



# **First Quarter Review of Performance 2016/17**

**September 2016**

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

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

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# Introduction

Financial & Non-Financial performance at Cheshire East Council is strong. It is the third largest Council in the Northwest of England, supporting over 370,000 local people with annual spending of over £720m. The Council continues to achieve improvements in the area, putting residents first in the provision of over 500 services delivering more for less.

A commitment across the public sector to contribute to reducing the high levels of national debt means that local government is going through a period of unprecedented change and financial challenge. Cheshire East Council's response continues to be based on innovation and creativity. The Council is relentless in its pursuit of greater efficiency and productivity, and minimising bureaucracy to enable it to deliver a high level of sustainable, quality services for a lower overall cost.

Our 'Best Fit' approach, to commissioning services, develops better ways to achieve the Council's six stated outcomes by using a mix of delivery mechanisms. The Council's philosophy is about much more than simply reducing costs through arranging cheaper provision or about traditional outsourcing. In 2013/14 the Council completed significant reviews of management structures to divert spending to front line services.

At quarter one, the Council's reserves strategy remains effective, with a modest reported overspend of £1.5m (0.6%) against a budget of £247.9m.

To support openness and transparency the report has three main sections, to provide background and context, and then twelve supporting appendices with detailed information about allocation and management of public money during 2016/17:

**Section 1** provides a summary of Council performance and brings together service achievement highlights against the 6 Residents First Outcomes in the Council's four year Corporate plan.

**Section 2** provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2016/17 is being funded, including the positions on overall service budgets, grants, council tax and business rates, treasury management, centrally held budgets and the management of the Council's reserves.

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

- **Appendix 1** shows the Council's Residents First Outcomes.
- **Appendix 2** explains changes to the Original Budget.
- **Appendix 3** shows the latest position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists approved Supplementary Capital Estimates and Virements up to £250,000.
- **Appendix 6** lists requests for Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 7** lists requests for Supplementary Capital Estimates and Virements over £1m for Council approval.
- **Appendix 8** lists Capital Budget reductions.
- **Appendix 9** provides details of Treasury Management investments.
- **Appendix 10** lists requests for allocation of additional Grant funding.
- **Appendix 11** analyses the position on Outstanding Debt.
- **Appendix 12** lists details of Earmarked Reserves.

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Chief Operating Officer (Section 151 Officer)

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# 2016/17 Outturn Forecast at First Quarter Review - Financial Position

2016/17 First Quarter Review (GROSS Revenue Budget £583.4m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m	For further information please see the following sections
<b>SERVICE DIRECTORATES</b>				
People	142.3	144.8	2.5	Section 1 - Paragraphs 17-19, 78-89, 132-141, 165
Place	31.8	32.3	0.5	Section 1 - Paragraphs 47, 50-55, 67-73, 95
Corporate	76.4	76.1	-0.3	Section 1 - Paragraphs 106-108, 124, 171-173
<b>Total Services Net Budget</b>	<b>250.5</b>	<b>253.2</b>	<b>2.7</b>	
<b>CENTRAL BUDGETS</b>				
Specific Grants	-20.2	-20.2	0.0	Section 2 - Paragraphs 178-184
Capital Financing	14.0	12.8	-1.2	Section 2 - Paragraphs 217-221
Transfer to Earmarked Reserves	2.8	2.8	0.0	Section 2 - Paragraphs 233, 236
Corporate Contributions / Central Budgets	0.8	0.8	0.0	Section 2 - Paragraph 227
<b>Total Central Budgets</b>	<b>-2.6</b>	<b>-3.8</b>	<b>-1.2</b>	
<b>TOTAL NET BUDGET</b>	<b>247.9</b>	<b>249.4</b>	<b>1.5</b>	
	Planned Contribution 2016/17 £m	Forecast Variance Quarter 1 £m	Impact on Reserves Quarter 1 Forecast £m	
Impact on Reserves	-1.0	-1.5	-2.5	
<b>General Reserves Balance</b>	<b>2016/17 Budget (estimated) £m</b>		<b>Quarter 1 Forecast</b>	
Opening Balance April 2016	12.8	Actual	13.0	
2016/17 Impact on Reserves (see above)	-1.0	Forecast	-2.5	Section 2 - Paragraphs 231-235
Closing Balance March 2017	11.8	Forecast	10.5	

# Overview of Performance ~ Putting Residents First

## ACHIEVING THE COUNCIL'S SIX OUTCOMES

**Cheshire East Council provides more than 500 services, supporting over 375,000 residents, and over 17,500 businesses.**

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

- Administrating the European Union Referendum and Police and Crime Commissioner Elections across Cheshire East
- Awarding grants to 140 applicants for street parties to celebrate the Queens 90th birthday
- Providing youth work and targeted support to 1,298 individuals
- Investing in additional resource to improve community cohesion in Crewe
- Developing a new 'Community Connectors' project

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

- Sustaining a low number of young people not in education, employment and training (NEET), at 2.8%
- Collaborating with the Skills & Growth Company in relation to engagement with key local employers and commercial partners
- Continuing to make strong progress on the Council's major transport schemes
- Resolving 8,079 (95%) of Highways enquiries received within the quarter

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

- Launching the 'Parenting Journey'; a universal integrated early help pathway and programme of support for children under 5 and their families
- Outperforming the national average take-up of the childcare offer for disadvantaged 2-year-old children, at 75%
- Providing additional opportunities for care leavers not in education employment or training (NEET)

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

- Completing consultation on proposed changes to the Local Plan, along with analysis and preparing responses
- Validating 98% of planning applications within 5 working days, and improving online information regarding the stage of applications
- Achieving 8 'Green Flag' awards
- Attracting 1,000 new customers to Fairerpower

### 5 ~ People live well and for longer

- Delivering 523 home adaptations for older and/or disabled residents to support independent living
- Delivering 145 affordable homes
- Opening the fully operational Crewe Lifestyle Centre on time
- Becoming the 'most active' local authority in the North West with participation in sport and recreation in Sport England's "Active People Survey"
- Working to deliver the children and young people's improvement plan to meet recommendations from Ofsted's inspection

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

- Residents' overall satisfaction with the Council has improved
- Increasing the percentage of residents who agree that the Council provides value for money
- Being shortlisted for five national awards for excellence in public service in the APSE Service Awards 2016

## FINANCIAL STABILITY

Cheshire East Council is achieving outcomes based on sound financial management. In 2016/17 the Council will operate on an annual budget of more than £720m.

- At quarter one a potential overspend of **£1.5m** is being reported compared with budget.
- The potential overspend represents only 0.6% of the Council's net revenue budget of £247.9m, and early forecasts have historically tended to be reduced as the year progresses from robust management action to mitigate the pressures before year end.
- **Service Budgets** – a forecast overspend of £2.7m is reported.
- **Central Budgets** – are currently forecast to be underspent by £1.2m due to lower than budgeted costs of capital financing.
- The Council is among the top third of Unitary Councils in terms of **Council Tax collection**. Over 99% of Council Tax and Business Rates are collected within three years.
- **Council Tax** increased in 2016/17 for the first time in six years.

- **Investment income** is £63,000 higher than budget at quarter one. The average rate earned on investments (1.1%) is higher than the London Inter Bank 3 month rate.
- **General Reserves** - the robust reserves strategy assesses risk at the beginning of the year, and protects the Council against potential overspending. At this stage in the year, the potential overspend of £1.5m is within the original forecast risks. Further mitigation of the forecast overspend is expected to be achieved.
- **Capital Programme** – the original **total capital budget** of £183.6m has been reduced to £142.7m to reflect revised forecasts and schemes continuing since reporting the 2015/16 outturn.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £89.6m in line with revised forecasts. Again the Council has forecast that there will be no requirement for additional external borrowing this financial year.
- Outstanding **Debt** (excluding local taxation) is £11.9m. Debt over 6 months old is £3.0m (around 4% of total debt raised annually) and this is covered by provisions to meet potential write-offs

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 375,000 residents. The budget to deliver these services in the period April 2016 to March 2017 is £730m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users. In terms of core spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending:

Core Spending Power per Head Comparisons 2016/17			
	Cheshire East	Rural East Riding of Yorkshire	Urban Liverpool
	£	£	£
Grants	207	266	593
Council Tax	469	411	295
Total	676	678	888

2. The Council's Corporate Plan 2016-2020, which was agreed by Council on 25th February 2016, has six Residents First Outcomes that will focus service delivery in the medium term (see **Appendix 1**). This section of the report highlights progress towards achieving each of the six outcomes.

3. This report reflects activity that has taken place in the period April 2016 to June 2016. Commentary is also provided on the financial impacts (both revenue and capital) of this activity.

## 1 ~ Our local communities are strong and supportive

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

4. During the first quarter, the Council worked to support and administrate both the Police and Crime Commissioner Election in May 2016, and the European Union Referendum in June 2016. Percentage turnout for the EU Referendum in Cheshire East stood at 77.4%, ahead of the national figure of 71.8%.
5. The Council has invested in an additional resource of £60,000 to carry out community cohesion activities in the Crewe area over a 12 month period, and a number of actions have been carried out. These include:
  - Secondment of a bilingual Community Development Officer from within the Communities Team to carry out dedicated community cohesion work in Crewe for 12 months.
  - Support to further development of the Crewe Multi-Cultural Forum, which is now a fully constituted group that is carrying out asset mapping, and has renewed contact with ethnic groups.
  - Weekly community football sessions for over-16s, established from June 2016 at the Cumberland Sports Track Crewe, attracting a wide range of nationalities. As trust and confidence is gained,



these will be used as a means of encouraging families to access informal health care support, and information and advice.

- Advice and support drop-in sessions established at the Global Café.
- Additional informal ESOL (English Spoken as another Language) drop-in classes.
- A range of community events are planned by schools and groups including a Community Day in July at Sir William Stanier School as part of the 'Big Run to Save a Dad', and an International Culture Day in July.

6. The Communities Team have been developing an exciting new 'Community Connectors' project, which brings local people together to share information and ideas, with a pool of trained volunteers from a wide range of backgrounds who together and individually can support their communities to access services, social groups and activities. Connectors will be people who know their communities and can enable people to address social challenges using resources from within their community.
7. The first round of community grants for 2016/17 awarded £52,037 to 35 organisations, with projects ranging from community events to support for sports organisations and a number of refurbishment projects which will provide more community activity in community buildings across the borough.
8. Grants for street parties to celebrate the Queen's 90th birthday saw £13,632 awarded to a total number of 140 applicants. This enabled thousands of people across the Borough to come together to celebrate the monarch's birthday but also to socialise with their neighbours and get to know other people in their street, which strengthens communities. Many people who applied for the Queen's Jubilee funding have applied for this funding which shows

an ongoing community spirit within these neighbourhoods and communities.

9. Preparations took place during the first quarter as the one-year anniversary of the Bosley Disaster approached. The Council worked to manage the media presence to ensure the privacy which the community had requested was respected. Senior officers and members prepared to attend various events over the weekend including a Council team for the tug-of-war competition.
10. The Environmental Health team continue to work with the owners of the Wood Treatment Ltd site in Bosley which was the subject of a devastating explosion in July 2015. Although on a significantly reduced scale, operations continue on site and the role of the team is to ensure compliance with environmental legislation. The team are also in close working arrangements with the Health and Safety Executive inspecting officers to help understand the two regulatory regimes.
11. Three further community right to bid nominations were received in Q1. Two were assessed as unsuccessful as evidence provided means that it is unrealistic to think that premises will be able to further social, economic or environmental wellbeing in the next 5 years. One is pending and will be completed in Q2. Work is underway to prepare for this.
12. Infrastructure Grants for 2016/17 have been approved and allocated to Cheshire East Community and Voluntary Services (CVS), Cheshire Community Action and Cheshire Association of Local Councils. All three organisations have been funded in order to carry out activities with their members and others that will support overall outcomes for Partnerships and Communities and the Council's corporate outcomes.

13. A joint workshop was held with Town and Community Partnerships and a generic grant agreement for 2016/17 has been prepared for all town partnerships based on outcome of discussions.
14. Cheshire EU LEADER Programme - 10 active applications have been received for Cheshire East since the programme launched in November 2015. Promotion and ongoing implementation of the programme was paused for a number of weeks due to purdah before and after the referendum. Due to uncertainty regarding implications of the referendum outcome the Cheshire LEADER programme is formulating an Exit Strategy to 2018 in order to proactively manage and control the process.
15. Commemorative events have been held for the centenary of the Battle of the Somme. A wreath laying ceremony in Nantwich was organised in partnership with the Royal British Legion and was attended by over 200 local school children, presided over by the Lord Lieutenant and the Mayor of Cheshire East.
16. Volunteer presentations have been held at Tatton for long-serving Volunteers within the Gardens, which in some cases were up to 15 years.
17. There is an overall underspend projected for Communities of £39,000. This is due to further consideration of the feasibility of joining sub-regional arrangements for gypsy and travellers and the development of a transit site. Additional pressures exist due to the enhanced focus on fly tipping and new legal fees associated with gypsy and traveller work, but these have been offset by staffing savings due to delays filling vacancies.
18. Regulatory Services and Health are forecast to be on budget. They are incurring additional costs due to the Trading Standards

prosecution case and increased dog kennelling fees but these have been offset by delays filling vacancies and higher income.

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

19. Following a licence review initiated by the Police the Licensing team organised a licence review hearing and associated administration. The review was in response to a number of complaints relating to underage sales, serving beyond licensing hours, the employment of underage staff, drug use and a serious assault. The licence was subsequently revoked and the appeal period has passed without representation.
20. The Licensing team undertook a weekend stop and check operation for licensed vehicles in conjunction with the police. A total of 23 vehicles were stopped over a four hour period with just over 25% licensed by Cheshire East. Of those licensed by other local authorities, none were carrying out unlicensed activities (i.e. they were all pre-booked and warnings related to low level breaches of condition). The operation was also used to help local special constables understand taxi licensing issues so that they can pick them up as part of routine work.
21. The Business and Regulation Team helped to secure a £20,000 refund for a consumer who had purchased a car that had been in an undeclared accident and had been determined as unroadworthy following a third party assessment.
22. The Licensing team successfully prosecuted a Newcastle under Lyme taxi driver for illegally plying for hire and having no vehicle insurance. He was fined, ordered to pay costs and his license was endorsed with six penalty points.

23. The Community Safety Delivery team are awaiting the adoption of a Pan Cheshire Prevent Strategy, and have developed our local prevent action plan and training strategy. The Action Plan identifies work priorities under the following headings: Embed Prevent into mainstream activities; Build resilience to extremist ideologies within our communities; and safeguarding those most vulnerable to messages of extremists. The training strategy sets out a tiered approach to training delivery.
24. The Cheshire East Channel Panel is meeting bi-monthly and focusing on its collective practice development, to ensure that together we deliver our responsibilities under this duty for our residents.
25. The Cheshire East Serious and Organised Crime (SOC) Board held its first meeting in June 2016 to consider ways in which partners could work closely together to build and share intelligence and impact on disrupting the activity of those individuals and their networks operating across the borough. Partners agreed a draft Action Plan based on the four themes around Pursue, Protect, Prepare and Prevent which causes the greatest community impact. The group has initially discussed opportunities to share best practice with other SOC groups in the subregion and consider joint funding applications to the Police and Crime Commissioner to address common priorities.
26. The Community Safety Delivery team have been working alongside the National Trading Standards Scams Team who have received from the Metropolitan Police Service a list identifying just over 600 CE residents who are potential victims of prize draw and postal scams. The level of collective detriment is estimated to be in the region of £60,000. The average amount of detriment per resident visited is £2,608, therefore there is a potential collective detriment to the Cheshire East residents on the mailing list of over £1.4m.
27. A gang of criminals from London who committed high value thefts in Cheshire, Staffordshire and West Mercia have been caught following vigilant observations by the CCTV operators. Operators monitoring all areas, as well as Crewe, spotted two of the gang and with the help of store security guards managed to pinpoint the vehicle they were in. CCTV instigated the stopping of the vehicle and the three males on board were arrested and subsequently charged with numerous offences in Cheshire and other forces. For all the offences they received ten weeks in prison each. During interview the three admitted to being part of a gang sent up from London to commit the thefts.
28. The CCTV camera network was instrumental in dealing with on average 1,300 incidents a month, giving Police the necessary information to be able to pursue the offenders, resulting in arrests and convictions.
29. Two of the three Dog Watch campaigns have been completed and good feedback was given by all attended. Over 30 surveys were completed per area and information will be gathered and collated at the end of the three campaigns. Five fixed penalty notices were issued as a result of the campaign (all of which were in South Park, Macclesfield). The third campaign was due to be completed by 17th July and a full report will be produced for the end of Q2.
30. Community Enforcement Officers issued 57 fixed penalty notices during the first quarter when tackling community issues such as fly tipping, littering and dog fouling.
31. Preventive work with young people at risk of offending continues to have a positive impact. Latest data shows that the number of first time entrants to the youth justice system has continued to reduce. Cheshire East has a lower rate of re-offenders and an

average number of offences per offender when compared nationally.

32. The Youth Support Service works with young people aged 13-19 or 13-25 (with additional needs) providing youth work and targeted support. The total number of individuals who accessed the service in quarter one was 1,298.

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

### **Business Growth and Tourism**

33. Support to Cheshire East high growth sectors continues with new public-private initiatives launched including an Innovation Strategy Board, and a Creative and Digital Taskforce 'The Weave'.
34. The Skills & Growth Company are supporting the masterplanning process at Radbroke Hall and Bentley, while at Jodrell Bank engagement for the Square Kilometre Array has started. A Memorandum of Understanding has been signed between Cheshire East and Astra Zeneca for improvements at Hurdsfield.
35. The first quarter saw visitor numbers at Crewe Lyceum Theatre of 18,945; a rise of 1,817 on the same period last year. Macclesfield Silk Heritage Trust saw visitor numbers of 8,278 in the first quarter; a rise of 1,884 on the same period last year.
36. The Lost Carnival took place in Crewe, which attracted audiences of 2,000. In addition, 1,148 volunteer hours were given and 445 complimentary tickets were distributed to local organisations for disadvantaged families in Crewe to attend.
37. Visitor numbers to Tatton Park during the year are expected to be buoyed by holding a unique celebration of the works, readings and

events of Roald Dahl. Early indications in quarter one were encouraging during April and early May 2016, although June suffered from poor and variable weather, which particularly impacted weekends. This reduced outturn expectations, with garden admissions and park entries down just over 10% on the previous year, with concert ticket sales slow and other events impacted. However the Roald Dahl activity helped maintain sales in other areas with purchases of the discounted Totally Tatton tickets, entries to the Mansion and sales through Tatton Gifts and the catering outlets up by as much as 6% in some areas.

38. The procurement process was commenced to select and appoint a development partner for the redevelopment of Royal Arcade in Crewe town centre. By the end of Q1 developers had been shortlisted based on their previous experience.
39. An enhanced Public Realm Scheme was completed around the new Lifestyle Centre in Crewe town centre, including an improved walkway connecting the new development to Market Street.
40. New governance proposals have been developed for Crewe regeneration/business engagement in partnership with South Cheshire Chamber, including formation of a new South Cheshire Business Council to replace the All Change for Crewe Partnership Board.

### **Jobs and Skills**

41. Cheshire East has a low number of young people not in education, employment and training (NEET); this was maintained at around the same level as the previous quarter with 328 young people (2.8%) at the end of quarter one. Work continues to reduce this figure and young people who are joining or leaving the NEET cohort each month are closely monitored.

42. Five young people (NEETS) have been on work placement with the Youth Theatre from Total People. During their time with the youth theatre they learnt about how to become a production team and they supported the youth theatre production Swallows and Amazons.
43. Since being on work placement two of the young people have successfully become employed and one is having further experience to become a casual theatre technician. To top all of this off, they also passed their Bronze Arts Award. This is a Level 1 award on the Regulated Qualifications Framework (RQF) and compares to a D-G GCSE grade. The young people completed their work placement as part of the NCFE Entry Level qualification with Total People. We also successfully had four other young people pass their Arts Award Silver, a Level 2 qualification on the RQF which compares to an A\*-C GCSE grade. This represents a 100% pass rate for all young people going through Arts Awards through Cheshire East Youth Training.
44. A 'Stepping into Business' workshop was delivered to three primary schools and one high school during the quarter, in partnership with Bentley Motors; while Carillion/Keir are in discussions to offer apprenticeship and work experience opportunities on the M6 J16-19 programme.
45. The Lifelong Learning team continues its delivery of adult learning programmes. 286 learners are currently participating in a wide range of courses aimed at enhancing the work prospects of those furthest from employability; 194 learners are gaining ICT skills ranging from basic keyboard and mouse skills to the European Computer Driving Licence; and 151 are advancing their Literacy and Numeracy skills (ranging from beginner readers up to GCSE Level through the Functional Skills and Stepping Stones courses). Further to this, Cheshire East has reached an additional 2,700 learners

through courses delivered by our partners in the community including Head Injury Recovery College Therapies, YMCA Academy, Safeguarding, Stronger Women, Bosley Work Club, Reiki and gardening.

46. The Skills and Growth commissioning service is currently forecasting a minor overspend of £68,000 against a net budget of £1.8m. This relates to a small number of Council expenditure items e.g. employee profit related pay.

### **Inward Investment**

47. The Regeneration team has continued to collaborate with Skills & Growth Company in relation to engagement with key local employers and commercial partners on key matters (e.g. BHS closure, development proposals for University Way and investment plans of new/expanding businesses).
48. The Skills & Growth Company has had strategic engagements with 18 of the Top 100 accounts in the Cheshire East area in quarter one. This has led to a significant pipeline of investment opportunities that could lead to the creation of around 210 quality jobs in the area. Other inward investment activity coordinated by the Skills & Growth Company included an Enterprise Zone (EZ) Launch Event at Alderley Park to support applications for EZ Rate Relief; a successful investment tour from Hong Kong of key employment sites; and arranging for Assurant to tour Radbroke Park to inform investment plans.
49. At First Quarter Review, Economic Development services are reporting a pressure of £0.3m against the 2016/17 budget.

50. Pay and pension pressures of £119,000 have been identified. There are additional staffing pressures of £75,000 – £55,000 is within Planning and Sustainable Development where increments have been awarded to staff in order to improve retention rates within this service. Housing staffing is reporting a £20,000 pressure due to a reduction applied to the 2016/17 Budget which remains unidentified at this time, although the service is working to mitigate this pressure in-year.
51. The Assets Budget for 2016/17 includes a reduction of £315,000 for Business rates savings due to disposal of assets. A significant proportion of this saving remains largely unidentified at this time, although a review of the Disposal programme is currently underway within the Assets service which should facilitate more clarity on this position for the Mid Year Review.
52. Other pressures include the retention of the Town Centre Manager at Macclesfield, which presents a pressure of £53,000 for 2016/17, since it was assumed that this position would not be funded within Cheshire East this year.
53. The Green and Rural service is experiencing low volumes of concert sales to date, this has significantly contributed to the pressure on income of £40,000 within this service, in addition to poor weather throughout June.
54. There are some smaller pressures due to unbudgeted recruitment and investment costs.

### **Infrastructure**

55. The Strategic Highways Infrastructure Team continues to make strong progress on the Council's major transport schemes by planning, developing and delivering major highway and transport

infrastructure improvements, in conjunction with partner organisations. Current Delivery Schemes include:

- Poynton Relief Road - Work is now progressing to submit a planning application at the end of July 2016. Public consultation took place in October 2015 and a number of exhibitions were also held. The level of positive feedback received was exceptional for a highways scheme.
- Congleton Link Road – The planning application was successfully made on the 30th September 2015 and an addendum to the planning application was submitted on 2nd March 2016. The planning application has now been approved by Strategic Planning Committee and work continues to be progressed on this scheme in order to successfully deliver the next phase of work.
- Sydney Road Bridge – Work is rapidly progressing with Network Rail and their contractor, Murphys, to develop and finalise design options in order to determine a final preferred option. Initial landowner consultations took place throughout May and June, and went well. Preparation is now underway to progress the scheme to the planning application phase.
- The A6 Manchester Airport Relief Road scheme is currently under construction, the technical approvals process and detailed design checks are nearing completion. The majority of roadworks elements are completed. A Stage 2 Road Safety Audit with all Local Authorities is under review and responses are ongoing, as are structures design checks. Most Technical approvals for major structures are completed with retaining walls and other smaller structures ongoing.
- A500 Junction 16 Pinch Point Scheme – This scheme has been implemented to alleviate congestion at junction 16 of the M6 through the addition of a lane to the eastbound approach to the junction. Works are now complete at junction 16 and work continues to close this project out and address final payments.

- A556 Knutsford to Bowden (Highways England scheme) – This scheme allows for the construction of a new 4.5 mile dual carriageway between M6 junction 19 (near Knutsford) and the M56 junction 7 (near Bowdon). Construction started in November 2014, is progressing well and the scheme is due to complete in 2017.
  - Crewe Green Roundabout – Crewe Green is a five-arm signalised roundabout, forming a major confluence of roads to the east of Crewe. Peak period congestion is severe and traffic modelling showed that the recent opening of Crewe Green Link Road (South) was predicted to add approximately 15% more traffic to the junction. A scheme has been developed to manage the revised traffic flows by remodelling the junction and the diversion of one arm of the roundabout. A number of options have now been worked up for the new roundabout design, and a further Cabinet report later in the year will consider a preferred option.
  - Leighton West Spine Road - Due to the development of Leighton West, new infrastructure is required to enable the additional demands on the network to be handled. Therefore there is a need for the Spine Road to be developed and built. Work is underway to assess the options around the proposed site. This is part of the North West Crewe Package. Next steps include engaging with key stakeholders, supporting the production of the Bentley Masterplan A and subsequent planning application, in addition to supporting the application for planning permission for Leighton West by Engine of the North.
  - Middlewich Bypass – The Feasibility Stage has run to programme and has been used to support a bid for DfT funding to develop the scheme further. The outcome of this is awaited. Design options adjustments are underway to respond to developer input and a public consultation is being prepared.
- Subsequent to this consultation, there will be a report to November cabinet to select a preferred route.
- Macclesfield Movement Strategy – A package of transport schemes which looks to support growth and regeneration within Macclesfield. A bid has been submitted to the Local Growth Fund for future funding, the outcome of this is awaited.
56. In addition to the major schemes currently being delivered, the Council is developing an ambitious pipeline of highway and transport infrastructure schemes for future delivery. The schemes under development include Crewe Bus Station, Congleton Public Realm Scheme, improvements to the A51/500 corridor and the Dualling of the A500 from M6 Junction 16 to the A5020 roundabout.
  57. Due to the prolonged winter period resulting in unusually high winter service expenditure throughout April and the exceptional rainfall causing flooding in June the revenue spend in Q1 is currently ahead of the planned profile. However measures are being put in place to ensure that the costs will be managed within the annual budget.
  58. Cheshire East Highways (CEH) performance continues to be managed through a suite of contractual performance measures. At the end of Q1 of the 24 calculated measures to date, CEH are passing in all but one. The failing indicator relates to the timely processing of the monthly valuation and is a non-scoring indicator.
  59. In addition by the end of Q1 the service had received 8,506 enquiries. Of those 8,079 were resolved (95%) in quarter but the figure indicates the level of customer engagement there is with the Highway service.

60. The delivery of the annual reactive maintenance service is generally proceeding in line with the approved business plans. Winter ran into the early months of Q1 with gritters out salting some routes on the network.
61. Pothole repairs are running at high levels with the situation being monitored closely. Due to the wet and prolonged winter, the network is suffering from an increased number of potholes. By the end of the quarter 5,414 had been completed.
62. The capital maintenance and Highway Investment Programme (HIP), funded by the Department for Transport (DfT) Local Transport Plan (LTP) budget and Council prudential borrowing, is making good progress against the approved business plan programmes. All surface dressing has been completed, the Micro Asphalt / Grip Fibre programme commenced in June for completion in July. The surfacing programme is split into two phases with Phase 1 completed in April and Phase 2 was on track to start late July for completion in September.
63. The Footway programme/Level 2 carriageway patching programme and other block programmes are approved and delivery is on track. The DfT Pothole budget is funding the repair of carriageway defects on the Tour of Britain route and will be completed in advance of the event.
64. The LED street lighting lantern replacement and structural column replacement programmes are currently in the survey/design phase with delivery due to start on site in August.
65. The recent flooding event in Poynton was handled very well by the reactive teams in partnership with the emergency services and other key stakeholders and this work has been funded by using some of the Council's Highways Adverse Weather Contingency fund. In the aftermath the Highways service, led by the Structures team and Flood team have engaged with partner agencies to quickly assess the legacy of the flood damage to the highway infrastructure and drainage systems. A report on the damage and costed repair options has been prepared for Management Group Board (MGB) to consider with a request for additional funding for the capital repairs. The outcome of this will determine whether it will be necessary to review and revise any of the currently approved capital programmes.
66. Highways spend at first quarter is slightly above budget; this is due to winter service expenditure incurred well into April 2016, additional flooding expenditure in early June 2016 and the usual higher spend rate for summer activities and longer available working hours. It is anticipated all these costs will be managed within budget or through the use of the appropriate earmarked reserves, and therefore a net nil position is forecast.
67. Car Parks are expecting to generate an under spend of £239,000. The majority of this is due to increased pay and display income which will be ring fenced to provide funding for new pay and display machines. There is also a small staffing under spend in both the processing and enforcement teams. A full staffing review of the service is being undertaken.
68. The Transport commissioning service is currently reporting a potential pressure of £196,000. This relates to a number of budget pressures and additional funding requested by Transport Services Solutions Limited (TSS), the Council's wholly owned company.
69. There is potential non-achievement of £153,000 of commissioner-led savings related to Available Walking Routes. In addition, there is also a pressure from increased demand in SEN of £43,000.



- 70. The Council will underwrite the pressures subject to progress during the year (Available Walking Routes) and evidenced demand information (SEN), respectively.
- 71. Cheshire East Council has responded to the recent announcement that GHA Coaches has entered into liquidation. Ruabon-based GHA Coaches employed 320 people and operated 230 vehicles on school and bus routes across North Wales, Cheshire and Shropshire.
- 72. To ensure that the travel needs of local residents are met, the Council and TSS put in place an emergency plan to cover local bus routes affected by the cessation of GHA Operations. In the short term, this response has added pressure on revenue budgets for local bus support during the transitional arrangements. As the situation is stabilised, on-going cost pressures will be known and reviewed at year end. The contingency, if needed, will be drawn from the ASDV reserves.

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

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

- 73. Quarter one saw the launch of the 'Parenting Journey' in Cheshire East. The Parenting Journey is a universal integrated early help pathway and programme of support for children under 5 and their families. Beginning in pregnancy through to a child starting school there are a series of 'stops' where parents will be offered age appropriate guidance regarding their child's learning and development. It supports every child in Cheshire East to have the best possible start in life.

- 74. Despite a very small reduction, the take up of the childcare offer for disadvantaged two year old children in Cheshire East continues to outperform the national average, giving our youngest children the best start in readiness for school; as at quarter one, this stood at 75%.
- 75. Access to the 2 year old programme is monitored on a fortnightly basis. Every parent whose child is eligible is contacted to ensure the parent is aware of the offer and to support their child's access to local childcare provision. The local authority has set up a 'door knocking' system to support this process. A Health Visitor is working with the service to support the delivery of the 2 year old integrated review.

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

- 76. During the first quarter, students across Cheshire East undertook their GCSE and A-Level examinations, an anxious time for them and their families as they await the result of years of hard work. Result details will be included as part of the Council's Quarter 2 report, with verified results anticipated in November 2016.

#### **Inclusion**

- 77. The Local Authority has worked with local employers through the Chamber of Commerce to provide additional opportunities for care leavers not in education employment or training (NEET). Of the 64 NEET in quarter one, over 39% are engaged in positive activities that are developing skills for the work place. Excluding those pregnant/ with parenting responsibilities and those unavailable to the workplace due to illness/disability/custody there are only 14 individuals that are NEET and able to work. Active support is in place through Personal Assistants for these individuals.

78. Children and Families is forecasting an overspend of £1.5m at the first quarter.
79. This is caused by the underlying pressure of children in care, and the limit to how effectively this can be mitigated against via in year activity.
80. The budget for children in care for 2015/16 was set in anticipation of further reductions in numbers based on reductions experienced previously. This reduction has not materialised and numbers have increased locally, regionally and nationally.
81. At March 2015 there were 357 children in care. The numbers increased by 30 (8.5%) to 387 in March 2015 and have reached 401 in June 2016. Increasing gatekeeping has resulted in the cases which are coming through being more complex and therefore cost more.
82. The 2015/16 outturn for placements reflected an overspend of £2.2m. This pressure was partially addressed through the 2016/17 budget process (in the context of funding limitations) where an extra £1m was allocated to placements (plus £0.3m to fostering allowances).
83. The end result is that the overspend has been reduced but the increase in client numbers and complexity has limited the impact.
84. The service continues to seek better value for money placements that provide the necessary support for vulnerable children and reduce cost on an individual basis. The service is also considering other ways of reducing pressures through local projects to improve outcomes and linking up with bids for Department for Education innovation funding.
85. Although children in care numbers have continued to rise they are still below the average level for similar authority areas.
86. The service has a pressure of £0.15m from a shortfall in adoption income which it expects to manage.
87. In terms of the Directorate generally there are £0.35m of pressures caused by delays in delivering budget proposals. These are intended to reduce staffing costs and will be considered as part of a service restructure in line with the People's Directorate approach in due course. It is hoped that this action will enable the proposals to be delivered.
88. The service could also face pressures of £0.3m as a result of additional unaccompanied asylum seeking children should a national transfer scheme be put in place. This represents the shortfall between additional costs and grant funding available.
89. The service continues to work proactively to permanently recruit Social Workers and Social Work Managers. This is a critical element of our Ofsted improvement plan, and extensive efforts have been made to increase stability in the children's social work teams. Consequently, there has been a significant improvement with 89% of posts covered by permanent social workers.

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

##### **Planning and Sustainable Development**

90. Consultation on the Proposed Changes to the Local Plan was completed as anticipated on 19th April and the Council received 19,572 representations from 4,679 individuals or groups. Each representation has been logged and analysed and a full response prepared in readiness to be submitted to the Inspector in early

July, in line with agreed time scales. The stage is now set for a further 6-7 weeks of hearings starting in September. Each of these steps ensures that the Council continues to meet the rigorous Local Plan timetable agreed with the Inspector.

91. 98% of planning applications are being validated within five working days and 100% of valid prior approval applications are being registered within 24 hours. More information is now available online to customers about what stage an application is at.
92. Turnaround of planning applications within timescales during the first quarter indicate strong performance of 81% for Major planning applications (within 13 weeks). This significantly exceeds the target of 60%, reflecting successful recruitment at Principal Planning Officer level and focus on working with applicants to agree achievable target dates.
93. Turnaround of Minor applications (within eight weeks) fell below target of 65% to 54% during the first quarter. This reflects the loss of experienced staff and difficulty in recruiting experienced planning and senior planning officers. Overall output has improved on recent quarters, but the percentage within the target timeframe is a result of the backlog of older applications.
94. The volume of "Other" planning applications determined significantly increased in quarter one, up by 211 application on the previous quarter. This includes a high number of householder applications. The percentage within target date therefore dropped below target to 64% (against a target of 80%) as the backlog of older applications is worked through. Recruitment at the junior planning officer level is having a positive impact and these figures reflect time taken to train new members of staff in the department.

95. The Building Control, Land Charges and Planning Administration commissioning service is currently forecasting a net nil position against a net budget of £1.8m.

### **Waste Management**

96. **Waste & Landfill** - The Authority continued to need to utilise landfill for approximately 62% of residual waste going to Maw Green Landfill in Crewe this first quarter. The remaining 38% of black bin waste largely from the North of the Borough is being sent to utilise spare capacity at the Stoke-on-Trent waste-to-energy plant. This is possible through a temporary transfer station on the now closed Macclesfield Landfill site.
97. Work is underway to provide permanent transfer facilities for all of the authority's waste from April 2017 at the central Environmental Hub currently under construction outside Middleswich. This will allow greater use of waste-to-energy plants outside the Borough as we seek to meet the Waste Strategy objective of ceasing using landfill as a primary disposal route.
98. **Reuse and Recycling** - During the first quarter the council anticipates collecting 30,000 tonnes of waste for recycling through its silver and green bin schemes and the nine Household Waste Recycling Centres (HWRC). Of this material, 350 tonnes is reused through charitable partnerships and the HWRC.

99. **Waste, Recycling Reuse Figures (Quarter 1 indicative estimated tonnages)**

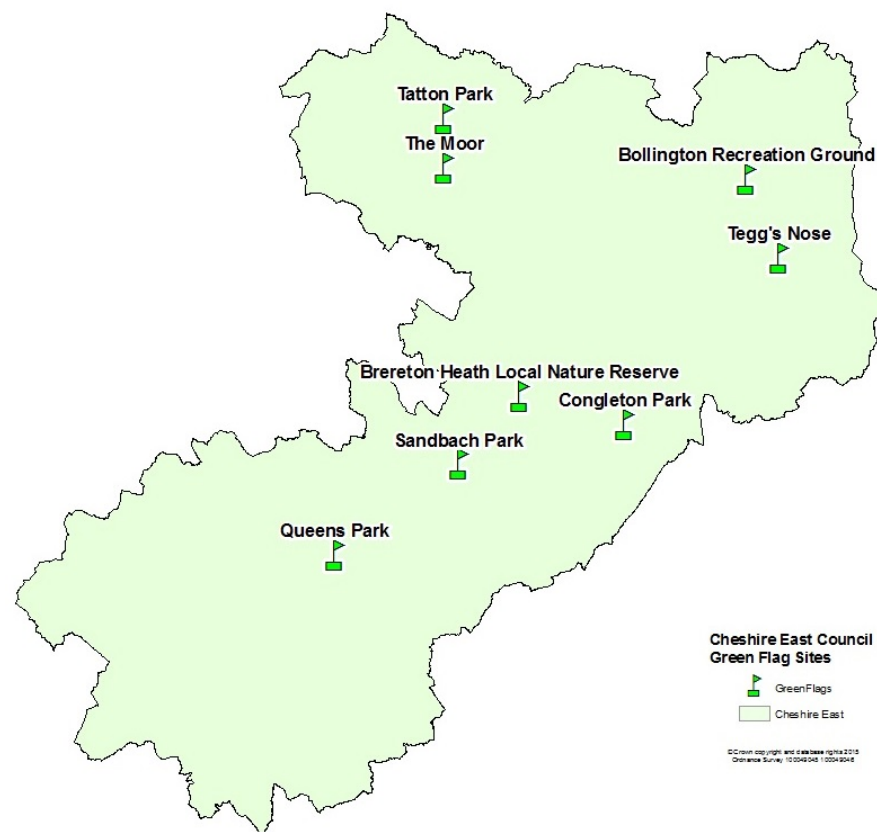
Residual		
Landfill	Waste to Energy	HWRC
10,250	8,100	2,900
Recycling		
Household	HWRC	Reuse
9,300	4,200	350
Green Garden		
Household	HWRC	
14,000	2,200	

100. **Fly Tipping** - The task and finish group, set up via the Environmental Overview and Scrutiny Committee to review fly tipping across Cheshire East, continues to seek to address fly tipping and side waste issues. The funding that was secured for additional resource in the Crewe area to tackle persistent issues has enabled two new staff members to be engaged in the Communities' Enforcement Team. They will begin their work in quarter two. There were 733 reported incidents of fly-tipping/side waste in the first quarter, a rise of 7% from the first quarter last year, equating to an estimated 300 tonnes.

### Environment

101. **Parks** – Queen's Park Crewe has been newly awarded a Green Flag reflecting the works to improve the park undertaken over the last few years and the contribution of the parks friends group and work of Ansa's parks staff. Further investment is scheduled this year to complete works of Crewe's Queens Park, Coronation Valley, together with works to Macclesfield's South Park to desilt the lake and refurbish the multi use sports area.

102. The Green Flag awarded to Queen's Park means that it becomes one of eight sites in Cheshire East to be awarded the standard in 2016, joining Congleton and Sandbach Parks along with the Moor in Knutsford, Bollington recreation ground, Brereton Heath local nature reserve, Tegg's Nose country park and Tatton Park. Tatton Park has also received the Green Heritage Award, which is given to places that achieve a high standard in management and interpretation of a site with local or national historic importance.



103. **Playing Pitches** - The Assessment, Strategy and Action plans for playing pitches are currently under development with Sport England and KKP Consultancy to meet required timetables for the Local Plan in the autumn.
104. Investment in playing pitch facilities at King George V Pavilion, with grant contributions from Wren and Cheshire FA, have seen the opening of fully refurbished changing rooms to FA standards to develop Men's and Women's league football in Crewe.
105. A comprehensive programme of countryside events has been scheduled for the year and is currently being delivered by our Partners and the Countryside Rangers. The Countryside Rangers' social media "likes" have increased by between 7.6% - 15.3%, whilst our Twitter followers have increased by 5.6%.
106. Overall Environmental Operations, including Bereavement Services, is currently reporting a £104,000 overspend for 2016/17 against a net £27.2m budget.
107. There is a forecasted shortfall in markets income for the year of £45,000. This primarily relates to Macclesfield indoor and outdoor markets where trader occupancy levels continue to reduce for a variety of reasons. Some mitigation may be possible by way of small 'invest to save' works to refresh vacant units and reduced start up rent for newcomers. Negotiations over the projected transfer of Crewe Markets to Crewe Town Council are continuing.
108. Within Bereavement Services there is currently a forecasted income shortfall of £48,000 for the year. This takes into account a number of variants throughout the year. During the first quarter, Crewe Crematorium became fully operational from May 2016 after an extensive refurbishment programme, offset by a period of down

time at Macclesfield Crematorium due to emergency replacement of the lining.

### **Affordable Energy, Growing Energy Businesses & Independent Energy**

109. The Fairerpower scheme continues to attract new customers, with 1,000 customers in quarter two. Cheshire East is exploring opening the scheme up to other authorities.
110. A £1m bid for ELENA funding from the European Investment Bank has been submitted following Cabinet approval which, if successful, will enable further investigation of an energy service company for Cheshire East.
111. The Skills & Growth Company has secured funding for Cheshire East for a Macclesfield Heat Network Study. Bids have also been submitted for Heat Networks funding for Crewe Town Council and Hurdsfield.
112. The new Joint Venture Partnership with Engie, called Cheshire Energy Networks Ltd, held its launch event, and work is now underway on finalising its business plan. A £2.5m bid has been submitted to the Local Growth Fund for a deep Geothermal project, with a concept bid submitted for a test well and business support programme.
113. The Waste Strategy commitment to investigate the recycling of food and garden waste to create energy is progressing though live procurement with seven bids and due to concluded in February 2017.

114. The construction of the Environmental Hub has begun, and is due for opening in March 2017. Once complete this will provide facilities for the diversion of waste from landfill to waste-to-energy plants outside the Borough.

## 5 ~ People live well and for longer

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

115. Our Reablement services have successfully helped people to maintain their independence, avoiding the need for long term dependence on care services. We have recruited additional Local Area Coordinators (LACs) to support individuals in the community to find the right support in their locality, bringing communities together to support one another and maximising community outcomes. There are now 8 coordinators across the borough supporting service users to access the diverse range of existing resources within the communities in which they live. By tapping in to no - or low - cost community-based services, we are enhancing the lives of social care customers who suffer reduced life opportunities and health outcomes to improve their social and health outcomes. The LACs have already made a significant impact on supporting individuals and their carers including Mental Health. Social workers and social care assessors feel that the LACs have helped find solutions to 'some conundrums' they'd faced in cases and felt that training with the coordinators had boosted partnership working with service users and their carers.
116. 523 home adaptations were carried out in quarter one, helping our residents to retain their independence.
117. 145 new affordable homes (79 rented/66 intermediate) were delivered in quarter one, helping our residents to access appropriate housing to either rent or purchase.
118. Eight long term empty homes were brought back into use during the first quarter, reducing the negative impact that empty homes can have on the community.
119. **Crewe Lifestyle Centre** – The £15.1m Centre was fully operational on time from 1st April 2016, and was officially opened on 26th May by Sir Philip Craven, President of the International Paralympic Committee and Crewe resident. All services including libraries, leisure, adult social care and family services transferred over a phased period during March to ensure continuity of service. The project has been recognised as a finalist in the Association of Public Service Excellence (APSE) National Awards.
120. **Peter Mason Leisure Centre Congleton** – Following Cabinet approval the project to upgrade the leisure centre has commenced its search for a Development Partner to develop the scheme through to planning approval and build in 2017.
121. As part of Sport England's annual "Active People Survey", Cheshire East has become the most active local authority in the North West with participation in sport and recreation (4 x 30 minutes a month) increasing from 37% to 42.7% since the last survey. This has been reflected in increases in swimming visits recently reported by Everybody Sport & Recreation (ESAR), where in the period 1st January to 31st May there was a 10.4% increase on the equivalent period last year, increasing from 127,077 visits to 140,371. This is at a time where there is currently an 8% national decline in swimming.

122. The first quarter for ESAR showed some excellent results including a 14% increase in attendances at leisure facilities of 774,616 against the target of 678,976. This included increases in all the key user groups of adults (14.2%), young people under 16 (8.6%) and people over 60 (19.7%).
123. There were also increases against the target for leisure volunteering of 11% (1551 hours) and for Bikeability of 43% with 1,700 young people being trained since 1st April 2016.
124. The Leisure commissioning service is currently forecasting a net nil position against a net £2.2m budget.
125. Adult Social Care patch teams are working more closely with health colleagues to improve the experience of those in need of help from social care and health professionals. A number of workshops have been held between health and social care professionals to develop pathways and processes. Work is progressing to integrate around GP surgery patches.
126. The need to commission the Recovery Based Accommodation Project was identified in response to the Vulnerable and Older Persons Housing Strategy and the Homelessness Strategy (2014). Public Health and Housing undertook a joint commissioning process and awarded the contract to Emerging Futures in January 2016. The project is an appropriate accommodation model which provides a safe temporary home to enable Cheshire East residents without accommodation and currently using alcohol or other substances in an uncontrolled manner to recover to the point where they can start to work towards maintaining an independent tenancy. The project provides residents with the support they require to access a pathway to recovery, reducing the risks associated with uncontrolled substance misuse. This service targets the most complex high need individuals who continue to access public sector service such as A&E, Social Care, Housing, Police, Criminal Justice etc. The project aims to break this cycle of individual and societal risk, harm, access and dependency on local services for individuals. So far the project has received 35 referrals which have resulted in:
- 21 residents being housed in total - 16 residents currently housed.
  - 2 evicted due to threats of violence
  - 4 moved to alternative accommodation
  - 8 cancelled by SPA or declined service
  - 8 progressing to be housed
127. The evaluation of a training package for health and care professionals to 'change the conversation' with the people that they work with is getting underway as part of the Cheshire Pioneer Programme. This will develop the concept of empowerment, supporting individuals to take responsibility for their own health and wellbeing. A group of staff are going to participate in a day-long course to test its suitability for consideration for wider roll-out.
128. Recently finalised data supporting the 2015/16 SALT (Short and Long Term Services) Return for Adults Services show that 9,243 requests for support were received for new clients in 2015/16, 80% of which were requests for clients aged 65+. 912 (10%) of these requests led to Long Term Support, and 1,726 (19%) led to Short Term Support to maximise independence.
129. As a result of support, the proportion of older people (65+) who were still at home 91 days after discharge from hospital into reablement / rehabilitation increased slightly from 84.7% in 2014/15 to 85.4% in 2015/16.
130. Overall, Cheshire East supported 6,211 individuals with Long Term Support during 2015/16, which is similar performance to the support provided in 2014/15.

131. There was a significant increase in Carers receiving Direct Payments (from 25 in 2014/15 to 298 in 2015/16), due to a change in the funding arrangements for the Wellbeing Fund.
132. The Adults budget has a net projected overspend of £3m, before remedial action is taken into account, and remains under constant pressure given both the demographics of the Borough and the increased complexity of service users which are key drivers of costs. It is therefore increasingly challenging to expect the last three years of positive final outturns to be replicated in this and future years.
133. Gross savings of just over £7m are required from the Adults budget in 2016/17. This is before investment (predominantly to fund increased fees being paid to care providers, the increase in 2016 being the first time fees have been increased in the lifetime of Cheshire East Council) which means the overall budget has been reduced by £2m net this year.
134. The main issues behind the £3m budget pressures are as follows:
135. Firstly, whilst positive progress can be reported against the required £7m savings including some major contract reductions and additional income being successfully delivered, this totals just over £5m, leaving a further £2m still to be delivered. In addition, one area currently projected as falling short already had an existing target in the base rolled forward from last year, making the gap this year bigger still.
136. Secondly, care costs excluding the increase in fees mentioned above, have risen and the current year contains the full year impact of rises that begun during the latter part of 2015/16. Care costs normally rise (increase in new cases) during the latter part of

the financial year as this coincides with the winter pressure period that remains a major issue across the wider Health and Social Care world. The impact of the full year effect is compounded this financial year by the fact that monies included in the base last year in anticipation of an earlier fee increase to providers are now being fully utilised within the new prices agreed for 2015/16.

137. Work continues in resolving the funding of Continuing Healthcare / Complex Care and it is pleasing to report that a cash settlement is in operation which will remove the need for detailed negotiations that have been a feature of recent year-ends. Operationally work is ongoing with health colleagues to resolve outstanding cases and to ensure individuals remain properly supported.
138. Given the projected position it is necessary to identify remedial measures, even if these can only be delivered on a one-off basis. These measures can then fill in the gaps where savings have been subject to delay. Work is underway both to identify and then prioritise action in these key remedial areas in order to maximise the financial benefit this year.
139. Areas of remedial action will naturally involve care costs given they represent such a majority of overall costs. Where our costs are benchmarked externally and we are an outlier, for example, against authorities categorised as near neighbours this will provide a focus for attention. Also, where areas of potential weakness are identified locally these will be worked through. It is envisaged that the remedial action will reduce the potential overspend from £3m to approximately £1m by year end.
140. In addition to remedial action the service is working to minimise the financial risk that manifests itself for the Council as a result of the financial position being faced by the Council's biggest partner - the Health service. The local Health economy is under massive



strain with a potential knock-on financial implication for the Council as decisions are taken to cut or stop some services currently funded by Health. Inevitably given the close links between the two sectors there could be financial consequences as service users seek alternative sources of assistance.

141. In conclusion, whilst the draft position is one of a material adverse variance this has been identified early enough in the financial year that successful remedial action can be implemented to correct this, either partially or fully, over coming months.

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

142. During quarter one, just over 3,400 children aged 0-4-years accessed provision at Children's Centres across Cheshire East. Approximately 155 parenting support and adult learning sessions were provided, and accessed by around 870 parents. The most commonly accessed sessions were Breastfeeding Support and Antenatal Education, closely followed by Baby Massage and First Aid. In addition, the adult learning sessions included literacy and numeracy skills.
143. 234 households were prevented from becoming homeless in quarter one. This was achieved through a number of initiatives including rent deposits, negotiation with landlords and Housing Associations; mediation with family and friends; and engaging / linking in with wider support.
144. Adult Social Care have increased the fees we pay to the care market to fairly reflect the National Living Wage, which will ensure the care market remains buoyant and that quality care services remain available to those in need of care and support. The rates associated with Direct Payments as an alternative for customers to

access their choice of care and support have also been increased to account for the National Living Wage increases – this means more people can recruit their own personal assistants if they wish to do so.

145. The Infection, Prevention and Control (IPC) service was re-commissioned and went live on 1st April 2016. The service provides specialist advice on the prevention and control of infection to the general public (residents, patients, carers, and others) and to non-acute providers of health and social care services across Cheshire East. The IPC Service aims to:
- Prevent significant infections within the Cheshire East community;
  - Reduce the risks posed by Health Care Associated Infections (HCAI) and other communicable diseases in the local population;
  - Provide assurance to Cheshire East Council around infection prevention and control standards within Primary Care (including non-acute NHS providers) and Social Care services;
  - Community Infection Control Team will support the activities of PHE Health Protection Team in responding to cases of infectious disease, incidents and outbreaks in the community. This will usually be a reactive role but could include strategic work, for example implementation of protocols, procedures and guidelines
146. The IPC service governance arrangements include the recently established Health Protection Forum, which meets quarterly to advise on local, regional and national issues that need to be addressed by the local IPC service. The new provider Staffordshire and Stoke NHS Trust (SSOTP) have implemented new innovative practices which has already achieved positive outcomes for example a Care Home Hygiene Award, which has been acknowledged by Public Health England as good practice.

147. Early Intervention and Prevention Proposals were approved by Management Group Board in June, and procurement/development of all schemes has since begun, including:

- Increasing capacity for parenting interventions with a focus on families with Children with mental health needs.
- Investment in children's mental health services to improve links between schools and mental health services and improved offer to children and young people across the spectrum of mental health needs.
- Investment in physical activity opportunities for primary school children.
- Investment in evidence-based early help to tackle neglect will prevent escalation and further therefore costs to the child and the public purse.
- A wrap-around support service for care leavers in Cheshire East would be constructed via a menu of services tailored to individual need; this would be coordinated as a 'virtual care leaver's employment team'.
- Increasing capacity in the Family Nurse Partnership that provides intensive support for first time young mothers (and fathers) aged 19 or under.
- Investment in an intense programme of support for women who have experienced, or are at risk of, repeat removals of children from their care.
- Investment in maternity services to allow additional time for mothers to be with identified mental health needs.
- Extend employment of 'local area coordinators' which has been a successful model in improving community support for people deemed ineligible for statutory adult social care services.

### **Accessible high quality services, Information & Advice**

148. Adult Social Care have successfully implemented the Shared Care Record in a busy hospital patch team. The Cheshire Shared Care Record provides health and social care professionals with important information about those in need of help so that people only have to tell their story once. The system may help with hospital discharge planning and will support the person in need by bringing together all those involved in their care and support. Adult Social Care will roll the system out further to all social care teams across the service during the next quarter. The preparatory work for the Shared Care Record has required customers to give their consent for their information to be shared - 80% of our customers consented to share their information.

149. **Stop Smoking Service** - Stop Smoking Services have been recommissioned as part of the Passport to Health Service. Peaks and Plains are now providing specialist services for hospital patients, smoking in pregnancy and smokers with a mental health condition. Services in the community are now provided by a number of providers including pharmacies and an NHS Trust.

150. **Assessment Service & Lifestyle Service** - Peaks and Plains have been awarded the contract to manage the assessment and outreach required for Passport to Health, as well as to offer the Specialist Smoking Service. The procurement of Healthy Eating, Physical Activity and Healthy Weight Management programmes has also now been completed and a contract was due to be awarded in August 2016.

151. **Sexual Health Service** - Following recommissioning in March, there are now 87 providers of sexual health services which include IUCD (Intrauterine Contraceptive Devices), Implants, Chlamydia Postal Kits, and Chlamydia Test and Treat. These providers consist of GPs

and Pharmacists. The contract start date was from 1 April 2016. The Eagle Bridge Sexual Health service was officially opened on 15th July. The facility will provide the full range of contraception and STI testing and treatment services in a convenient, accessible but discrete location.

152. **Health Checks Service** - There are 42 different providers of the NHS Health Checks service following recommissioning in March. These consist of GP Practices as well as an NHS Trust. The new service began from 1st April 2016.
153. The Digital Customer Services programme is building on our existing online services and developing new innovative digital services for customers and colleagues. The existing Cheshire East website has been recognised as one of the best in the country receiving the award for the Best English Unitary Website Award from Socitm, the professional body for IT and digitally enabled services, at the inaugural Better Connected Awards in May 2016. Our website was also awarded 4 stars - the highest rank achievable - by Socitm's supporting 'Better Connected 2016' report. Only 44 of 412 authorities in the UK reached the top standard which aims to identify good practice in local authority websites.
154. However, in the rapidly changing world of online services and digital technology, it is important that the council continues to build on these achievements so it can meet the needs and requirements of all its customers in the future. Therefore the ambition as part of the Digital Customer Service Programme is to innovate and develop digital services even further and ensure we remain the best of the best for years to come.
155. Benchmarking data released for Q4 2015/16 has also recognised that the Cheshire East website is leading the way amongst English Unitary authorities for the numbers of website visitors which gives

confidence that our customers will be quick to adopt improved Digital services. Delays in the development and implementation of new Digital services will impact the realisation of financial benefits within 2016/17.

156. At quarter one the programme is forecasting a reduction in 2016/17 savings from the budget of £0.55m to £0.19m, however, this is expected to be partially mitigated by not replacing vacancies as they occur within Customer Operations and so effectively banking benefits early. This could have a short term impact on the customer experience as customer response times increase until the new Digital services are deployed. This mitigation is anticipated to reduce the benefits from £0.55m to £0.4m.

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

157. Cheshire East Council has established a Health Protection Forum as a subgroup of the Health and Wellbeing Board. The Forum is chaired by the Director of Public Health and has the responsibility for ensuring that plans are in place to protect the health of the population of Cheshire East. This is done by identifying threats, assessing risks and reviewing health protection arrangements and plans that all associated organisations have in place. The membership of the groups includes representatives from Public Health and NHS England, Infection Prevention and Control from the acute trusts and community services, Regulatory Services and Health, Emergency Planning, and CCGs alongside members of the Public Health Team.
158. Environmental Protection Officers took part in a six day public enquiry following an appeal against the refusal of planning permission for residential development on the former Harman Technology site in Mobberley. Officers represented views of members and challenged the applicant's proposed noise mitigation

scheme particularly as it was novel and untested and there was doubt about its effectiveness. The Planning Inspectorate subsequently dismissed the appeal on grounds of noise and the impact on residential amenity.

159. The Environmental Protection Team has successfully prosecuted a second defendant in a case involving the burning of waste on land. Earlier this year the team prosecuted the land owner for accepting and burning waste whilst this latest case involved prosecution action against the individual who illegally dumped the waste on land. He was fined £2,085 and ordered to pay additional costs of £821.
160. The Animal Health Team have been involved in the care and sale arrangements for livestock following the sudden death of their owner. Officers ensured that the animals were fed and watered over a two week period before they could gain approval from the Next of Kin to sell the animals. The team had some very positive feedback, including the comment: "An excellent way to run a service helping people rather than simply enforcing legislation".
161. A farmer prosecuted for Animal Welfare offences and subsequently jailed for non payment of Proceeds of Crime (POCA)confiscation costs has now settled his bill and been released from prison. A total of £42,500 was received with 37.5% retained by the authority to support the POCA role.
162. The percentage of repeat referrals to children's social care stands at 25%. Whilst there is a small increase in the number of re-referrals, the rate of re-referral remains fairly constant. This continues to illustrate the need to develop better early help for complex families and to support agencies in continuing their lead role with a family.
163. The timeliness of children's social care work assessments are on target, with 85% of assessments completed within 45 days in quarter one. In addition, we have seen an increased percentage of assessments being completed within 15 days.
164. Improvements have been made around initial health assessments for cared for children in quarter one. Of the 57 children who entered the care system, 55 required a request for an initial health assessment within 48 hours. Requests meeting the deadline have improved from 42% in April 2016 to 88% by the end of June 2016, with a total of 69% for quarter one. Health assessments completed by a paediatrician within 20 days has also improved, although further improvements are required.
165. Public Health continues to operate in a ring-fenced grant funding arrangement which now includes the full year effect in 2016/17 of responsibilities for 0 to 5 year olds transferred part way through the last financial year. The ring- fenced budget now stands at £17.258m. The service continues to expand its range of targeted investments aimed at improving the health of the population of Cheshire East. The latest example is the Integrated Wellness service which targets investment on evidenced priorities such as increased physical activity, reducing obesity and stopping smoking, all of which improve Health and reduce the likelihood of future debilitating conditions. These investments are closely aligned with wider Council spending priorities with the unit working in close collaboration with other Council services, for example, Adults and Children's as part of the Council's wider 'People' Directorate. The rules surrounding the operation of the ring-fenced grant allow for any unused funds to be carried forward via a specific Public Health reserve held on the Council's balance sheet. At the end of 2015/16 the balance on the reserve stood at £1.942m. Given the outlined investments now being made, as well of the year-on-year

reductions being experienced to the grant, it is currently envisaged that the reserve will reduce during 2016/17.

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

166. Feedback from the 2016 Spring “Influence Cheshire East” (Citizen’s Panel) survey indicates further overall satisfaction with the Council; up from 39% in 2011 to 58% in 2016. Alongside the rise in satisfaction with the Council, there has also been an increase in the percentage who agree that the Council provides value for money – up from 23% in 2011 to 40% in 2016. Overall, 84% of residents stated that they were satisfied with their local area as a place to live. The Council’s work towards achieving the six Residents First Outcomes over the course of its new Corporate Plan period will seek to further improve this encouraging trend.
167. The Council is in the running to scoop five prestigious national awards for excellence in public service, having been shortlisted in the Association for Public Service Excellence (APSE) Service Awards 2016. The award winners will be announced at a ceremony in September, and the Council’s shortlisted entries are:
- Best public/ private partnership working initiative – Fairerpower energy supply partnership between Cheshire East Council (CEC) and OVO;
  - Best community and neighbourhood initiative – CEC/Ansa community partnership to recycle Christmas trees and raise funds for Cheshire East Hospice;
  - Best service team: highways, winter maintenance and street lighting – Cheshire East Highways;
  - Best service team: transport and fleet maintenance – TSS, the Council’s own transport company;
  - Best service team: construction and building service – for the new £15m Crewe Lifestyle Centre.
168. Adult Social Care have successfully implemented a new, improved Social Care Case Management system which will improve the efficiency of our social care referral and assessment processes and which will deliver improved business intelligence for service planning. The system integrates fully with the financial system driving customer bills and care market payments in an improved and more efficient way.
169. A thorough review of the disposals programme in conjunction with our Engine Of The North delivery partner has seen the 3-year programme re-profiled ensuring that the data is in line with current projected disposal delivery. Work is also underway on creating additional certainty on forecasting as these pieces of work will improve programme certainty.
170. The service is also working to reduce its use of external consultants, pushing to fill vacancies within the team instead, to maximise capacity and improve customer response times. Additional capacity will allow the service to implement rent reviews in a more timely manner, with Q1 realising an extra £91,000 of income.
171. There is an overall pressure for Customer Operations of £14,000. This pressure is from the Emergency Planning service as they are expecting to receive unbudgeted accommodation costs for the use of buildings in Cheshire West. The other services are expecting to be on budget overall. There is a high risk that the position on the Benefits subsidy could deteriorate given experience over the last couple of years which may lead to an adverse position.
172. At this early stage of the year, the overall budget for Chief Operating Officer Services is forecast to be underspent by £496,000. The forecast underspend is considerably smaller than in

previous years due to the substantial reduction in the 2016/17 budget.

173. Resources & Stewardship is forecasting an underspend of £325,000, with a substantial part of the underspend relating to posts which have been vacant for periods of time. Underspends against budget are being reported by Organisational Development (£99,000); Monitoring Officer & Head of Legal Services (£2,000); Governance & Democratic (£52,000) and Communications (£18,000). A balanced position is being reported by Commissioning.

## 2. Financial Stability

### Introduction

174. Financial performance has continued to improve compared to previous financial years. Improvements in financial planning, governance and stewardship are having a clear impact on the Council's ability to manage its budget and create greater confidence in the medium term plans.
175. Applying the best fit approach towards commissioning means the Council now wholly owns several supplier companies as well as maintaining relationships with private sector suppliers, charitable trusts and voluntary sector organisations. The financial position of the wholly owned companies has a direct effect on the financial performance of the Council and the Council's share of ongoing surpluses are currently held in the Trading earmarked reserve.
176. **Table 1** provides a service summary of financial performance at quarter one. For further details please see Section 1 and the notes below the table. Changes to service net budgets since Original Budget are analysed in **Appendix 2**.
177. The impact of the projected service outturn position is to decrease balances by £2.7m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.

**Table 1 - Service Revenue Outturn Forecasts**

2016/17 First Quarter Review	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m	Outcome Number 1 - 6
<b>SERVICE DIRECTORATES</b>				
Children & Families	45.1	46.6	1.5	3, 5
Adult Social Care	92.7	93.7	1.0	5
Public Health	0.0	0.0	0.0	5
Community & Partnerships	4.5	4.5	0.0	1
<b>People</b>	<b>142.3</b>	<b>144.8</b>	<b>2.5</b>	
Directorate	1.4	1.4	0.0	2
Planning & Sustainable Development	-1.4	-1.3	0.1	2,4
Infrastructure & Highways	8.0	7.8	-0.2	1,2,4
Growth & Regeneration	3.2	3.4	0.2	2
Rural & Green Infrastructure	2.7	2.8	0.1	1, 2
<b>Client Commissioning :</b>				
Building Control	1.8	1.8	0.0	4
Skills & Growth	1.7	1.8	0.1	2
Transport	14.4	14.6	0.2	2
<b>Place</b>	<b>31.8</b>	<b>32.3</b>	<b>0.5</b>	
<b>Client Commissioning :</b>				
Leisure	2.4	2.4	0.0	5
Environmental	28.4	28.5	0.1	4
Bereavement	-1.1	-1.0	0.1	4
Customer Operations	9.1	9.1	0.0	1
Chief Operating Officer (Finance, ICT etc)	37.6	37.1	-0.5	6
<b>Corporate</b>	<b>76.4</b>	<b>76.1</b>	<b>-0.3</b>	
<b>Total Services Net Budget</b>	<b>250.5</b>	<b>253.2</b>	<b>2.7</b>	

## Government Grant Funding of Local Expenditure

178. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2016/17 was £304.2m.
179. In 2016/17 Cheshire East Council's specific use grants held within the services was budgeted to be £259.1m based on Government announcements to February 2016. Further announcements have revised this figure down to £248.2m.
180. General purpose grants were budgeted to be £45.2m, but further in-year grant announcements have increased this figure to £46.8m at first quarter review.
181. Since the original budget was set, specific use grants have decreased by £10.9m. This is due to a reduction of £5.5m in estimated Housing Benefit Subsidy payments, and £5.4m due to 11 academy conversions. A further 6 to 7 schools are potentially converting to academies in September, so it is likely that the grant will reduce further.
182. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
183. Additional general purpose grants of £1.6m have been received during the first quarter of 2016/17. These include an additional £0.7m for Tackling Troubled Families, £0.3m for Youth Justice Board Funding, and £0.1m for Extended Rights to Free Transport. Requests for the allocation of the additional grants received are detailed in **Appendix 10**.
184. **Table 2** provides a summary of the updated budget position for all grants in 2016/17. A full list is provided at **Appendix 3**.

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

	2016/17 Original Budget	2016/17 Revised Forecast FQR	2016/17 Change
	£m	£m	£m
<b>SPECIFIC USE</b>			
Held within Services	259.1	248.2	-10.9
<b>GENERAL PURPOSE</b>			
Central Funding	26.3	26.3	0.0
Service Funding:			
Children and Families	0.2	1.3	1.1
Adult Social Care	0.9	1.2	0.3
Place	0.7	0.9	0.1
Corporate	16.9	17.0	0.2
Total Service Funding	18.8	20.5	1.6
<b>TOTAL GENERAL PURPOSE</b>	<b>45.2</b>	<b>46.8</b>	<b>1.6</b>
<b>Total Grant Funding</b>	<b>304.2</b>	<b>295.0</b>	<b>-9.3</b>

## Collecting Local Taxes for Local Expenditure

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



## Council Tax

186. Council Tax is set locally and retained for spending locally. Council Tax was set for 2016/17 at £1,261.95 for a Band D property. This is applied to the taxbase.
187. 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 2016/17 was agreed at 142,186.60 which, when multiplied by the Band D charge, means that the expected income for the year is £179.4m.
188. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 3** shows these amounts separately, giving a total budgeted collectable amount of £218.9m.

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

	£m
Cheshire East Council	179.4
Cheshire Police and Crime Commissioner	22.9
Cheshire Fire Authority	10.2
Town and Parish Councils	6.4
<b>Total</b>	<b>218.9</b>

189. This figure is based on the assumption that the Council will collect at least 98.75% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the actual amount billed will therefore be more than the budget.
190. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £222.0m.
191. **Table 4** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within this period.

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

Financial Year	CEC Cumulative		
	2013/14	2014/15	2015/16
	%	%	%
After 1 year	98.1	97.9	98.1
After 2 years	99.0	98.9	*98.2
After 3 years	99.3	*99.0	**

\* year to date

\*\*data not yet available

192. The Council Tax in-year collection rate for 2016/17 is identical to the same period last year at 30.2%.
193. Council Tax support payments (including Police and Fire) were budgeted at £16.7m for 2016/17 and at the end of the first quarter the total council tax support awarded was £14.8m. The Council Tax Support caseload has reduced since April 2014 and there have

been more reductions in the Council Tax Support awards in the year than increased or new awards.

194. Consultation on changes to the Council Tax Support Scheme for 2016/17 was carried out in summer/autumn 2015, and the final scheme was agreed by full Council in February 2016.
195. Council Tax discounts awarded are £19.5m which is broadly in line with the same period in 2015/16.
196. Council Tax exemptions currently awarded total £3.6m which is broadly in line with the same period in 2015/16.

## Non-Domestic Rates (NDR)

197. NDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief.
198. The small business multiplier applied to businesses which qualify for the small business relief was set at 48.4p in 2016/17. The non-domestic multiplier was set at 49.7p in the pound for 2016/17.
199. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester for 2016/17) for the purposes of Business Rates Retention. The purpose of the pool is to maximise the retention of locally generated business rates to further support the economic regeneration of Greater Manchester and Cheshire Councils. As a pool the members will be entitled to retain the levy charge on growth that would normally be paid over to Central

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

200. The Cheshire and GM Pool are also taking part in a pilot scheme where the pool is now able to retain locally the 50% of “additional growth” in business rates which in the usual Business Rates Retention Scheme would be paid directly to DCLG. Income from this pilot is currently being held within the pool with distribution yet to be decided.
201. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

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

Financial Year	CEC Cumulative		
	2013/14	2014/15	2015/16
	%	%	%
After 1 year	98.2	98.1	98.1
After 2 years	99.2	99.3	*98.2
After 3 years	99.6	*99.3	**

\* year to date

\*\*data not yet available

202. The business rates in-year collection rate for 2016/17 has increased marginally to 29.5% compared to 29.4% for the same period in 2015/16.

## Capital Programme 2016/20

203. Since reporting the Capital Programme for the Budget Book in February 2016 the overall forecast expenditure for the next three years has increased by £36.7m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	Original Total Forecast Budget 2016/20 £m	Amendments to Original Forecast Budget 2016/20 £m	Amended Original Forecast Budget 2016/20 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2016/20 £m
People Directorate	50.0	1.0	51.0	-1.3	0.0	49.7
Place Directorate	351.0	22.5	373.5	0.0	3.3	376.8
Corporate Directorate	80.8	10.9	91.7	0.0	0.4	92.1
	<b>481.8</b>	<b>34.4</b>	<b>516.2</b>	<b>-1.3</b>	<b>3.7</b>	<b>518.5</b>

204. £19.6m of the change relates to slippage where expenditure had been forecast to be spent by the 31st March 2016, but has now been carried forward in to the 2016-20 programme so that the on-going projects can be completed.
205. There were a number of Supplementary Capital Estimates totalling £14.8m that were approved at the Outturn report stage or were approved by an Officer Decision Record during the last quarter of 2015/16.
206. There have also been a number of 2016/17 Supplementary Capital Estimates for First Quarter Review totalling £3.7m. This includes the Middlewich Eastern Bypass project where the Council has been successful in bidding for development funding for Large Major Projects from the Department of Transport of £1.3m. There is also

an additional £0.9m for the Strategic Highways programme, £0.3m for Highways Work in Poynton, £0.5m for replacement Pay and Display parking meters, and £0.4m for a joint re-procurement of a new Human Resources and Finance System.

207. There are also £1.3m of budget reductions, the most notable being that of the Schools Condition Grant where there was an over estimate of the amount of grant to be received.
208. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

**Table 7 – Capital Funding Sources**

	Original Budget £m	FQR Total Forecast Budget £m	Change £m
Grants	197.0	200.5	3.5
External Contributions	48.4	69.0	20.6
Cheshire East Resources	236.4	249.1	12.7
	<b>481.8</b>	<b>518.5</b>	<b>36.7</b>

## Capital Budget 2016/17

209. At the First Quarter Review stage the Council is forecasting actual expenditure of £142.7m. The in-year budget for 2016/17 has been revised from the budget book position of £183.6m to reflect the forecast expenditure for the financial year and any slippage reported at Outturn and slipped to future years. A summary of the capital programme is shown in **Appendix 4**.

210. Since the start of 2016/17 slippage on the capital programme has been measured on schemes that are at the Gateway 2 stage and are classed as committed schemes as these schemes should have commenced prior to or during 2016/17 and have a detailed forecast expenditure plan in place. Schemes will be monitored on their progress during the year and re-categorised quarterly. This includes the net impact in 2016/17 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 8**.

211. **Table 8** below shows the forecast expenditure on those schemes against the revised Budget.

**Table 8 – 2016/17 Revised Budget compared to Original Budget**

Committed Schemes	Original Budget	Revised FQR Budget	Forecast Expenditure	Current Forecast Over / Underspend
	£m	£m	£m	£m
People Directorate	6.7	4.9	4.9	0.0
Place Directorate	51.8	42.3	42.3	0.0
Corporate Directorate	35.1	42.3	42.3	0.0
<b>Total Committed Schemes</b>	<b>93.6</b>	<b>89.6</b>	<b>89.6</b>	<b>0.0</b>

212. At the First Quarter Stage the in-year budget has been revised to align with the latest in-year forecast expenditure for 2016/17.

213. **Appendix 5** details requests of Supplementary Capital Estimates and Virements up to and including £250,000 approved by delegated decision which are included for noting purposes only.

214. **Appendix 6** details requests for five supplementary capital estimates between £250,000 and £1m for Cabinet approval.

215. **Appendix 7** details a request for a Supplementary Capital Estimate for Council approval of £1,257,000 for the grant funding received from the Department of Transport as part of the development funding for Large Local Major Projects in respect of Middlewich Eastern Bypass.

216. **Appendix 8** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.

## Central Adjustments

### Capital Financing Costs and Treasury Management

217. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These costs are partly offset by the interest the Council earns from temporary investment of its cash balances during the year. The capital financing budget of £14m accounts for 6% of the Council's net revenue budget.

218. Investment income to June 2016 is £143,000 which is higher than the budgeted income of £80,000 for the period. The level of cash balances has remained high, whilst market interest rates have remained relatively flat. However, investments in the CCLA Investment Management Ltd property fund and use of corporate bonds has contributed to higher rates of interest earned on investments. Investment returns in future quarters are likely to be lower as cash resources diminish and the cut in Bank Base Rate takes effect.

- The average lend position (the 'cash balance') including managed funds up to the end of June 2016 is £76.7m.

- The average annualised interest rate received on in house investments up to the end of June 2016 is 0.69%.
- The average annualised interest rate received on the externally managed property fund up to the end of June 2016 is 4.89%.

219. The Council's total average interest rate for the first quarter is 1.10%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.45%, and is consistent with our own performance target of 1.00% (Base Rate + 0.50%).

**Table 9 – Interest Rate Comparison**

Comparator	Average Rate to 30/06/2016
Cheshire East	1.10%
LIBID 7 Day Rate	0.45%
LIBID 3 Month Rate	0.61%
Base Rate	0.50%
Target Rate	1.00%

220. As a result of lower debt repayments, due to slippage in the capital programme, there is an anticipated £1.2m underspend on the £14m budget.

221. A contributory factor of not exceeding the £14m budget and maintaining the underspend position, is based on an assumed reliance of achieving capital receipts of £10m in 2016/17 to finance capital expenditure. A list of proposed disposals for 2016/17 is detailed in the **Table 10** below. To date, the first four assets listed below have been sold generating total receipts of £5.1m.

**Table 10 – Proposed Disposals 2016/17**

Asset Description
Cypress House, Handforth
Pyms Lane, Crewe
Windsor Palace, Congleton
Canal Street, Congleton
Land at Westfields, Sandbach
Newall Avenue, Sandbach
113 London Road, Macclesfield
Browning Street / Limelight Club Easement
Park Green Registrars
Lodmore Lane
Land at Frank Bott Avenue, Crewe
2 Tunnickliffe Road, Macclesfield
Wilmslow Cemetery Lodge, Wilmslow
Land at 6-8 Market Place
Farm Sales

222. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 25th February 2016. Further details of counterparty limits and current investments are given in **Appendix 9**.

223. The Council has £7.5m invested in the CCLA managed property fund. This fund continues to generate income of 4.9% and had been maintaining steady underlying capital growth. Following the referendum decision to leave the EU (Brexit) the capital value of

the fund has been devalued by 4%. This was a prudent industry wide move to prevent forced selling of assets in a potentially volatile market. A full review and revaluation of the fund will be carried out shortly with the expectation that the fund will be valued closer to the pre-Brexit levels.

224. The aim has been to increase investments which fall outside of bank bail-in regulations, typically covered bonds and corporate bonds. However, in doing so, the Council should have regard to liquidity – the amount of cash available for investments. Although cash balances are currently high, the expectation is that cash resources will diminish over the course of 2016/17. Most bonds are issued for longer periods which has limited the availability of suitable bonds.
225. Covered Bonds provide security as they are backed up by collateral and still provide a good level of return. The Council has three investments in covered bonds totalling £7.5m due to mature between August 2016 and November 2016. The intention is to hold more of these investments although lack of availability of suitable bonds has prevented this.
226. Corporate Bonds are not protected by collateral but are generally exempt from any bail-in requirements. Investment in Corporate Bonds are only made on advice from our Treasury Management advisors who review the company, the market and country in which they operate, the ranking of the bond and the credit worthiness assigned to it. As at 30th June the Council had investments in one Corporate bond with Centrica plc for £2m. Full details are shown in **Appendix 9**.

### **Central Contingencies and Contributions**

227. A budget of £1.1m is held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. Net unallocated savings budgets of £0.3m are also currently held centrally. It is currently forecast that spend on these areas will be in line with budget.

### **Debt Management**

228. The balance of outstanding debt has increased by £6.3m since quarter four of 2015/16. However, this mainly relates to year end invoices raised against Clinical Commissioning Health on which settlement has been agreed. Balances remain within forecast levels and adequate provisions have been made. Details of the Council's invoiced debt position are contained in **Appendix 11**.

### **Outturn Impact**

229. The impact of the projected service outturn position is to decrease balances by £2.7m as reported above (**para 177**).
230. Taken into account with the central budget items detailed above and the approved use of general reserves below (**para 233**), the financial impact described in this report could result in a reduction in balances of £2.5m as summarised in **Table 11**.

**Table 11 – Impact on Balances**

	£m
Service Net Budget Outturn	2.7
Central Budgets Outturn	-1.2
Use of Reserves approved by Council	-1.0
<b>Total</b>	<b>-2.5</b>

## Management of Council Reserves

231. The Council's Reserves Strategy 2016-19 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is likely to remain at £11.8m throughout the medium term.
232. The opening balance at 1<sup>st</sup> April 2016 in the Council's General Reserves was £13.0m as published in the Council's Draft Statement of Accounts for 2015/16.
233. At the February 2016 meeting, Council approved the use of £1.0m of general reserves in 2016/17, to be transferred to earmarked reserves to meet additional costs associated with the Council's planning functions.
234. The overall impact of service budgets, central budgets and Council decisions is identified in **Table 11** above. **Table 12** shows how this impacts on the forecast closing balance of general reserves.

**Table 12 – Change in Reserves Position**

	£m
Opening Balance at 1 <sup>st</sup> April 2016	13.0
Impact on Balances at Quarter 1	-2.5
<b>Forecast Closing Balance at March 2017</b>	<b>10.5</b>

235. The projected balance of £10.5m reflects the current forecast that risks associated with budget achievement in 2015/16 may partly materialise, and would bring reserves to below the level planned in the 2016-19 Reserves Strategy. However, the Council will strive to identify remedial actions to bring about a balanced outturn position by year end. Overall the Council remains in a strong financial position given the major challenges across the public sector.
236. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31<sup>st</sup> March 2016 balances on these reserves stood at £53.3m, excluding balances held by Schools. Contributions of £2.5m to the Transitional Funding reserve, and £451,000 to the Collection Fund Management reserve, and a contribution of £140,000 from the Investment Sustainability reserve were approved as part of the 2016/17 budget.
237. Council also approved the transfer of a further £1.0m from general reserves into earmarked reserves in 2016/17 to provide for additional costs associated with the Council's planning functions. These items brought the earmarked reserves balance available in 2016/17 to £56.8m.
238. During 2015/16, an estimated £17.3m will be drawn down and applied to fund service expenditure specifically provided for.

Service outturn forecasts take account of this expenditure and funding.

239. A full list of earmarked reserves at 1 April 2016 and estimated movement in 2016/17 is contained in **Appendix 12**.



# 3. Workforce Development

240. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety and Workforce Development plans and changes for the first quarter 2016/17.

## Culture and Values

241. The staff survey 2016 was launched on 15th June and ran for four weeks. The response rate (59% compared to 45% in 2014) has been strong, supported by an ongoing communications campaign. The broad themes of the survey have remained similar to the 2014 survey with some small changes to build on the learning from the previous survey. The results are expected late September 2016. Co-ordinated action planning both corporately and locally within services will take place during the autumn.

## Building Capability and Capacity

242. The Corporate Training programme and Continuous Professional Development Portfolios ensure that the Council creates a workforce which is safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses.

243. Over 2,026 reservations were successfully arranged for CEC employees to attend a range of regulatory and mandatory learning and development opportunities during the first quarter of 2016/17. A further 19 employees successfully secured funding approval via

the Learning and Development Panel for role specific development, seeing £27,072 investment.

244. Developing management capability at all levels has continued with 12 managers across the Council currently being supported to complete ILM qualifications through an external commissioning arrangement. A leadership and management programme is also being developed for the Council's top 100 managers, which will run alongside a corporate leadership and management programme.

245. The Workforce Development Team continues to work closely with numerous regulatory and professional bodies and links into several local universities and colleges to ensure academia and research based theories are inherent in everything we do, establishing teaching partnerships with Keele University and local FE colleges too. As a recognised centre of excellence, quality assurance measures ensure that all employees and apprentices receive up to date training and surpass expectations of external verification and examination boards and feel fully supported throughout all stages of their career.



## **Resourcing and Talent**

246. The Council has provided more than 12 work experience sessions for young adults and school children so far this year. The Council's apprenticeship scheme has been reviewed and expanded by extending the range and levels of qualifications offered. A preferred supplier list for the training providers of apprenticeships has also been established, in line with the potential changes coming next year with the Enterprise Act.
247. The Council continues to offer a Graduate Development Programme. The programme includes both permanent staff and recent graduates and recognises the importance of early career development by providing opportunities to build networks, gain skills and obtain wider insights.

## **Reward and Recognition**

248. To enhance the range of employee benefits an on-line "Rewards Centre" is due to be launched shortly for staff. The externally hosted offering will provide a range of high street discounts to staff with over 6,000 different discounts and offers, such as well known high street stores, days out, holidays etc. Discounts will be available at over 120,000 stores including M&S, John Lewis, IKEA, Sainsbury's, Morrisons, B&Q etc. Available through telephone, mobile, or website ordering, the Rewards Centre will help staff make their money go further and will support the attraction and retention of employees.

## **Education HR Consultancy**

249. The Education HR consultancy have continued to offer and provide two levels of service Gold and Silver, with the Silver Service changing from September 2016, to no on- site support being provided. Current take up from schools and academies continues to be strong despite the increasing numbers of Multi Academy Trusts. Crewe UTC will be buying the Gold Package for the first time from September. As an additional buy back option schools and academies who buy back Education HR Consultancy will be able to access the Rewards Centre from September 2016, and it is hoped that this will act as an added incentive for schools and academies to buy back.

## **Health and Safety**

250. The Council has recently received two awards; the first is a fourth (consecutive) Gold Royal Society for the Prevention of Accidents (RoSPA) Award for Health & Safety and the second is a Commended Award in the RoSPA Public Service and Local Government competitive sector. The latter award recognises that the Council achieved third place from all portfolios submitted in this sector. This RoSPA award gave us an opportunity to prove our ongoing commitment to raising health and safety standards and means we are part of a long running and highly respected occupational safety awards programme.

## Staffing Changes

251. As shown in **Tables 13 and 14**, Cheshire East's employee headcount decreased by 2.3% between June 2015 and June 2016.

**Table 13: June 2015 headcount and FTE figures**

Directorate/Service	Employee FTE Jun-15	Employee Headcount Jun-15
Public Health	21.3	24
Media (Communications and PR)	7.9	8
Strategic Commissioning	2,084.5	2,843
Adults Social Care & Independent Living	874.1	1,145
Children's Services	769.3	1,169
Commissioning and Client Support	23.2	24
Communities	414.9	502
Chief Operating Officer	479.3	592
Commissioning	45.9	50
Corporate Resources and Stewardship	253.1	317
Democratic Services and Governance	56.1	88
Legal Services	31.9	37
People and OD	53.4	60
Apprentices	38.0	39
Economic Growth & Prosperity	281.6	355
Assets	25.0	26
Crewe – High Growth City	2.0	2
Investment	77.1	85
Strategic and Economic Planning	61.2	63
Strategic Infrastructure	7.5	8
Visitor Economy, Culture and Tatton Park	104.1	166
<b>Cheshire East Council Total</b>	<b>2,875.6</b>	<b>3,810</b>

**Note:** in tables 13 and 14 employees with multiple assignments across services will appear in the headcount figures for each service, but will be counted only once in the total (CE) headcount figure. The Chief Executive has not been included in any of the Directorate/Service information, but is counted in the overall Cheshire East Council

headcount and FTE figures; similarly Executive/Directors will not appear in the "Service" totals but will appear in the overall "Directorate" figures.

**Table 14: June 2016 headcount and FTE figures**

Directorate/Service	Employee FTE Jun-16	Employee Headcount Jun-16
Public Health	21.6	24
Adults Social Care & Independent Living	748.3	962
Children's Services	780.8	1,176
Chief Operating Officer	1,034.6	1,222
Commissioning	38.6	42
Corporate Resources and Stewardship	429.1	489
Democratic Services and Governance	55.6	83
Legal Services	55.2	63
Media (Communications and PR)	10.7	11
Commissioning and Client Support	8.0	8
Communities	400.3	487
Apprentices	36.2	38
Economic Growth & Prosperity	273.1	348
Growth and Regeneration	78.7	85
Crewe – High Growth City	4.0	4
Lifelong Learning	10.2	12
Planning and Sustainable Development	69.0	71
Strategic Infrastructure	10.5	11
Countryside, Culture and Visitor Economy	96.7	161
<b>Cheshire East Council Total</b>	<b>2,859.5</b>	<b>3,721</b>

## Absence

252. As shown in **Table 16**, absence levels over the first quarter of 2016/17 were very similar to 2015/16 and 2013/14, and lower than the same period in 2014/15. Proactive management of sickness absence levels will continue through 2016/17.

**Table 16: Average days lost to sickness (per FTE employee), at the end of Quarter 1, since 2013/14**

	2013/14	2014/15	2015/16	2016/17
Cheshire East (excluding Schools)	2.59	2.91	2.61	2.61

## Voluntary Redundancies

253. The Council's voluntary redundancy scheme continues to support organisational change and the delivery of the planned programme of change in the Council Plan. The effective use of voluntary redundancy in this way enables the Council to achieve its planned savings and efficiencies and also helps to maintain good employee relations within the Authority and minimises the prospect of compulsory redundancy.
254. 11 people have left the Council under voluntary redundancy terms in quarter one, seven of whom held posts within the management grades (Grade 10 or above). The total severance cost for all 11 employees was £529,507 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1.6m (which is the combined accumulated costs of the deleted posts).

# **Appendices to First Quarter Review of Performance 2016/17**

**September 2016**

# Appendix 1 Cheshire East Council Residents First Outcomes



# Appendix 2 Changes to Revenue Budget 2016/17 since Original Budget

	Original Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 1 Net Budget £000
<b>PEOPLE</b>				
Children & Families	44,064	1,107	-13	45,158
Adult Social Care & Independent Living	93,933	5	-1,243	92,695
Public Health	0			0
Community & Partnerships	4,282		180	4,462
	142,279	1,112	-1,076	142,315
<b>PLACE</b>				
Directorate	1,347			1,347
Planning & Sustainable Development	-1,383	22		-1,361
Infrastructure & Highways	7,918		-4	7,914
Growth & Regeneration	2,183		1,064	3,247
Rural & Green infrastructure	2,745			2,745
Client Commissioning :				
Building Control, Land Charges and Planning Support	1,801			1,801
Skills & Growth	1,750			1,750
Transport	14,368	118		14,486
	30,729	140	1,060	31,929

	Original Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 1 Net Budget £000
<b>CORPORATE</b>				
Client Commissioning :				
Leisure	1,984		383	2,367
Environmental	27,246			27,246
Bereavement				
Customer Operations	8,845	62	187	9,094
Chief Operating Officer - Other (e.g Finance, ICT, Legal, Facilities)	37,869	104	-414	37,559
	75,944	166	156	76,266
<b>TOTAL SERVICE BUDGET</b>	<b>248,952</b>	<b>1,418</b>	<b>140</b>	<b>250,510</b>
Central Budgets				
Specific Grants	-18,826	-1,418		-20,244
Capital Financing	14,000			14,000
Corporate Unallocated	-119		-210	-329
Corporate Contributions	1,084		70	1,154
Contribution to / from Reserves	2,811			2,811
	-1,050	-1,418	-140	-2,608
<b>TOTAL BUDGET</b>	<b>247,902</b>	<b>0</b>	<b>0</b>	<b>247,902</b>

The Original Net Budgets above have been restated to reflect the new Organisational Structure which came into effect on 1 June 2016.



# Appendix 3 Corporate Grants Register

Corporate Grants Register 2016/17		Original Budget	Revised Forecast	Change	SRE / Balances
			FQR		(Note 2)
	Note	2016/17 £000	2016/17 £000	2016/17 £000	
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	1	146,960	142,268	-4,692	
Pupil Premium Grant	1	6,158	5,399	-758	
Sixth Forms Grant	1	4,164	4,230	66	
<b>Total Schools Grant</b>		<b>157,282</b>	<b>151,897</b>	<b>-5,385</b>	
Housing Benefit Subsidy		84,518	79,000	-5,518	
Public Health Funding		17,258	17,258	0	
<b>TOTAL SPECIFIC USE</b>		<b>259,058</b>	<b>248,155</b>	<b>-10,903</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant		26,340	26,340	0	
<b>Total Central Funding</b>		<b>26,340</b>	<b>26,340</b>	<b>0</b>	

Corporate Grants Register 2016/17		Original Budget	Revised Forecast	Change	SRE / Balances
			FQR		(Note 2)
	Note	2016/17 £000	2016/17 £000	2016/17 £000	
<b>People - Children &amp; Families</b>					
Troubled Families		195	875	680	SRE
Youth Justice Board		0	299	299	SRE
Staying Put Implementation Grant		0	109	109	SRE
Remand Funding		0	19	19	SRE
<b>People - Adult Social Care &amp; Independent Living</b>					
Independent Living Fund		948	948	0	
Local Reform and Community Voices		0	198	198	SRE
Social Care in Prisons		0	73	73	SRE
<b>Place</b>					
Adult Skills (Lifelong Learning)		749	749	0	
Property Search Fees New Burdens		0	22	22	SRE
Extended Rights to Free Transport		0	118	118	SRE
<b>Corporate - Customer Operations</b>					
Housing Benefit and Council Tax Administration		1,275	1,336	61	SRE
NNDR Administration Grant		562	562	0	
Business Rates Revaluation 2017: S31 Grant Reimbursement		0	1	1	SRE

Corporate Grants Register 2016/17		Original Budget	Revised Forecast	Change	SRE / Balances
			FQR		(Note 2)
	Note	2016/17 £000	2016/17 £000	2016/17 £000	
<b>Corporate - Chief Operating Officer</b>					
New Homes Bonus 2011/12		870	870	0	
New Homes Bonus 2012/13		1,844	1,844	0	
New Homes Bonus 2013/14		1,037	1,037	0	
New Homes Bonus 2014/15		1,356	1,356	0	
New Homes Bonus 2015/16		1,200	1,200	0	
New Homes Bonus 2016/17		2,444	2,444	0	
New Homes Bonus 2017/18		0	0	0	
Affordable Homes 2012/13		85	85	0	
Affordable Homes 2013/14		82	82	0	
Affordable Homes 2015/16		63	63	0	
Affordable Homes 2016/17		222	222	0	
New Homes Bonus Returned Funding Grant 2016/17		0	90	90	Balances
New Homes Bonus ESTIMATED OVERALL REDUCTION		0	0	0	
Education Services Grant		2,920	2,778	-141	Balances
Transitional Funding		2,973	2,973	0	
Electoral Register Transfer Programme Resource Grant 2016/17		0	58	58	SRE
Additional Election Funding		0	37	37	SRE
Additional Election Funding: N West Deadline Extension Funding		0	9	9	SRE
<b>Total Service Funding</b>		<b>18,825</b>	<b>20,457</b>	<b>1,632</b>	
<b>TOTAL GENERAL PURPOSE</b>		<b>45,164</b>	<b>46,797</b>	<b>1,632</b>	
<b>TOTAL GRANT FUNDING</b>		<b>304,222</b>	<b>294,951</b>	<b>-9,271</b>	

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

# Appendix 4 Summary Capital Programme and Funding

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	FQR	Reductions	Reductions	Budget	2016/17	2017/18	2018/19 and
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	Future Years
	£000	£000	£000	£000	£000	£000	£000
<b>People Directorate</b>							
<b>Children and Families</b>							
Committed Schemes - In Progress	6,549	-2,128	-34	4,387	4,387	3,684	1,083
New Schemes and Option Developments	900	1,633	0	2,533	2,533	4,342	0
Recurring Programmes	9,867	-9,097	-370	400	400	5,409	12,779
Longer Term Proposals	2,490	-2,121	-19	350	350	12,516	1,055
<b>Adult Social Care</b>							
Committed Schemes - In Progress	0	281	47	328	328	0	0
New Schemes and Option Developments	0	0	0	0	0	0	0
Recurring Programmes	356	375	-47	684	684	0	0
Longer Term Proposals	0	0	0	0	0	0	0
<b>Community &amp; Partnerships</b>							
Committed Schemes - In Progress	200	12	0	212	212	0	0
<b>Total People Directorate</b>	<b>20,362</b>	<b>-11,045</b>	<b>-423</b>	<b>8,894</b>	<b>8,894</b>	<b>25,951</b>	<b>14,917</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	FQR	Reductions	Reductions	Budget	2018/19 and		
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	Future Years
	£000	£000	£000	£000	£000	£000	£000
<b>Place Directorate</b>							
<b>Infrastructure &amp; Highways (inc car parking)</b>							
Committed Schemes - In Progress	12,196	18,903	147	31,246	31,246	14,460	3,458
New Schemes and Option Developments	1,491	-315	2,112	3,288	3,288	800	300
Recurring Programmes	13,691	-11,451	0	2,240	2,240	14,717	2,270
Longer Term Proposals	18,072	4,224	0	22,296	22,296	21,276	135,807
<b>Growth &amp; Regeneration</b>							
Committed Schemes - In Progress	38,488	-28,485	51	10,054	10,054	29,194	13,777
New Schemes and Option Developments	13,158	-9,108	0	4,050	4,050	13,971	7,592
Recurring Programmes	3,641	-798	10	2,853	2,853	2,711	1,650
Longer Term Proposals	10,800	-5,800	0	5,000	5,000	1,899	12,557
<b>Rural &amp; Green Infrastructure</b>							
Committed Schemes - In Progress	1,078	-55	0	1,023	1,023	679	0
New Schemes and Option Developments	100	0		100	100	175	0
Recurring Programmes	2,962	-2,380	0	582	582	3,535	165
Longer Term Proposals	0	0	0	0	0	0	13,000
<b>Total Place Directorate</b>	<b>115,677</b>	<b>-35,265</b>	<b>2,320</b>	<b>82,732</b>	<b>82,732</b>	<b>103,417</b>	<b>190,576</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	FQR	Reductions	Reductions	Budget			
	2016/17	During Quarter	FQR	FQR	2016/17	2017/18	2018/19 and
	£000	2016/17	£000	£000	£000	£000	Future Years
		£000	£000	£000	£000	£000	£000
<b>Corporate Directorate</b>							
<b>Environmental</b>							
Committed Schemes - In Progress	16,972	2,584	2	19,558	19,558	16	0
New Schemes and Option Developments	60	0	0	60	60	0	0
Recurring Programmes	140	0	0	140	140	220	0
Longer Term Proposals	2,730	-2,580	0	150	150	230	12,120
<b>Bereavement</b>							
New Schemes and Option Developments	0	150	0	150	150	0	0
<b>Leisure</b>							
Committed Schemes - In Progress	1,765	925	0	2,690	2,690	3,203	5,353
<b>Customer Operations</b>							
Committed Schemes - In Progress	90	153	-102	141	141	0	0
New Schemes and Option Developments	80	0	98	178	178	144	30
<b>Chief Operating Officer - Other</b>							
Committed Schemes - In Progress	16,282	3,707	-73	19,916	19,916	2,015	0
New Schemes and Option Developments	2,500	-2,112	387	775	775	5,112	0
Recurring Programmes	2,001	308	0	2,309	2,309	8,240	4,357
Longer Term Proposals	5,000	0	0	5,000	5,000	0	0
<b>Total Corporate Directorate</b>	<b>47,620</b>	<b>3,135</b>	<b>312</b>	<b>51,067</b>	<b>51,067</b>	<b>19,180</b>	<b>21,860</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	FQR	Reductions	Reductions	Budget	2018/19 and		
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	Future Years
	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress	93,620	-4,103	38	89,555	89,555	53,251	23,671
New Schemes and Option Developments	18,289	-9,752	2,597	11,134	11,134	24,544	7,922
Recurring Programmes	32,658	-23,043	-407	9,208	9,208	34,832	21,221
Longer Term Proposals	39,092	-6,277	-19	32,796	32,796	35,921	174,539
<b>Total Net Position</b>	<b>183,659</b>	<b>-43,175</b>	<b>2,209</b>	<b>142,693</b>	<b>142,693</b>	<b>148,548</b>	<b>227,353</b>

Funding Sources	2016/17	2017/18	2018/19 and
	£000	£000	Future Years
	£000	£000	£000
Grants	32,915	59,973	107,605
External Contributions	13,495	3,670	51,819
Cheshire East Council Resources	96,283	84,905	67,929
<b>Total</b>	<b>142,693</b>	<b>148,548</b>	<b>227,353</b>

# Appendix 5 Approved Supplementary Capital Estimates and Virements up to £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Supplementary Capital Estimates</b>		
<b>Infrastructure &amp; Highways (inc car parking)</b>		
S106 Next plc, Wilmslow	45,000	Section 106 works to improve walking facilities on Wilmslow Public Footpaths Nos. 80 & 91 in vicinity of Next plc development, Wilmslow
S106 Queens Drive Towpath, Nantwich	53,800	S106 works to improve canal towpath as result of Queens Drive, Nantwich development 12/4654N
Surface Water Management Schemes	137,000	DEFRA grant received towards Surface Water Management Schemes.
Highway Maintenance	60,000	Public Rights of Way, Poynton restoration works, funded by the Severe Weather earmarked reserve.
A500 Widening at Junction 16	10,000	Increase budget for additional expenditure funded from S106
<b>Growth &amp; Regeneration</b>		
Regeneration and Development Programme	10,000	Increase budget for additional funding from Tesco Bags for Life
Development for Housing and Jobs	61,000	Increased budget relating to Homes and Communities Agency funding
<b>Environmental</b>		
The Blue Lamp Carrs Park	2,225	These values relate to S106 funding which is not already recognised in the Capital Programme.
South Park Action Zone S106	365	
Ollerton Playing Fields	243	
<b>379,633</b>		



Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Capital Budget Virements</b>		
<b>Children and Families</b>		
Dingle Primary School Mobile	60,000	Virement from School Maintenance Project to cover the cost of the window replacement works at Dingle Primary School.
Mablins Lane Primary School	13,237	Virement from Assets - a contribution towards Boiler replacement works as part of the larger project.
<b>Adult Social Care</b>		
Adults Case Management	46,500	Virement of social care capital grant toward post implementation costs of Adults Case Management System
<b>Customer Operations</b>		
Next Generation - Self Service	101,702	A virement is requested to move £101,702 from the Sustainable Libraries project to the Next Generation Self Service project. The budget for the Sustainable Libraries project is to refurbish and upgrade Macclesfield library and to start the investment in the next generation of library digital services. The virement will consolidate the funding for this project
<b>Total Capital Budget Virements Approved</b>	<b>221,439</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>601,072</b>	

# Appendix 6 Request for Supplementary Capital Estimates and Virements above £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000</b>		
<b>Supplementary Capital Estimates</b>		
<b>Infrastructure &amp; Highways (incl. car parking)</b>		
Middlewich Road, Poynton - Flood Damage	250,000	Restoration works and slope stabilisation to Middlewood Road, Poynton. To be funded by Cheshire East Resources.
Replacement Pay and Display Car Parking Meters	500,000	Programme of works to replace the Pay and Display in the car parks across the Borough.
A6 SEMMS Disley	622,000	To increase the budget to take in to account £300,000 S106 funding, £272,000 funding received from Stockport Metropolitan Borough Council and £50,000 LTP funding.
Congleton Relief Road	267,537	Increase budget in line with latest forecast as per cabinet report funded by Cheshire East.
<b>Chief Operating Officer - Other</b>		
Enterprise Resource Planning (Oracle Replacement)	387,000	To increase the budget for the amount to be contributed by Cheshire West and Chester Council.
<b>Total Supplementary Capital Estimates and Virements</b>	<b>2,026,537</b>	

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

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to request Council to approve the Capital Virements and SCEs over £1,000,000		
Supplementary Capital Estimates		
Infrastructure & Highways (inc car parking)		
Middlewich Eastern By-pass	1,257,000	Grant funding received from the Department of Transport - Development funding for Large Local Major Projects - to continue the option development of the Middlewich Eastern Bypass proposals.
<b>Total Supplementary Capital Estimates and Virements</b>	<b>1,257,000</b>	

# Appendix 8 Capital Budget Reductions

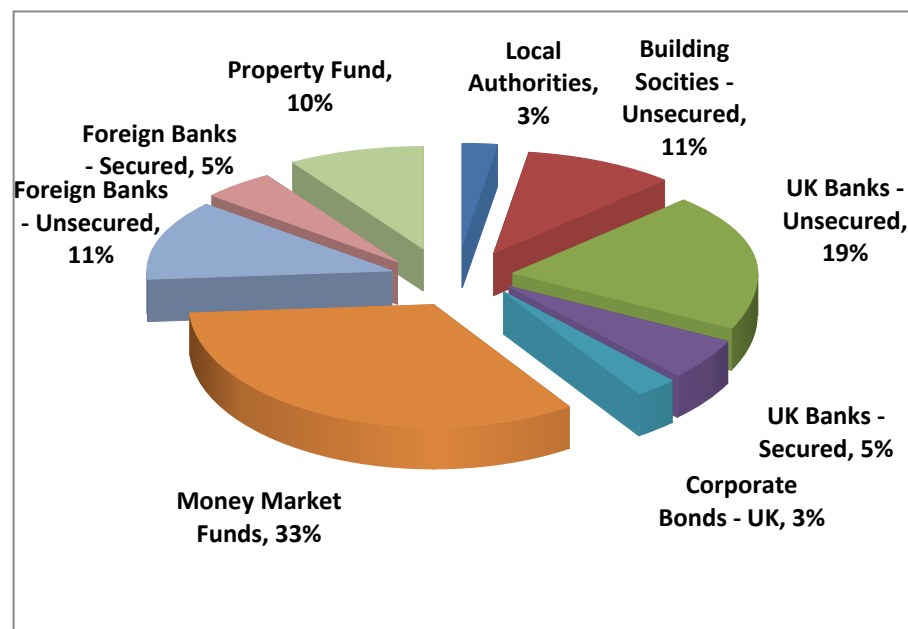
Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
<b>Cabinet are asked to note the reductions in Approved Budgets</b>				
<b>Children and Families</b>				
Devolved Formula Capital - delegated funding to school	6,192,273	6,006,777	-185,496	To match the existing Devolved Formula Capital budget being provided between 2015 - 2019
Condition Capital grant	6,657,900	5,548,143	-1,109,757	To match the existing Condition Capital budget being provided between 2015 - 2019
Knutsford Achievement	10,000,000	9,981,397	-18,603	Reduction to budget for costs relating to the project being funded from revenue budgets.
<b>Rural &amp; Green Infrastructure</b>				
Congleton Dane Walkway FP23	25,000	18,586	-6,414	Project complete
Walking to Wellbeing	37,972	37,096	-876	Project complete
<b>Environmental</b>				
Adlington Road Park S106	85,583	84,688	-895	WREN grant approved and received less than in the original Delegated Decision.
<b>Total Capital Budget Reductions</b>	<b>22,998,728</b>	<b>21,676,687</b>	<b>-1,322,041</b>	

# Appendix 9 Treasury Management

## Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally credit rated banks and building societies have been set at a maximum value of £6m for unsecured investments and £12m for secured investments. Any limits apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at a maximum value of £12m per fund with a limit of 50% of total investments per fund. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m. Due to their smaller size, unrated Building Societies have a limit of £1m each.
2. The limits in the Treasury Management strategy also apply to investments in foreign banks subject with a limit of £12m per country. Foreign investments held at 30th June 2016 total £11.5m over three countries.
3. To maintain diversification of investments over a broader range of counterparties, the Council is also investing with other Local Authorities and some unrated Building Societies on advice from our treasury advisors who are monitoring their financial standing in the absence of any normal credit rating.
4. The Council is also making use of some Variable Net Asset Value (VNAV) Money Market Funds which invest for a slightly longer duration than the standard money market funds but where the rate of return can be quite variable. At the end of June these were returning 1.32% but this was unusually high at that time. In July this has returned to a more typical 0.70%.
5. Banks' credit ratings are kept under continual review. The 'Brexit' issue has resulted in a review of all UK credit ratings but has not yet had a material effect other than the UK credit rating being downgraded. Subject to availability and cash flow requirements the Council is seeking to invest in high credit quality covered bonds
6. Covered Bonds are fixed period investments (typically three to ten years) which are tradeable and where the investment is secured by collateral. These bonds are exempt from any 'Bail-in' requirements and gives the Council protection in the event the Counterparty gets into difficulties. Bonds are rated depending on their collateral so it is possible that a bond is acceptable to the Council where an unsecured deposit would not be.
7. **Chart 1** shows an analysis of the investments by counterparty type. A full analysis of the types of investment and current interest rates achieved is given in **Table 1** with the maturity profile in **Chart 2** which also shows the value of investments potentially subject to bail-in in the event of counterparty failure and those which are exempt from bail in requirements.

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



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

Instant Access Accounts	Average Rate %	£m
Instant Access Accounts	0.05	0.6
Money Market Funds	0.71	17.7

Notice Accounts	Notice Period	Average Rate %	£m
Money Market Funds (VNAV)	2 days	1.32	6.5
Lloyds Bank	175 days	0.80	5.0
Santander (UK)	90 days	0.90	3.0
Santander (UK)	120 days	1.05	2.0
Santander (UK)	180 days	1.15	1.0
Svenska Handelsbanken	35 days	0.55	4.0

Fixed Term Deposits (Unsecured)	Start	Maturity	Rate %	£m
Lancashire County Council	02/12/2015	04/12/2017	1.00	2.0
Toronto Dominion CD	04/01/2016	03/01/2017	0.90	1.5
Nationwide Building Society	01/04/2016	03/10/2016	0.71	3.0
Coventry Building Society	11/04/2016	11/10/2016	0.60	1.0
Nationwide Building Society	11/04/2016	11/10/2016	0.71	2.0
Lloyds	19/04/2016	19/07/2016	0.65	2.0
Vernon Building Society	28/04/2016	05/08/2016	0.54	1.0
Toronto Dominion CD	12/05/2016	10/02/2017	0.77	2.5
National Counties Building Society	13/05/2016	14/11/2016	0.75	1.0

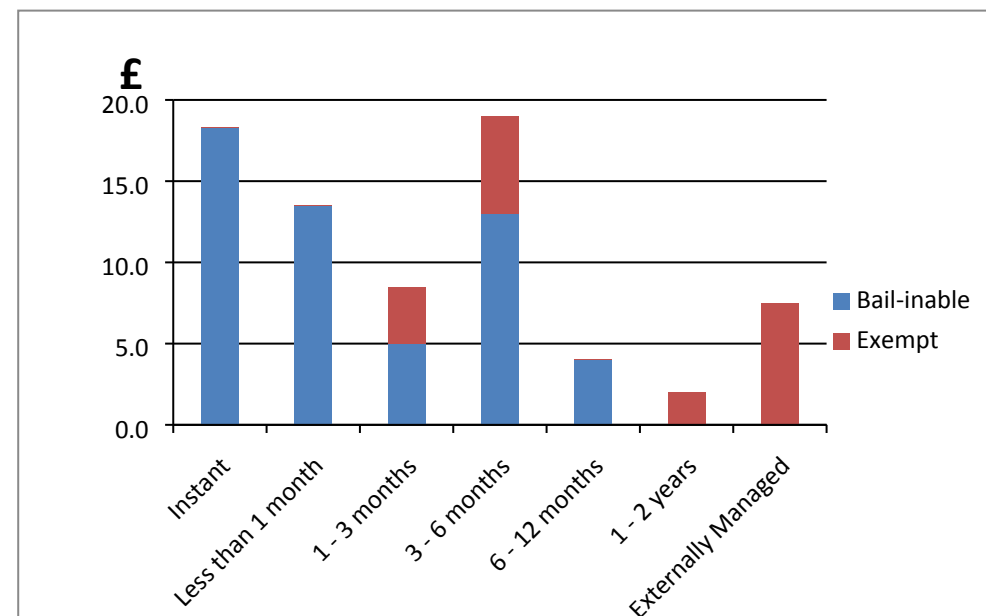
Secured Deposits	Start	Maturity	Rate %	£m
Bank of Scotland	17/06/2015	08/11/2016	0.84	2.5
Bank of Scotland	30/10/2015	08/11/2016	0.95	1.5
National Australia Bank	18/04/2016	12/08/2016	0.65	3.5

Corporate Bonds	Start	Maturity	Rate %	£m
Centrica plc	12/05/2016	24/10/2016	0.98	2.0

Externally Managed Funds	£m
Property Fund	7.5

Summary of Current Investments	£m
<b>TOTAL</b>	<b>72.8</b>

**Chart 2 – Maturity Profile of Investments**



# Appendix 10 Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Children & Families	Extended Troubled Families Grant – Family Focus  (General Purpose)	680	<p>In April 2012, the Government launched the Troubled Families Programme, a £448m scheme to incentivise local authorities and their partners to turn around the lives of 120,000 troubled families by May 2015. This programme worked with families where children are not attending school, young people are committing crime, families are involved in anti-social behaviour and adults are out of work.</p> <p>In June 2013, the Government announced plans to expand the Troubled Families Programme for a further five years from 2015/16 and to reach up to an additional 400,000 families across England. £200 million has been committed to fund the first year of this five year programme. This increased investment is testament to the Government's ongoing commitment to improve the lives of troubled families and as this work is taken to a significantly greater scale, to transform local public services and reduce costs for the long-term.</p>
Children & Families	Youth Justice Board  (General Purpose)	299	The Youth Engagement Service (YES) delivers a statutory Youth Justice service. A partnership of agencies defined in the Crime and Disorder Act is required to jointly deliver this service. As such any failure to utilise the funding streams identified will result in the dereliction of the Council's duties under the Act.
Children & Families	Staying Put  (General Purpose)	109	<p>The Children &amp; Families Act 2014 introduced a new duty on local authorities to support young people to continue to live with their former foster carers once they turn 18. This duty came into force on 13<sup>th</sup> May 2014.</p> <p>The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them in respect of a young person aged 18 and their former foster carer to continue to live together in a 'Staying Put' arrangement. For the purposes of this grant, 'young person' means a former relevant child who was looked after immediately prior to their 18<sup>th</sup> birthday. This supported arrangement can continue until the young person's 21<sup>st</sup> birthday.</p>



Service	Type of Grant	£000	Details
Children & Families	Remand Funding  (General Purpose)	19	Children and Young People (CYP) who are remanded in youth detention accommodation will be given Looked After Children (LAC) status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice (YJ).
Adult Social Care	Local Reform and Community Voices  (General Purpose)	3	Originally budgeted at £195,418 (2015/16). Final allocations for 2016/17 have come in at £198,321.  Local authorities have a duty under the Local Government and Public Involvement in Health Act 2007 (as amended by the Health and Social Care Act 2012) to ensure that an effective local Healthwatch is operating in their area, delivering the activities set out in the legislation. The Local Reform and Community Voices grant provides one element of the non-ring fenced funding provided for local Healthwatch, with the larger proportion having been rolled in to the local government settlement in 2011/12.
Adult Social Care	Social Care in Prisons  (General Purpose)	2	Originally budgeted at £69,933 (2015/16). Final allocations for 2016/17 have come in at £72,528.  The provision of social care in prisons is a new burden for local authorities introduced as part of the Care Act.  The Act establishes that the local authority in which a prison, approved premises or bail accommodation is based will be responsible for assessing and meeting the care and support needs of the offenders residing there.  The provision of care and support for those in custodial settings is based on the principle of equivalence to provision in the community. The Act clarifies the application of Part 1 for people in custodial settings, including aspects which do not apply.
Economic Growth & Prosperity	Property Searches New Burdens  (General Purpose)	22	Land charges payment being made by the Government towards the claims made against each Local Authority. Contingency monies held for about 2 + years re: the Tinkler and APPS claims.

Service	Type of Grant	£000	Details
Economic Growth & Prosperity	Extended Rights to Free Transport (Home to School Transport)  (General Purpose)	118	The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools further from home than the statutory walking distances. The funding is paid as a non-ring-fenced grant paid via the Department for Communities and Local Government under the Local Services Support Grant (section 31 of the Local Government Act 2003).
Communities	Housing Benefit Administration Grant and Council Tax Support Administration Grant  (General Purpose)	61	Administration of Housing Benefit claims & Council Tax Support. Claims to be processed on time to avoid hardship to customers and risk of eviction. Delays in processing work feed into a penalty area and if the threshold is exceeded there will be a loss of Housing Benefit subsidy payable to the Council (from DWP).
Communities	Business Rates Revaluation 2017 Information Sheet  (General Purpose)	1	This grant is in respect of expenditure already incurred by the Revenues team during annual billing. It is recompense for the printing and postage of leaflets on behalf of VOA.
Chief Operating Officer	Electoral Register Transfer Programme Resource Grant 2016/17  (General Purpose)	58	The funding is to be used on activities associated with the Individual Electoral Registration (IER) service within the Elections area.
Chief Operating Officer	EU Referendum Administration Costs – Additional Funding  (General Purpose)	37	Additional grant aimed to alleviate administration pressures in respect of processing voter registration applications in the run up to the EU Referendum on 23 <sup>rd</sup> June.
Chief Operating Officer	EU Referendum Administration Costs – Deadline Extension  (General Purpose)	9	Further grant funding allocated due to the extension of the EU registration deadline.
<b>Total</b>		<b>1,418</b>	

# Appendix 11 Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates) for which the performance related data is contained within Section 2 of this report.
2. Annually, the Council raises invoices with a total value of over £75m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing, Markets and Building Control.
3. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
4. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor). In 2015/16 the team collected £1.8m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of June 2016 was £11.9m. This is higher than at March 2016 due to invoices raised just

before year end in Adult Social Care to Clinical Commissioning Groups remaining unpaid. However, settlement has now been reached, and the debt will be cleared in quarter 2.

6. The total amount of service debt over 6 months old is £3.0m; provision of £3.4m has been made to cover doubtful debt in the event that it needs to be written off.

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families	402	10	10
Schools	51	28	31
Adult Social Care & Independent Living	9,362	1,937	2,322
Public Health & Wellbeing	0	0	0
Economic Growth & Prosperity	860	309	308
Highways	744	359	359
Chief Operating Officer:			
Environmental	123	121	121
Leisure	11	11	11
Communities	46	11	11
Other	306	246	246
	<b>11,905</b>	<b>3,033</b>	<b>3,419</b>

# Appendix 12 Earmarked Reserves

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Children &amp; Families</b>				
Children's Social Care	377	-377	0	To support implementation of Children's Social Care bill.
<b>Adult Social Care &amp; Independent Living</b>				
Extra Care Housing PFI	1,879	181	2,060	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning	450	-450	0	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law.
NHS Section 256	3,391	-1,695	1,696	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
<b>Public Health</b>	1,942	-1,942	0	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
<b>Highways</b>				
Severe Weather	360	-80	280	To provide for future adverse winter weather expenditure.
<b>Communities</b>				
Communities Investment	586	-244	342	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Emergency Assistance	569	-400	169	Carry forward of underspend on previous years' schemes to provide for future hardship payments.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Economic Growth &amp; Prosperity</b>				
Tatton Park	202	-30	172	Ring-fenced surplus on Tatton Park trading account.
Planning Costs and Investment Service Structure	358	-358	0	To meet potential costs within the Planning Service and Investment Service Structure.
Royal Arcade Crewe	500	-500	0	To provide for future costs relating to the Royal Arcade including repairs an maintenance.
<b>Chief Operating Officer</b>				
Elections	12	-12	0	To provide funds for Election costs every 4 years.
Insurance & Risk	4,581	-81	4,500	To settle insurance claims and manage excess costs.
Investment (Sustainability)	2,744	-1,722	1,022	To support investment that can increase longer term financial independence and stability of the Council.
Collection Fund Management	8,570	319	8,889	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing	11,540	0	11,540	To provide for financing of capital schemes, other projects and initiatives.
Transforming Services	3,345	-2,058	1,287	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding	0	1,287	1,287	To provide financial support to services or projects during a period of transition to a lower overall cost base.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Cross Service</b>				
Trading Reserve	1,179	0	1,179	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	3,186	-3,102	84	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	5,158	-1,158	4,000	Unspent specific use grant carried forward into 2015/16.
Revenue Grants - Other	2,404	-1,449	955	Unspent specific use grant carried forward into 2015/16.
<b>TOTAL</b>	<b>53,333</b>	<b>-13,871</b>	<b>39,462</b>	

**Notes:**

1. Figures exclude Schools balances of £8.058m at 1<sup>st</sup> April 2016.

2. Forecast Movements in 2016/17 include the following budgeted and approved additions and reductions to earmarked reserves approved by Council

	£000
Planning costs and Investment Service structure	1,000
Transitional Funding	2,500
Collection Fund Management	451
Investment Sustainability	-140
	<u>3,811</u>