime £22k, the loss of income from the Bollin Valley Partnership £59k and other non pay budget pressures £13k.

Community (£477k) Improvement:

- (£180k): Car Parking - further adverse income variance £50k is anticipated due to continuing economic recessionary pressures, reduction in customer demand and reduced residents scheme purchases. This is offset by an improvement in Regulatory services estimated income (£40k). In addition, the service is proposing further management actions to reduce expenditure (£190k) under remedial actions. Achievement of this will be dependent on consumer demand and seasonal factors.
- (£296k): Leisure and Cultural Services - Leisure Facilities VR costs to be charged from Adult Services £55k, offset by various pay and non pay variances (£206k). Further remedial measures (£145k) are proposed by the service which include an expected increase in income (£110k) due to increase in fees and charges in Leisure facilities from January 2012.

Development Service £226k adverse:

- (£290k): impact of full year vacancy management not previously reported within Economic Development (£190k) and other smaller additional savings across the Service from vacancy management (£100k);
- (£150k): Planning - improvement since MYR across forecast income projections, principally in respect of Pre and Full Planning applications;
- £800k: Assets – In addition to the above £250k (VR) and £450k (Energy Inflation), the £800k pressure in the achievement of the Asset Challenge target is now included, pending transfer of budgets relating to premises vacated by services,
- (£120k) further remedial actions identified across Economic Development and Assets.

Performance, Customer Services & Capacity (£438k) Improvement:

- (£140k) saving in Head of P&C mainly due to funding for public health interim role not being needed,
- (£176k) additional under spend in Performance & Partnerships since mid year as a result of the recruitment freeze and stopping expenditure due to Think Twice message,
- (£122k) Various improvements across Communications, Customer Services, Corporate Improvement and Libraries re staffing and non-pay savings (Think Twice).

SRE Request

38. A Supplementary Revenue Estimate for £69k is requested by Housing, to be fully funded from a Department of Health Warm Homes Healthy People grant, to support local authorities to reduce the level of winter deaths and morbidity as a result of cold homes. The grant will be fully utilised in 2011-12.

2011-12 Savings Proposals:

39. The Directorate has savings proposals totalling £12.537m for 2011-12. The forecast out-turn achievement against these savings is £9.311m, with £3.226m potentially “at risk”. As detailed above the principle variances are:

Key variances against 2011-12 Savings Proposals	£000
Asset Challenge	800
Markets – delayed/reduced rent increases	200
Assets – VR cross-cutting savings not achieved	250
Grounds Maintenance – Frontline resource reductions proving difficult to realise.	240
Development Mgt – The Regional Flood Defence Committee have powers to raise the levy and the method of calculation is also set by legislation therefore it will not be possible to achieve 2011-12 savings against this budget. There is a proposal in 2012-13 to reinstate this budget.	102
Development Mgt – based on planning application and pre application receipts to the end of December 2011 the Service is not anticipating that it will be possible to fully achieve sufficient income to fully realise 2011-12 £225k increase to the income target.	137
Procurement, Business Management Review and Corporate staff related savings (FMW/Unison) – proving difficult to realise as planned/under review.	462
Health & Wellbeing – building based review	268
Street Lighting – energy savings	10
Car Parking – residents parking schemes – demand 60% less than anticipated.	20
Health & Wellbeing – maximise income/increased fees	62
Greenspaces Review	8
Customer Services – review face to face access Sandbach	38
Former Health & Wellbeing - Savings proposals part achieved and may be mitigated from other remedial actions	103
<i>Sub-total</i>	2,700
Additional one-off costs Route Optimisation/harmonisation (net)	526
Total	3,226

Remedial Actions

40. The Directorate has already identified a range of remedial measures to contain the impact of these adverse variances as referred to above and these are reflected in the overall out-turn forecast. The Directorate will continue to closely monitor and manage key areas and identify scope for further remedial actions.

Waste, Recycling & Streetscape

£130k – planned remedial actions comprising:

- Waste minimisation one off budget reduction £50k
- Waste Agency costs (re deploy Garden Waste team) £60k
- Waste fuel reduction re reduced start up time £20k

Highways & Transport

£447k – planned remedial actions comprising:

- £285k additional under-spend on Highways Maintenance (after £400k already reported in year forecast), achievement will depend upon severity of the weather between now and end of the financial year.
- £162k – Public Rights of Way / Countryside have identified a range of measures, which will have to be taken to mitigate their 2011-12 service budget pressures, including: deferring planned maintenance across a number of sites (although this approach is essential in the short-term to address in-year pressures it will be difficult to sustain into the new financial year. Efforts are being made to mitigate the impact and address any short-term issues during the next financial year) and small project expenditure and utilising unbudgeted income from grants and contributions.

Community

£873k – planned remedial actions comprising:

- CCTV delay in creation of new control room (non pay savings) £170k
- Structure changes £160k
- Review out of hours service and increases in other fees & charges £39k
- Capitalisation of FLARE costs £100k
- Effective collection of bad debt £30k
- Regeneration applied earmarked reserve for Town Centre Car Parking Improvements £75k
- Further remedial actions are being sought by the service in order realise the additional reductions in Leisure £299k.

Development Service:

£387k – planned remedial actions comprising:

- £80k – Spatial Planning and Development Management are on target to deliver their remedial actions to help mitigate the Directorate budget pressures.
- £70k – Economic Development & Regeneration will take remedial action across several non pay budgets to further help mitigate the Directorate budget pressures.
- £237k – Assets: A number of remedial actions have been implemented including: improving the income / bad debt position; further prioritisation of building maintenance spending; and capitalisation of staff time in relation to capital projects. Since MYR, Assets have identified a further £237k of staff time that could potentially be capitalised.

Conclusion

41. The Directorate has identified £1.837m in remedial actions to date and will continue to closely monitor and manage key areas and identify scope for further remedial actions in the remainder of the financial year.

CORPORATE SERVICES £1.8m overspend

(excluding retained cross-cutting savings – see below)

42. Corporate Services is currently showing an adverse net variance against budget of £1.759m (after remedial actions), which is a small improvement of £51k from the position reported at MYR.

Finance & Business Services £1.554m overspend

43. £1.278m of the overspend is attributable to the ICT Shared Service. As reported in detail at the MYR, the overspend is due to the following main factors:

- initial estimated costs for 2011-12 were higher than the client budget available.
- decrease in the capital delivery assumption from 90,000 hours to 80,000 hours
- some proposed efficiency savings are actually being delivered against client budgets, and therefore shared service costs will not reduce.
- a shortfall on deliverable development hours chargeable to capital schemes. The ICT Service have expressed concern that Shared Services may still not deliver the projected hours, and therefore, there is scope for the reported overspend to increase.

44. A great deal of work is being undertaken through the ICT Shared Service improvement plan to ensure that the overspend position is resolved by mid 2012/13. Initiatives include performance management, commodity sourcing, recruitment review, contract spend analysis, architecture simplification, review of target operating model (including staffing reductions) and benchmarking.

45. The remaining overspend arises mainly in the Finance shared service, which has been impacted by cross cutting savings and delays to the structure rationalisation, and Procurement which has been subject to severance costs, residual CBS supplies expenditure, two years AGMA subscriptions and agency costs relating to an interim category manager, partly offset by economies within the Insurance budget.

Human Resources and Organisational Development

46. The HR & OD service is predicting an underspend of £79k before the impact of harmonisation work and Shared Services are taken into consideration. The £77k net overspend is due to anticipated costs of £142k being incurred on pay harmonisation work and the impact of Shared Services overspends of £16k.

47. The service has absorbed significant cross-cutting savings in addition to the above pressures, mitigated through the capitalisation of harmonisation software and consultancy costs, continued use of the Invest to Save reserve and vacancy management.

Borough Solicitor

48. The £128k overspend within Borough Solicitor is entirely as a result of activity that is not controllable by the service, in terms of both additional expenditure incurred in relation to the Borough and Parish elections (£50k), and the legal obligation to meet costs of the Coroner (£56k).

UNALLOCATED CROSS CUTTING SAVINGS £2.812m overspend

Finance and Business Services (Retained Cross-Cutting Savings) - £1.0m overspend

49. Shared Services Improvement in Services - the saving of £0.3m was originally to be met from continuing Shared Services outside of ICT, HR and Finance but this has not proved possible. The unallocated balance is subject to a growth bid in 2012-13.
50. Procurement Saving - council wide procurement savings of £0.7m have been delivered, however, the remaining non-deliverable £0.7m is subject to a growth bid in 2012-13 to remove completely.

Human Resources and Organisational Development (Retained Cross-Cutting Savings) - £1.812m overspend

51. Pay Harmonisation - £598k of the original £2.4m of savings has been generated in 2011-12 from the latest package, however, an in-year pressure of £1.812m remains. This is a slight improvement of £48k since MYR.
52. Salary Sacrifice Scheme / Reed Contract savings - £180k of the original £490k Council wide savings target has been delivered, however, the remaining unallocated balance cannot be delivered owing to reduced demand, and is now subject to a growth bid in 2012-13.
53. VR Saving - the original target for new Category 3 VR savings was £600k. However, savings totalling £900k have been identified and distributed to services across the authority leaving a positive budget of £300k retained by the service, resulting in a forecast year end underspend of £300k.

REVENUE BUDGET - CONCLUSION

54. After allowing for the allocation of contingencies to services, projected service overspending has decreased to £11m at the three quarter year stage, reflecting the impact of further remedial actions implemented during the year.
55. Significant mitigation has been identified corporately to reduce the impact on general reserves by some £4m. At this stage there would appear to be little scope for further mitigation of the position from corporate budgets and provisions other than that outlined in Annex 1. However the Council will continue to strive to reduce the overspend by further remedial measures and actions before year end.

CAPITAL PROGRAMME

56. At the third quarter review stage the Council is forecasting expenditure of £73.725m in 2011/12 against an Approved Budget of £89.856m for the year. Officers have undertaken a fundamental review of the capital programme 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.
57. Table 2 shows an analysis by Directorate of the in-year Approved Budget for 2011-12, and forecast expenditure for 2011-12 and the three following years to 2014-15.

Table 2 – Capital Expenditure Forecasts

Department	In Year Approved Budget	Forecast Expenditure			
	2011-12 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Adults					
New Starts	380	44	136	0	0
Committed schemes	2,324	1,956	367	0	0
	2,704	2,000	503	0	0
Children & Families					
New Starts	10,298	6,275	7,174	1,483	0
Committed schemes	15,530	11,679	9,291	61	0
	25,828	17,954	16,465	1,544	0
Places & Organisational Capacity					
New Starts	26,082	26,084	13,816	4,770	0
Committed schemes	29,841	25,044	11,683	3,500	1,615
	55,923	51,128	25,499	8,270	1,615
Finance, Legal & Business Services					
New Starts	984	227	850	0	0
Committed schemes	4,417	2,416	3,070	1,099	0
	5,401	2,643	3,920	1,099	0
Total New Starts	37,744	32,630	21,976	6,253	0
Total Committed schemes	52,112	41,095	24,411	4,660	1,615
Total Capital Expenditure	89,856	73,725	46,387	10,913	1,615

58. The programme consists of on-going schemes started in previous years (£52.112m) and new starts (£37.744m). The new starts include a number of schemes which form part of a 'core' programme, including essential maintenance, Local Transport Plan (LTP) schemes within Environment, Devolved Formula Capital (DFC) allocations for schools, and Corporate Landlord schemes within Assets. New schemes have been approved by Members as meeting the Council's priorities.

59. The 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 given below in Table 3.

Table 3 – Funding Sources

Funding Source	Forecast Expenditure			
	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Grants	36,976	16,706	2,610	0
External Contributions	3,028	202	80	0
Linked/Earmarked Capital Receipts	47	1,326	0	0
Supported Borrowing	5,493	1,868	484	0
Non-supported Borrowing	10,820	18,806	4,946	0
Revenue Contributions	928	550	395	0
Capital Reserve	16,433	6,929	2,398	1,615
Total	73,725	46,387	10,913	1,615

60. Annex 2, Appendix 1 shows detail of the individual schemes that make up the disclosures in Table 2 and Table 3.
61. Annex 2, Appendices 2a and 2b list proposals for Supplementary Capital Estimates (SCE) /Virements up to and including £1,000,000.
62. Annex 2, Appendix 2c lists a proposal for a Supplementary Capital Estimate (SCE) / Virement for over £1,000,000 for Council Approval.
63. Annex 2, Appendix 3 provides a list of reductions in capital budgets to be noted. As result of a review of the current capital programme savings have been identified totalling £1.613m.

Key Service Capital Issues

Children, Families & Adults

64. **Malbank School & Sixth Form College – 2010/11**

Total Approved Budget £1.185m

A virement and a Supplementary Capital Estimate (SCE) has been requested to increase the total approved budget by £163,608, funded from the 2011/12 Malbank School scheme £150,000 and £13,608 from a school contribution. This is to bring the two schemes together as one project on the capital programme.

65. **Capital Maintenance Allocation 2011/12**

A Supplementary Capital Estimate has been requested for the additional 2011/12 funding received from the Basic Needs Grant.

66. Adults Personal Social Care Capital

This scheme is being funded by the Community Capacity grant and it will be used for system development within Adult services.

Places & Organisational Capacity

67. Crewe Rail Exchange

Proposed Total Approved Budget £6.177m

The Crewe Rail Exchange scheme provides a crucial first step towards the Council's ultimate plans for Crewe Station and moving forward with its economic growth plans set out in "All Change for Crewe". In order to secure the £6.177m funding the Council must comply with a number of conditions specified by the Station Commercial Project Facility (SCPF) awards panel. Full background details to the scheme and conditions to the grant funding are included in the Cabinet report titled Crewe Rail Exchange Project – SCPF – Tranche 2 Funding which is also being presented at the Cabinet meeting on 6th February 2012.

68. Street Lighting Carbon Pilot Bids

These proposals will contribute to the Council's Corporate Plan through its energy and carbon reduction that will also contribute towards the Council's Sustainability Strategy. Reducing the hours of operation will result in longer periods between planned maintenance visits thereby reducing road occupancy by maintenance vehicles.

There are three pilot areas as follows:

- Middlewich Road (adjacent to Westfield offices) at a cost of £14,700. Targeting a reduction in energy consumption and additional benefit through increased lamp life and reduced maintenance costs.
- A34 (part night/switch-off operation on sections of the A34) at a cost of £99,500. This scheme will see an introduction of variable lighting levels to street lighting during the hours of operation. Introduction of equipment and complementary traffic management measures to support the trial of part night / switch-off operation on sections of the A34.
- Extension of the Residential Part Night Trial at a cost of £99,500. This scheme will see an introduction of part night street lighting; switching lighting off during part of their hours of operation – Estimated number of columns 950

The trials will also cover systems to allow remote management and operation of street lighting. The pilot schemes are linked to the £2.0m bid in the 2012-13 programme.

69. Waste Procurement PFI

Cheshire East and Cheshire West & Chester Councils have been progressing a Cheshire Waste Management Private Finance Initiative (PFI). A project inherited from Cheshire County Council, the contract would manage the treatment of residual municipal solid waste over the next 25 years to meet required landfill diversion and recycling targets. On 20 October 2010, Defra confirmed that PFI credit support for the project was being withdrawn. On 26 July 2011, notification was received that the Councils' legal challenge had failed and in the light of this decision we are reviewing options for the future disposal of municipal waste.

Cheshire East's spending on the project to date is some £1.6m and (as reflected in the 2010/11 Accounts in relation to this matter) pending a decision not to progress the scheme it is considered reasonable to have capitalised such expenditure, so far. If alternative treatment is subsequently required, any necessary adjustments will be made in the year that decision is made.

70. Bridge Maintenance – Minor Works 2011/12

This is a Supplementary Capital Estimate (SCE) funded by the additional monies received in respect of the Integrated Transport Block 2011/12.

71. Assisted Purchase Scheme 2009/10 & 2010/11

Two virements have been requested totalling £263,000 to amalgamate the three existing Assisted Purchase Schemes on the capital programme into a single pot.

72. Minor Works 2011/12 & Compliance 2011/12

The above are two new schemes at £500,000 each which have been identified separately by Asset Management. In turn as the work will relate in the main to Schools, £1,000,000 has been vired from the Children and Families capital programme.

73. Lifestyle Refurbishment

A virement of £190,000 has been requested from the Oakley Centre capital budget to Macclesfield & Wilmslow Leisure Centres. The programme of works will provide adaptations and modifications to the existing facilities for the disabled, together with day and lounge provisions.

DEBT MANAGEMENT

74. Total Invoiced Debt at the end of December 2011 was £6.3m. After allowing for £1.8m of debt still within the payment terms, outstanding debt stood at £4.5m. The total amount of service debt over 6 months old is £2m which has remained broadly constant during the year to date, and is £0.5m higher than the level of older debt at 31 March 2011. Services have created debt provisions of £1.8m to cover this debt in the event that it needs to be written off.

75. An analysis of the invoiced debt provision by directorate is provided in Table 4.

Table 4 - Invoiced Debt

Directorate/Service	Total Outstanding Debt as at 31 st December £000	Total Debt Over 6 months old £000	Bad Debt Provision £000
Children & Families	796	491	283
Adults	1,753	989	989
Total Children, Families & Adults	2,549	1,480	1,272
Waste, Recycling & Streetscape	290	70	57
Highways & Transport	623	175	133
Community	160	88	89
Development	807	247	228
Performance, Customer Services & Capacity	5	3	3
Total Places & Organisational Capacity	1,885	583	510
Finance & Business Services	64	19	19
HR&OD	2	1	1
Borough Solicitor	1	0	0
Total Corporate Services	67	20	20
Total	4,501	2,083	1,802