



Mid-Year Review of Performance 2013 / 2014

November 2013

Introduction

The Council produces quarterly performance reports as part of the annual performance reporting framework set out in the Finance and Contract Procedure Rules. This report looks at progress in achieving the Council's 3 Year Plan (2013 to 2016) during the period April to September 2013.

Details are included of the Council's financial and non-financial performance and the report also seeks Member approval for Supplementary Estimates and Virements.

An overview and summary financial table are provided at the beginning of the report for quick reference. The three main sections of the report are:

Section 1 of the report brings together the impact that service performance, the change management programme and financial performance are having on the 5 Outcomes in the Council's 3 Year Plan. The section highlights key aspects of service performance and significant exceptions against the change programme and capital programme designed to deliver the Outcomes. It considers the key financial pressures which the Council's Services are facing, and the proposed remedial measures identified by Services to mitigate these pressures.

Section 2 provides an update on the overall Financial Stability of the Council. This includes service revenue budget issues, grants received, Council Tax and Business Rates, the Council's overall capital programme and its funding, treasury management, centrally held budgets, and the management of the Council's reserves. The figures included in this section reflect the original budget approved by Council in February 2013 adjusted for approved Supplementary Estimates and virements, including those requested in the report.

Section 3 provides a summary of the key issues relating to the Council's workforce development plan and change projects linked to staff resources within the Council.

A principle underpinning the Council's budget is to give real value for money. The Council continues to provide detailed and transparent information about its use of public money both in this report and its budget processes.

Appendices are provided as follows:-

- **Appendix 1** shows the 3 year Council Plan.
- **Appendix 2** explains changes to the Revenue Budget since the First Quarter Review which have been authorised or require authorisation via this quarterly report.
- **Appendix 3** shows the latest position on the Corporate Grants register.
- **Appendix 4** summarises revised in-year Capital budgets and the revised forecasts of total Capital Programme expenditure and its funding.
- **Appendix 5** lists reductions to the total approved budgets of projects within the Capital programme.
- **Appendices 6a and 6b** list requests for Supplementary Capital Estimates and Virements.
- **Appendix 7** provides details of Treasury Management investments.
- **Appendix 8** lists requests for Supplementary Revenue estimates funded by Specific Grants.
- **Appendix 9** analyses the position on Outstanding Debt.

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2013/2014 Revenue Outturn Forecast at Mid-Year Year Review

2013/2014 Mid-Year Review (GROSS Revenue Budget £643.8m)	Revised Budget (NET) £m	Forecast Outturn Position £m	Current Forecast Over / (Underspend) £m	Current Forecast Over / (Underspend) % Change	For further information please see the following sections
Commissioning Services					
Children	48.8	48.5	-0.3	-0.6%	Section 1 - Paragraphs 57- 58
Adults	97.7	98.5	0.8	0.8%	Section 1 - Paragraphs 87-90
Public Health	0.3	0.3	0.0	-	Section 1 - Paragraph 94
Environmental Protection & Enhancement	38.1	38.4	0.3	0.8%	Section 1 - Paragraphs 41-43, 64-65 and 69-70
Public Protection & Enforcement	-0.3	1.0	1.3	#	Section 1 - Paragraphs 16-18, 61 and 80
Economic Growth & Prosperity	6.4	6.2	-0.2	-3.1%	Section 1 - Paragraph 76
Resilient Local Communities	27.7	27.3	-0.4	-1.4%	Section 1 - Paragraph 13
Commissioning Support					
Chief Operating Officer (incl. Facilities Management)	18.1	18.8	0.7	3.9%	Section 1 - Paragraphs 30-34
Commercial Strategy, Bus.Improvement & Performance	19.6	19.8	0.2	1.0%	Section 2 - Paragraph 96
Organisational Development	4.6	4.3	-0.3	-6.5%	Section 2 - Paragraph 96
Monitoring Officer	1.7	1.7	0.0	-	Section 2 - Paragraph 96
Governance & Democratic Services	4.5	4.5	0.0	-	Section 2 - Paragraph 96
Cross Cutting (incl. Management Review)	-0.6	0.6	1.2	#	Section 3 - Paragraphs 157-160
Total Services Net Budget	266.6	269.9	3.3	1.2%	# % change not shown against negative net budgets
CENTRAL BUDGETS					
Specific Grants	-22.1	-23.4	-1.3		Section 2 - Paragraphs 101-105
Capital Financing	11.9	11.9	0.0		Section 2 - Paragraph 130
Contingencies	4.2	4.2	0.0		Section 2 - Paragraphs 134-135
LGO Pay Award (1%)	0.0	1.0	1.0		Section 2 - Paragraph 138
Relocation costs repayment	0.0	0.5	0.5		Section 2 - Paragraph 135
Invest to Save Reserve	-0.3	-0.3	0.0		
Total Central Budgets	-6.3	-6.1	0.2	3.2%	
TOTAL NET BUDGET	260.3	263.8	3.5	1.3%	Improvement of £0.2m from Quarter 1
	Planned Contribution 2013/2014 £m	Forecast Variance Quarter 1 £m	Forecast Variance Quarter 2 £m	Impact on reserves Quarter 2 Forecast £m	
Impact on Reserves	-0.5 *	-3.7	-3.5	-4.0	
*Reduced from nil by Supplementary Revenue Estimates approved at FQR					
General Reserves Balance	2013/2014 Budget £m	Quarter 2 Forecast		£m	
Opening Balance April 2013	13.2	Actual	19.0		} Section 2 - Paragraphs 142-147
2013/2014 Impact on Reserves (see above)	0	Forecast	-4.0		
Closing Balance March 2014	13.2	Forecast	15.0		

Overview of Mid-Year Performance

ACHIEVING THE COUNCIL'S FIVE OUTCOMES

Cheshire East Council provides more than 500 services, supporting over 370,000 residents, and over 17,500 businesses.

1 ~ Our local communities are strong and supportive

- Over 90% of users for the Disability Intervention Bureau reported they had more choice and control in response to advice provided.
- 4,000 Community Assets have now been uploaded to the Geographical Information System supporting residents to access community activities and assistance.
- A successful Crime Reduction Plan bid with other public bodies.
- Over 1,000,000 hits have been received at www.cheshireeast.gov.uk

2 ~ Cheshire East has a strong and resilient economy

- A long term plan for economic growth projects and promoting Cheshire East to investors has been developed.
- Additional funding has been secured for highway schemes, and performance in maintaining roads has now exceeded the target to fill 50,000 pot holes.

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

- Key Stage 2 performance has exceeded national averages.
- Expression of interest for the University Technical College submitted to Government.
- Improving recruitment and retention of social workers.

4 ~ Cheshire East is a green and sustainable place

- On track to achieve a 25% reduction in carbon emissions.
- Successful retention of 5 Green Flag awards by Streetscape service.
- Moving forward with the Major Change Project for Waste.

5 ~ People live well and for longer

- Proactive activity has reduced homelessness.

- Challenge fund established to deliver more affordable housing.
- Increased participation in sport with over 1,000,000 visits this year.

FINANCIAL STABILITY

Cheshire East Council has set an annual budget in excess of £750m.

- 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.
- **Investment income** is £33,000 higher than budget. Average interest rate earned on investments (0.4%) is in line with the London Inter Bank 7 day rate
- **Service revenue budget** is forecast to overspend by 1.2% (£3.3m), which is consistent with the first quarterly review.
- **Central Budgets** – a £0.2m overspend is forecast from the nationally negotiated Pay Award and planned repayment of relocation costs, partly offset by increased grants.
- **Net Revenue Outturn** is projected to be £3.5m more than the Revised Net Budget of £260.3m.
- **General Reserves** would be expected to decrease this financial year by £4.0m to £15.0m without further mitigation. This is still more than the revised net budget due to the impact of the improved 2012/2013 outturn.
- The revised **capital budget** of £90.3m for 2013/2014 is forecast to underspend by £7m.
- Total outstanding **Debt** (excluding local taxation) is £7m. £2.8m of debt is over 6 months old, but a bad debt provision of £2.9m is available 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 1,100km² for over 370,000 residents. The budget to deliver these services in the period April 2013 to March 2014 is over £750m, 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 spending power per head, Government figures highlight the impact of different levels and sources of funding on total council spending:

Spending Power per Head Comparisons 2013/2014			
	Cheshire East £	Rural East Riding of Yorkshire £	Urban Manchester City £
Grants	317	405	895
Council Tax	439	382	208
Total	756	787	1,103

2. The Council's 3 year plan, which was agreed by Council on 28th February 2013 (attached at **Appendix 1**), has five outcomes that will focus service delivery in the medium term. This section of the report highlights progress towards achieving each of the five outcomes.
3. This report reflects activity that has taken place mostly in the period July 2013 to September 2013 including progress against the Council's change programme. Commentary is also provided on the financial impacts (both revenue and capital) of this activity.

1 ~ Our local communities are strong and supportive

4. Getting people involved in activity in their local area will support this outcome. Activities that increase interest in local democracy, support safety and generate local pride will also help to promote greater self reliance and responsibility towards the local area.
5. The commissioning of Prevention and Early Intervention services in Adult Social Care is delivering results by ensuring residents of Cheshire East are supported in accessing local community activities, and seeking support from local services when they need it. This is evidenced by the services which are commissioned to support residents by providing advice, information and signposting to the range of local support networks available.
6. In the first quarter of the year 1,727 customers received information and advice interventions (the figures for the second quarter are not yet complete for all organisations).
7. The Disability Information Bureau has provided 1,203 Information and Advice interventions for people with a physical disability in the first half of 2013. This includes advice and support through telephone, face-to-face and social media. For the second quarter of 2013 they have been surveying people who have used their service. Of these, 93% report that they have more choice and control, 71% felt more independent and 71% felt that they had more of a voice.
8. A wide range of work has been commissioned across the voluntary, community & faith sector, from early intervention /

preventative service provision to developing resilient communities.

9. The future of transfer and devolution is part of the on-going Review of Localism and Creating Resilient Communities. Forty assets have been transferred to local councils for them to manage. Three Local Plan Core Strategy Briefings to town and parish councils are set to take place in October.
10. Phase 2 of the Community Asset Mapping was uploaded to the Geographical Information System in September 2013. The system now includes over 4,000 assets / activities. Work continues to encourage other areas to carry out asset mapping.
11. The Town and Parish Council SharePoint site, creating a one stop place for all relevant information is seeing increasing use. The site is now being used to share information with 85 registered users. .
12. Engaging more Parish Councils in local area working is a priority in all Local Area Partnership (LAP) work plans and new rural working groups have been established to deliver joint initiatives focussing on key issues. For example Nantwich LAP's Rural Transport Group is working positively with public transport providers, carrying out a survey which will inform transport tender bids in 2014. Five parishes are now working together on a joint funding bid into the Community Transport Fund for a pilot rural bus route along the A534 corridor.
13. Partnerships are forecasting an underspend of £0.1m. This comprises £59,000 savings on staffing through holding vacancies, £20,000 underspend on supplies and services and £21,000 saving on structural grants. These have resulted from a pause in new activity while the Local Working structure is reviewed.
14. Regulatory Services continued to carry out proactive statutory inspections in relation to food safety, health & safety, permitted

processes, private water supplies and animal health and welfare. In total over 500 inspections were completed, including a number of joint food and health & safety inspections. 2,035 requests were received including over 800 pest control calls. This work led to the service of nearly 20 statutory notices, 2 interviews involving the Police, a simple caution and the voluntary closure of a food premises as well as over 200 warning letters seeking compliance with legislative requirements.

15. Customer satisfaction is high with Regulatory Services. Businesses responding to the Council's in-house survey registered 100% satisfaction with the service that they had received. 94% of non-business customers registered satisfaction with the service that they had received and 100% of the pest control survey returns indicated satisfaction with the service.
16. The opportunity to broaden the delivery mode for enforcement activity to create a more sustainable service does mean delays are being forecast in overall delivery of the project. Car Parking, Neighbourhood Enforcement and Regulatory Services are therefore currently forecasting an estimated budget overspend of £0.7m.
17. The income shortfall in Pest Control has reduced by £25,000 to £11,000, and forecast in staffing costs in shared services have improved by £34,000 to £0.2m. There has been an 8% reduction in town centre footfall compared to 2012/2013 leading to an increase in the car parking income shortfall by £39,000 to £0.3m.
18. A delay in awarding the Public Service Network contract for CCTV to 2014/2015 is expected to result in £0.2m of unrealised savings.
19. The number of active library users is 79,862 at the end of September. More than 7,500 residents responded to the Cheshire East Libraries survey during quarter 2. The survey was commissioned to inform the Sustainable Libraries major change

project which is expected to reduce the cost of libraries by 30% by 2016.

20. The Council's website received over 1 million visits in the second quarter of the year, and more than 70,000 customers chose to transact with us online. Increasing numbers of customers are visiting 'cheshireeast.gov.uk' from a mobile device (i.e. smart phone or tablet). 45% of visits came from a mobile device in quarter 2 of this year, compared with 25% for the same period last year. The next generation of the Council's website is now being developed for a January 2014 launch to make it easier to use from a mobile device. Twitter followers engaging with the Council at the beginning of October stood at 5,382.
21. Following work in quarter 2, the Department for Communities & Local Government announced in early October that Cheshire East Council, working in partnership with other north-west authorities (Cheshire Constabulary, Cheshire Probation and Cheshire Fire and Rescue), was one of the authorities sharing a reward for radically overhauling how they do business, part of the Government's pledge to transform public services, whilst delivering efficiency savings. The successful bid for Community Safety achieved an award of £420,000, and a Sub-Regional Public Sector Transformation Board will be working to consider and implement next steps.

2 ~ Cheshire East has a strong and resilient economy

22. Increasing employment and the quality of employment will support the delivery of this outcome. The Council is doing this by engaging with businesses and helping to provide the necessary infrastructure and high quality workforce that will encourage investment in the area.
23. The Economic Growth and Prosperity Department has developed a long term economic growth plan with projects and opportunities to ensure Cheshire East has a strong and resilient economy. The Council is actively engaged with Government, as part of the

Cheshire and Warrington Local Enterprise Partnership (LEP), to shape and influence Local Growth Deals and European Union Structural Funds, which will secure funding to deliver major projects over the next decade.

24. To ensure Cheshire East takes full advantage of the funding and investment opportunities the Council is developing an overarching economic vision and growth strategy including transformational growth programmes such as High Growth City and the North East Science Corridor alongside an ambitious Strategic Infrastructure plan.
25. Cheshire East Council, as lead of the sub-regional Connecting Cheshire Project, has identified a partner to deliver a business support programme (Connecting Cheshire – Superfast Business) which will provide over 12 hours support to 900 businesses, ensuring they can make best use of ICT and the internet in their business. Over 10,000 demand registrations, largely from rural areas, have been received to date demonstrating the demand for better broadband.
26. The *East Cheshire Engine of the North's* business plan, which prioritises a number of the Council's development sites, is being taken through the Council's approval process to unlock capital funding. Sub-regionally, reviews are underway between the LEP and other local authorities in relation to future service delivery. This will be considered alongside how the new LEP Strategic Economic Plan will be implemented.
27. Ongoing proactive engagement with current and prospective investors has taken place, including with those within the new Alderley Park BioHub. Business engagement event activities have continued during quarter 2 including:
 - Procurement opportunities / advice workshops
 - Life Science cluster meeting
 - Make it Macclesfield breakfast meeting
 - Involvement in a range of partner-led events

28. The Council has increased its focus on developing a programme of Major Projects, this includes:

- Supporting the Alderley Park Task Force in its exploration of future options and strategies for the Alderley Park site and the wider North West Life Sciences offer. This includes leading in commissioning an economic impact assessment of AstraZeneca's disinvestment, but also pro-active work with the company to develop a master plan and development prospectus for the site. The Council has also actively supported the new BioHub facility in assisting new and prospective investors. In the last six months the BioHub has signed up new companies which will generate over 1,000 new jobs into the site.
- Approval of 'All Change for Crewe: High Growth City' as a major new economic strategy to make Crewe the premier location in the North West region for advanced manufacturing and engineering by 2030, exploiting the town's connectivity and record of innovation to drive future growth.

The strategy includes developing Crewe as a world-class hub for the automotive and rail industries; making the town a UK centre of excellence in employer-led skills; positioning Crewe as a market leader in renewable energy; spearheading a £500m infrastructure programme for the town and preparing key land assets to support future economic growth.

- Playing a key role in developing the business case to secure Bentley's investment in a new production line in Crewe for its new Sport Utility Vehicle model. This will generate £800m investment, secure existing jobs and create up to 400 more in Crewe.
- Supporting the development of plans and business cases for the new Crewe Lifestyle Centre, to be located in Crewe town centre.

29. Work on Compulsory Purchase Orders for the Silk Street scheme in Macclesfield is progressing to ensure delivery of the new retail scheme which received planning permission earlier this year. Public realm improvements have continued in Macclesfield and £0.5m has been earmarked for further improvements in the town centre, including Silk Heritage, which are subject to a full business case.

30. Within the Assets Service £1m of savings are dependent on asset rationalisation / disposal across the Authority, of both operational and non-operational building stock. At mid-year the service is reporting a £0.9m pressure against this target, derived mainly from key risks including decisions affecting front line service delivery, failure to dispose of property due to adverse market conditions and the retention of property for development or other Council considerations. This will be addressed through ongoing mitigation measures and some further adjustments as part of the budget setting process.

31. Savings against overall property portfolio of £0.5m, including reduction in repairs & maintenance and energy / street lighting efficiencies, have largely been delivered but are reporting £0.2m pressure mainly from Street Lighting savings still under development.

32. The latter target is linked to activity between the Highways Service and the Council's energy provider regarding the update of the lighting portfolio to realise the revenue savings. Recent activity in this area may provide a more optimistic forecast at the third quarter position.

33. The Service is delivering mitigating efficiencies of £0.6m from savings made from staffing, and Farms from reduced maintenance spend and energy rebates. Further mitigation is assumed from using the underspend on the Major Project Cost of Investment and underspend against cost of investment linked to the review of the Electricians Service (£0.44m).

34. This activity counteracts financial pressures identified by the service at mid-year of £0.4m. Cost pressures include Shared Services property costs; devolution properties not transferred / not transferring; pressures arising for changes to base budget assumptions (for example the assumed disposal of West View, Manor Way in 2012/2013 has not yet taken place).
 35. Good progress continues to be made in securing investment and improvements to the strategic highways network. Pinch point funding has been confirmed to deliver improvements at the A500 / Junction 16, Junction 17 of the M6 and to accelerate the delivery of the Basford West Spine Road. The Council has also been successful in securing the funding to deliver a solution to address the Sydney Road Bridge pinch point in Crewe and a contribution towards the delivery of Poynton Relief Road.
 36. Development work has continued on the planning of a northern link road for Congleton. It is anticipated that a public consultation exercise on potential route options will be held early in the new-year. Additionally, work is underway to examine if a revised design for Poynton Relief Road should be delivered following the closure of the BAE Woodford site.
 37. The Public Inquiry into the compulsory purchase of the land required for the delivery of Crewe Green Link Road was held in August and an Inspectors decision is anticipated before Christmas. Subject to this, work is due to commence on this project in Spring 2014.
 38. Crewe Rail Exchange continues to progress on schedule and will deliver a major improvement to Crewe Station and its users.
 39. In quarter 2 the Highways Service delivered a significant proportion of the Highway Investment Programme and other structural maintenance schemes funded through this year's Local Transport Plan settlement.
 40. The Council has directed significant resources to the "Tell Dave" Campaign to address the backlog of pothole defects that has developed over recent years. By the end of quarter 2 the number of repairs had exceeded 52,000 against the campaign target to repair 50,000 potholes in the 2013 calendar year. As a result of this targeted effort the number of third party claims being processed in the month of August has dropped to 25% of the level being processed in March.
 41. The Environmental Protection and Enhancement Service are expecting to deliver to budget. Issues to note include Cabinet deciding not to reduce winter services, such as gritting, where savings of £0.1m will need to be made through other service reductions / contract efficiencies.
 42. Strategic Highways are reporting a balanced position as additional costs on consultancy and write offs of rechargeable works expenditure are being offset through additional income forecast (£0.1m). The Service is also looking at further other options including potential reductions in revenue highways maintenance.
 43. Transport is currently forecasting a favourable variance of £75,000, due mainly to efficiencies in staff management. The Service is not reporting any variance against the public transport support budget, however it is likely that there may be network changes over the remaining 6 months of the year that will require additional tendered services or de-minimus contracts to be entered into and that may increase expenditure but through careful contract / financial management should be able to be contained within the approved budget.
- 3 ~ People have the life skills & education they need in order to thrive**
44. This outcome is supported by high profile services such as education, and children and adults' social care.

45. Recently published end of Key Stage 2 performance data (based upon national statistical first release) shows that Cheshire East schools achieved 80% for the new measure of combined reading, writing and maths test / assessment at Level 4+. This compares to a rate of 76% nationally. The same measure at Level 5+ shows that our rate of 27% is 6 percentage points above the national figure. End of Key Stage 4 performance is awaiting national first statistical release which is due at the end of October. Early indications are that for 5+A*-C including English and maths, the Cheshire East rate will be slightly above last year at 63%.
46. The performance of our Cared for Children this year shows that at the end of key Stage 2, 48% of pupils achieved the new measure of combined reading, writing and maths test / assessment at Level 4+. This compares to a rate of 50% nationally in 2012 (2013 data not currently available). Provisional data at Key Stage 4 shows that 14% of our young people have achieved 5+ A*-C including English and maths which is up on last year. National data for last year showed 15% of young people achieved this measure. Individual analysis of school results will take place as validated data is made available in order to consider the scale of attainment gaps across the Borough and it is clear that this area will continue to be a priority going forward.
47. Our new "Front Door" arrangements through the Cheshire East Consultation Service (ChECS) are now well embedded. The recent Peer Review process, undertaken by senior staff from Lancashire County Council, provided positive feedback highlighting that the service is clearly focused on improving performance and providing appropriate and timely responses to agencies and family members who contact them. Feedback from a range of agencies shows that the new service is much improved and that agencies were now able to speak directly to a social worker to share specific concerns and offered appropriate advice and action, including supporting the use of the Common Assessment Framework.
48. The Early Help Panel was established in July 2013 and to date over 40 cases have been considered via this multi-agency platform.
49. In relation to our Cared for Children population, the overall figure of children in care has continued to fall over the last 12-month period from 412 to a current rate of 363 as of the end of quarter 2. Significant progress has been made in ensuring we have the right children in care. Whilst the admission rate has increased, the exit rate has ensured that the overall picture continues to be one of a reducing trend.
50. The priorities for improvement within children's services continue to be scrutinised and tracked through the Improvement Board. There has been a new Chair for the Local Safeguarding Children's Board appointed to assist in driving multi-agency working and improvements forward and there was a theme on partnership at the last Improvement Board.
51. The domestic abuse multi-agency steering group is leading a review of the commissioning strategy to ensure a whole family approach to our shared safeguarding responsibilities. Arrangements continue to work effectively and there has been a new commission to respond to child sexual exploitation coupled with the development of a multi-agency operational group which will give better intelligence on potential victims, perpetrators and risk locations to better protect our children and young people. This will also eventually move to a wider group for vulnerable adults. As of the end of Quarter 2, we have seen a rise in the last quarter with more children being made safer due to increasing awareness.
52. The Council's Youth Offending Service has continued to deliver improved outcomes including reducing the number of offences committed by young people, evidenced in the recent successful inspection by HMI – Probation.

53. An 'expression of interest' to establish The East Cheshire University Technical College (UTC) Trust, with the support of Manchester Metropolitan University and its business partners, Bentley, Siemens, OSL Rail, Oliver Valves, Senior Aerospace and Cheshire East Council, was submitted on 4th October 2013 to the DfE. The outcome of the 'expression of interest' will be known later in the Autumn. If this is successful, the Council will be invited to develop a detailed application form and be called for interview in late November. Decisions will be announced in spring 2014. If successful the Trust will receive a ring-fenced budget to deliver the project.
54. The National Autistic Society (NAS) have in place project plans and a team is being assembled to establish the Free School in Alsager to move the special schools / establish new local provision for Autism initiative forward. DfE procurement processes have resulted in delays on the refurbishment of the site, however the NAS are working closely with the DfE to expedite the situation.
55. Of the 13 service users in long term placements at the end of quarter 2 with the Adult Social Care Shared Lives team: 2 are in apprenticeships, 4 are in education and 1 is in supported employment. All 199 service users receiving Shared Lives sessional support have placement agreements which focus on maximising independence and community involvement.
56. The workforce development strategy seeks to support national and local requirements through innovative ways of working by creating conditions that allow workers to work differently or by providing a new focus. This includes not just direct provision of services, but also supports unlocking the even bigger assets of the people and resources of communities, neighbourhoods and families. The workforce development team have successfully obtained Centre of Excellence recognition as a National Skills Academy endorsed training provider for Social Care. Recent positive outcomes and scheduled activity includes:
- The Social Worker Recruitment and Retention market supplement was introduced which has resulted in three new Group Managers and seven new experienced social workers being recruited this year to date;
 - All social work grade eight candidates going through the Progression and Consolidation Programme and aiming to progress to grade 9 will need to have submitted their portfolio to the final board by July 2014;
 - There are 6 people going through the Assessed and Supported Year in Employment stage for newly qualified social workers.
 - There are currently two people placed within the service undertaking the Learn Together Partnership 'Step Up to Social Work Programme'
 - A further three internal workers are undertaking the Social Work Degree through the 'Grow Your Own' programme.
 - There are nine workers currently set to complete the Post Qualifying Child Care Award.
57. In financial terms the services to Children continues to reflect a small forecast underspend. There is also an improvement in the Dedicated Schools Grant position.
58. Challenges include Home to School transport, and the national issue of recruiting suitably experienced Social Workers for key front line areas such as Children in Need.
- 4 ~ Cheshire East is a green and sustainable place**
59. A clean and well managed environment will provide achievement of this outcome. Carbon management and maintenance of open spaces will enhance local places which will also rely on effective planning, transport and waste services.
60. The Strategic Planning Board received an update report on the Local Plan and the emerging *Core Strategy* in September 2013. Consultation on the Local Plan began in 2010, developing a blueprint for Cheshire East to 2030, covering jobs, new homes,

schools, roads, leisure facilities etc. To date, 27,000 responses have been received, and over 100 strategic sites evaluated. There are presently 29 proposed strategic sites and 10 strategic locations with potential to go forward in the emerging *Core Strategy*. This is set within the demographic context that Cheshire East will have a 26% increase in over 65's and a 35% increase in over 85's by 2021. A further consultation will take place on a draft Pre-Submission Core Strategy during the Autumn.

61. As reported at first quarter Development Management identified a cost pressure due to the exceptional volume of public inquiries dealing with the Council's housing land supply. The extent of this pressure is expected to be in the region of £0.3m, although the true extent will only become more tangible after the Council receives the outcome of these first appeals in mid-November. However, linked to the housing land supply, planning application income in the first six months of the year has exceeded targets and if this continues for the remainder of the financial year, coupled with vacancy management savings, it is anticipated that this will negate this cost pressure in 2013/2014. A clearer understanding of the outturn will be known at the three-quarter position.
62. The Council has achieved a 15% reduction in its emissions (4,685 tonnes of CO2 per annum) between 2009/2010 and 2012/2013. It is currently on track to achieve its corporate target of a 25% reduction by 2016. Delivery of carbon reduction projects have achieved savings of £1.3m per annum in energy costs and reduced the Council's future Carbon reduction Commitment (CRC) liability by a further £75,000 per annum.
63. The Streetscape Service has completed the interactive design and build of new play areas in Middlewich and Ollerton, and a new skate facility (also in Middlewich). It has also successfully retained 5 Green Flag Awards for open space excellence at:
- The Moor at Knutsford

- Bollington Recreation Ground
- Congleton Park
- Teggs Nose Country Park
- Brereton Heath Country Park

64. The Streetscape service is currently forecasting a net overspend of £252,000:
- The service is exploring opportunities for alternative street cleansing service delivery but at present this is resulting in unrealised savings of £266,000;
 - Income of up to £54,000 may be forfeit whilst essential replacement work is completed on the cremators at Crewe Crematorium;
 - Up to £114,000 of financial pressure is also related to current delays in markets and public conveniences transfers;;
 - A one off management fee to Congleton Town Council to devolve grounds and street cleansing services, other in-year running costs, and costs associated with setting up the Bereavement Services new company are contributing further pressure of up to £178,000.
65. Remedial measures have been proposed to offset the financial pressures described above, such as increases in Grounds Maintenance and Street Cleansing Service income of £50,000, savings through efficient staff management of £89,000, and targeted supplies and transport savings of £190,000.
66. Quarter 2 has seen significant progress with the Waste major change programme. Its scope has increased to include Streetscape services in the formation of the wholly owned company (WOC) and the programme now covers a wider remit for environmental services rather than just waste management.
67. Phase 1 has been successfully completed and Phase 2 is well on the way with a report going to Cabinet in October to cover the proposed formation of the WOC, agreement over cost of investment money needed to deliver the whole programme, and

agreement to move forward with a Supplementary Capital Estimate for capital funding to replace 20 new waste vehicles and move forward with the infrastructure project.

68. The Council has given approval to undertake a feasibility study into the potential of deep geothermal energy in Crewe. The rare discovery of this energy provides the potential to drive down local energy prices, create a self-sufficient energy supply and cut down on carbon dioxide emissions to help improve the environment.
69. The Waste & Recycling Service saving target for Landfill diversion, through a collaborative arrangement, is forecast to be on target, however, in the interim period the service is facing pressure from greater tonnage being collected than forecast giving rise to additional landfill costs of £0.4m. In addition, the Service is set to under-achieve against its waste minimisation savings target giving a pressure of £0.2m. The service is looking to mitigate in year by utilising under-spent cost of investment monies.
70. Further pressures of £0.2m from fuel inflation and one-off costs to implement training, software, vehicle tracking and promotion of Green Waste service change. This will be offset through other savings.

5 ~ People live well and for longer

71. This outcome focuses on addressing the key issues that can help individuals and communities to live well and for longer. A number of Council services are working towards the delivery of this outcome including public health, social care, housing and leisure. An Outcome 5 Transformation Board, which includes senior Council officers from these areas, has been established with the specific intention of overseeing delivery. These efforts will require a project management approach through the Executive Monitoring Board and Technical Enabler Group.

72. Strategic Housing are working on a number of initiatives to improve outcomes for our customers. We have recently restructured the housing service to focus on enhanced housing options with the aim of improving access and providing customers with housing options advice to enable them to make informed decisions. The Service is concentrating on making the best use of existing stock by reducing the level of long-term empty homes and taking appropriate action in relation to disrepair, whilst undertaking new initiatives to stimulate housing growth. Working in collaboration with Adult Services, Strategic Housing are exploring current needs in order to ensure the Council has the right housing provision to promote independent living.
73. Reduced level of homelessness through proactive prevention activity has been achieved by:
- Working closely with Emergency Assistance Fund to increase access to privately rented properties (£45,000 in quarter 2).
 - Using Prevention Fund to clear small arrears, pay first month's rent on social tenancies (£10,000 in quarter 2).
 - The Single Point of Access (launched April) helps sustain tenancies, keeping people in their homes with referrals to floating support.
 - The Bond scheme has recently been extended to non-priority cases, which may assist some cases affected by welfare reform.
 - The MySpace scheme assists 18 to 35 year olds to access private lets (partnership with the Crewe YMCA).
 - Money Advice officer attending both Macclesfield & Crewe County Courts to assist householders facing repossessions across all tenures, 8 preventions in last quarter.
74. Thirteen affordable homes were completed in quarter 2. The Housing Challenge Fund has been piloted and awards of grant are to be made shortly. This will bring forward approximately 30 units at a total cost of £475,430 (equates to £15,847 per unit). Four Council owned sites have been taken to the market for the

provision of affordable homes and all sites have now been awarded to Developers or Housing Associations for development:

- Oakdene Court, Wilmslow has now started on site and will result in the provision of 29 affordable units.
- Churchside Cottages and The Moss Macclesfield will start on site early October and will deliver a further 7 affordable units by March 2014.
- West View in Crewe is due to commence on site in the near future and will deliver a further 19 units.

75. To date 945 home adaptations for older and / or disabled residents have been completed in 2013/2014, and there has been a reduction in the level of long-term empty homes by 27. This has been achieved by:

- Successfully prosecuting the owner of a long term empty property for non-compliance with an untidy land notice. The owner has since entered the property into auction to avoid further prosecution action.
- The owner of another long term empty property has sold his property at auction to avoid prosecution and the new owners will be providing 2 units of accommodation later this year.
- 2 further owners of long term untidy empty properties are currently facing enforcement action.
- In September the National Empty Homes Loan Fund was launched in Cheshire East offering up to £15k loan to help owners bring their empty properties back into the rental market.

76. At this stage in the financial year Strategic Housing is anticipating to realise a benefit of £85,000 in 2013/2014, from the restructure of the Service, in excess of the £50,000 business plan policy savings. In addition, 'in year' benefits from vacancy management and external funding are currently forecast, estimated to be in the region of £90,000.

77. In the last three months participation in Sport and Active recreation at the Council's facilities increased by an average of 3%

compared to a similar period in 2012/2013, for both adults and older people categories. Junior attendance is up 5% on last year. Total attendances for 2013/2014 are over 1.1m. Attendance has been boosted by increased usage of the outdoor pool in Nantwich Pool during the summer months.

78. In September, a Crewe Sports Club Society "market event" took place in Crewe Town Centre to highlight what opportunities are available for the public and to help promote Crewe Town Centre. 86 new members have joined the Nordic walking program with over 80% of attendees being 40+ and who have not been active for several years.

79. Cycling proficiency ('Bikeability') is running at 95% of all schools in Cheshire East taking part with over 3,500 children competent Level 2 and 3. The scheme is helping to make the participants more aware of safety on the roads. On 'Bike to Work Day' over 21 bikes were serviced for the staff and general public.

80. The Leisure Service is forecasting a net overspend of 0.9m after remedial measures, an increase on £14,000 since first-quarter. This mainly comprises: £0.3m due to slippage into 2014/2015 of savings relating to the Leisure Trust set up. The full £0.7m savings are to be realised in 2014/2015. Pressures in leisure facilities comprise £0.3m pay, £0.1m premises and £0.1m income shortfall. The above will be addressed as part of the 2014/2015 Budget. Since first-quarter pay pressures have increased by £14,000 due to revised staffing projections and seasonal variation in staff employed within the Leisure facilities.

81. Reablement services concentrate on helping people to develop or relearn relevant practical skills. During quarter 1 and quarter 2 this year Care4CE reablement services (both mental health and domiciliary care) supported 1,837 adults. This figure is around 40% higher than during the same period last year. The mental health reablement teams were responsible for the increase. In these teams around 8% of the work involved supporting people to access education, voluntary work or supported employment and

fewer than 2% of the people supported by these teams subsequently required an ongoing commissioned service.

82. In the domiciliary care reablement teams there have been over 1,500 community reablement and intermediate care interventions for older people (aged 65+) to help them regain and maintain their independence. Within the reablement service, 48% of the people supported required less support or no support at the end of their reablement period, whereas only 8% required a higher level of support. Of the older people who had a reablement or intermediate care intervention following discharge from hospital, almost 85% were still at home 91 days later.
83. Adult Social Care service are working towards maintaining people in their own homes wherever possible by looking to a range of community options for them to be supported at home. Compared to the same point last year, there have been 21 fewer permanent admissions to residential or nursing care demonstrating a downward trend in long term residential placements.
84. There are more people receiving equipment services to help them stay independent. 2,375 people have received equipment services compared to 2,254 at the same point last year which represents a 5.5% increase. Equipment Services includes Occupational Therapy equipment, adaptations, maintaining equipment such as lifts and hoists, telecare and assistive technology.
85. Adults Service is continuing to improve its performance in the allocation of personal budgets and whilst there is further work to be done in this area the number of service users and carers receiving Personal Budgets as a proportion of people who would benefit from them has increased from 56.2% at Quarter 2 last year to 67.2% this year thereby demonstrating the improvement.
86. Within the frontline Adult Social Care Services the Council has introduced an early assessment option from the Occupational Therapy (OT) and Assistive Technology (AT). This option has

been developed following initial indications that these are successful interventions which prevent individuals from requiring ongoing support in at least the short to medium term. An analysis has shown that the impact of these interventions is sustained on average for at least 14 months. Of the 543 assessments completed by the OT and AT workers at frontline in quarter 2 (2013/2014) 59% of customers retained their independence and continue to live in their own home without any domiciliary support services. As a result of the frontline OT and AT interventions, evidence further suggests that one person per week avoids permanent residential care. This is predominantly an outcome which relates to AT intervention but OT does also have an impact.

87. Achieving a balanced budget or near to it will depend on remedial actions being successfully delivered including negotiations around key issues such as Continuing Health Care and Ordinary Residency. Overall demand is being better controlled which in turn, gives a stable platform to address cost issues.
88. Management of increased demand from certain client groups such as older people is proving successful with further work needed in other groups such as Learning Disability, already recognised by the LD Life course Review being progressed. This and other projects being undertaken will further suppress growth pressures, deliver further efficiencies and take costs out whilst providing care to those entitled to it under the relevant assessment criteria..These projects include the Assessment and Care Management project and the Care4CE future service delivery vehicle project.
89. Successful delivery of policy options added to other remedial actions such as holding vacancies partially offsets the overspend within the service.
90. There remains pressure on care costs, especially in relation to Learning Disabilities where the levels of complexity coming through transition from Children's Social Care continues to

increase year on year with a direct correlation in terms of costs being incurred.

arrangements). These arrangements will continue to apply for at least two more financial years.

91. Updated statistics (relating to 2011) from the Department of Energy & Climate Change using the revised fuel poverty definition (low income, high costs) were published in August 2013, indicating that the percentage of households in fuel poverty in Cheshire East (11.6%) is better than the North West average of 12.5%.
92. The Public Health service is continuing to review the commissioned services in more detail in order to better understand the current position and inform future commissioning intentions. A prioritisation exercise has taken place which, together with a legal opinion of the procurement options available, will help to inform the procurement schedule.
93. The work programme to review and re-commission drug and alcohol services is progressing with stakeholder consultation events having taken place and an on-line survey due to commence at the end of October 2013. Reviews of sexual health, tobacco control and healthy child (5-19 years) services are also taking place.
94. The successful negotiation with some providers added to tight financial management has resulted in a small projected underspend of £0.3m which will be invested in the Public Health reserve (which is allowed under the existing ring fencing

2. Financial Stability

Service Revenue Budget - Overview

95. **Table 1** provides a service summary of financial performance at Quarter 2. For further details please see Section 1 and the notes below the table. Changes to service net budgets since the First Quarter Review are analysed in **Appendix 2**.

Table 1 Service Revenue Outcome Forecasts

Service	REVENUE				OUTCOME NUMBER 1-5
	Revised	Forecast	Current	Current	
	Net	Outturn	Forecast	Forecast	
	Budget	Position	Over / (Underspend)	Over / (Underspend)	
	£000	£000	£000	% Change	
Commissioning					
Children	35,284	35,177	-107	-0.3%	3
Integrated Safeguarding	2,232	2,249	17	0.8%	3
Early Help and Protection	11,232	11,024	-208	-1.9%	3
Adults	97,701	98,523	822	0.8%	5
Public Health	321	321	0	0.0%	5
Environmental Protection and Enhancement	38,139	38,417	278	0.7%	4 / 2
Public Protection and Enforcement	-335	915	1,250	#	1 / 4 / 5
Economic Growth and Prosperity	6,415	6,173	-242	-3.8%	2 / 5
Resilient Local Communities	27,704	27,319	-385	-1.4%	1 / 2
	218,693	220,118	1,425	0.7%	

Service	REVENUE				OUTCOME NUMBER 1-5
	Revised	Forecast	Current	Current	
	Net	Outturn	Forecast	Forecast	
	Budget	Position	Over / (Underspend)	Over / (Underspend)	
	£000	£000	£000	% Change	
Commissioning Support					
Chief Operating Officer	18,112	18,824	712	3.9%	
Commercial Strategy, Business Improvement and Performance	19,568	19,759	191	1.0%	2
Organisational Development	4,560	4,280	-280	-6.1%	
Monitoring Officer	1,696	1,746	50	2.9%	
Governance and Democratic Services	4,555	4,555	0	0.0%	
	48,491	49,164	673	1.4%	
Cross Cutting Items	-617	583	1,200	#	
TOTAL SERVICE OUTTURN	266,567	269,865	3,298	1.2%	
Schools Grant Funded					
Schools Grant Funded including DSG					
Strategy, Planning & Performance - DSG	0	1,413	1,413		3
Schools (Individual School Budgets)	0	0	0		3
Other Schools Provision	0	-3,665	-3,665		3
Pupil Premium	0	0	0		
	0	-2,252	-2,252		

% change not shown against negative net budgets

96. Other corporate issues at Quarter 2 not described in Section 1 include:

- Good progress in delivering against budget in the Corporate Service areas and supporting the many initiatives being taken forward by the Council.
- A potential overspend of £69,000 in ICT shared services assuming income is fully recovered.
- The ICT project in relation to the Public Service Network has been delayed meaning the growth proposal is likely to be underspent and £0.1m may be available to offset other pressures.
- HR are predicting an underspend of £0.3m due to Cost of Investment funding not being required in 2013/2014.
- Legal and Democratic Services are reporting an overspend of £0.1m due to additional staffing pressures.

97. The impact of the projected service outturn position is to reduce balances by £3.3m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.

98. As the Council improves the focus on providing funding for specific outcomes there may be changes to the way services are structured. In particular, the Council will always consider the most appropriate delivery model to commission services; this could be in-house services, arms length services or private sector providers. In the period June to September 2013 considerable progress has been made towards setting up new delivery models in Waste, Leisure, Bereavement Services and Development (via the Engine of the North limited company).

99. The Council has made considerable improvements in the way it manages its major change programmes. This has included extensive training, a refreshed methodology, the setting up of new monitoring and reporting arrangements and monthly reporting. In April 2013 the Council launched a corporate project and programme management framework to support achievement of the 3 Year Plan. The framework focuses on capital or revenue projects or

programmes where the total value exceeds £250,000, or poses significant risk to the Council. Progress is reviewed by a Member-led governance group, called the Executive Monitoring Board (EMB), which is supported by a Technical Enabler Group (TEG) and the Programme Management Office (PMO).

100. Monitoring of the current projects and programmes focuses on whether projects are expected to achieve the benefits set out in each business case within the timescales and budget initially agreed. Where progress on a specific project or programme is impacting on the outcomes contained in the Council's 3 year plan details will be provided in Section 1 of this report. Where projects are not meeting time, quality or cost standards these will be considered by Cabinet as part of a monthly summary report.

Government Grant Funding of Local Expenditure

101. 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 2013/2014 was £405.6m. This includes the new Public Heath Grant.

102. In 2013/2014 Cheshire East Council's specific use grants held within the services were budgeted to be £291.6m based on Government announcements to February 2013. Further announcements have revised this figure to £301m. Spending in relation to specific use grants must be in line with the purpose for which it is provided. General purpose grants were budgeted to be £114m based on Government announcements to February 2013. Further announcements have revised this figure to £116.3m.

103. **Table 2** is a summary of the budgeted and updated position for all grants in 2013/2014. A full list is provided at **Appendix 3**.

Table 2 – Summary of Grants to date

	Revised Budget FQR 2013/14 £m	Revised Budget MYR 2013/14 £m	Variance 2013/14 £m
SPECIFIC USE			
Held within Services	300.3	301.0	0.7
GENERAL PURPOSE			
Central Funding	93.0	93.0	0.0
Childrens & Families	2.6	2.9	0.3
Adults	5.4	5.4	0.0
Environmental Protection & Enhancement	0.1	0.1	0.0
Economic Growth & Prosperity	0.0	0.0	0.0
Monitoring Officer	0.0	0.0	0.0
Resilient Local Communities	3.5	3.5	0.0
Chief Operating Officer	11.4	11.4	0.0
	116.0	116.3	0.3
Total Grant Funding	416.3	417.3	1.0

Source: Cheshire East Finance

104. Specific use grants have increased by £0.7m. This is in relation to DSG adjustments.
105. At First Quarter Review, it was noted that £1.3m general purpose grant relating to Education Services Grant and Youth Justice Grant would be paid into General Reserves. At MYR, additional general purpose grant of £0.3m is also now due to be received in 2013/2014. These are subject to Supplementary Revenue Estimate bids by services as detailed in **Appendix 8**.

Collecting Local Taxes for Local Expenditure

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

Council Tax

107. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2013/2014 at £1,216.34 for a Band D property. This is applied to the taxbase.
108. 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 2013/2014 was agreed at 137,122.19 which, when multiplied by the Band D charge, means that the expected income for the year is £166.8m.
109. 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 collectable amount of £201.6m.

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

	£m
Cheshire East Council	166.8
Cheshire Police & Crime Commissioner	21.0
Cheshire Fire Authority	9.3
Town & Parish Councils	4.5
	201.6

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

111. The Council expects to collect at least 99% of the amount billed, but will always pursue 100% collection. However, to allow for any delay in collection the amount billed should therefore be slightly more than the actual budget. The amount billed to date is £203.5m.

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

Table 4 – Over 99% of Council Tax is collected within 3 years

Financial Year	CEC Cumulative	
	2011/2012	2012/2013
	%	%
After 1 year	97.7	98.2
After 2 years	99.1	*
After 3 years	*	*

*data not yet available

113. The Council Tax in-year collection rate for 2013/2014 is currently 58.5% compared to 58.9% for the same period in 2012/2013. This represents a reduction in collection rate of 0.4% on last year and equates to a reduction in cash collection of £0.7m when set against the current net debit.

114. Council Tax support payments (incl. Police and Fire) were budgeted at £18.9m for 2013/2014 and as at the end of the second quarter the total benefit awarded totalled £17.8m. A decision will be required from Members with regards to any changes to the Council Tax Support Scheme for 2014/2015 and this will be managed alongside the setting of the revised Council Tax base. Claimants who are receiving the maximum support available and still struggle to meet their liability, can apply for discretionary relief.

115. Council Tax discounts awarded as at the end of the second quarter are £18.4m which is broadly in line with the same period in 2012/2013. The figure now includes a long term empty premium of

£0.5m and a Section 13s Landlord Discount figure of £0.6m which currently offset each other.

116. Council Tax exemptions awarded at the end of the second quarter totalled £3.3m. This is lower than the same period in 2012/2013 where the amount awarded totalled £6m. This reduction is due to the changes to exemption rules introduced at the beginning of 2013/2014 and is broadly in line with estimates.

National Non Domestic Rates (NNDR)

117. NNDR 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. The inflation factor used is 2.6% which reflects the Retail Price Index as at September 2012.

118. The small business multiplier applied to businesses who qualify for the small business relief has been set at 46.2p in 2013/2014. The non-domestic multiplier has been set at 47.1p in the pound for 2013/2014.

119. The amount of business rates set by DCLG, to be collected by Cheshire East at the start up of the business rates retention scheme, was £132.5m. Local estimates in March increased this figure to £138.9m. Any increase in business rates collected are to be split 49% to central government, 1% to the Fire Authority with the remainder being retained by Cheshire East. After accounting for the levy due to be paid on any growth, the increase in rates would equate to £1.8m to be retained locally.

120. **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 3 years

Financial Year	CEC Cumulative	
	2011/2012	2012/2013
	%	%
After 1 year	98.1	98.0
After 2 years	99.1	*
After 3 years	*	*
*data not yet available		

121. The business rates in-year collection rate for 2013/2014 is currently 60.7% compared to 60.8% for the same period in 2012/2013. This represents an decrease in collection rate of 0.1% on last year and equates to an increase in cash collection of £0.04m when set against the current net debit.

Capital Programme 2013/2016

122. Since the first quarter review the overall programme has increased by £0.2m to £223.3m, as shown in **Table 6**. There have been two schemes, namely the South Manchester Development Area (£0.450m) and the King George V Pavillion Project (£0.240m) that have been approved since the August 2013 Cabinet via Officer and Member decisions. At mid-year a number of budget reductions are reported, including £1m for the Alderley Edge Bio-incubation unit, and further Supplementary Capital Estimates totalling £0.7m.

Table 6 – Summary Capital Programme

	FQR Total Forecast Budget 2013/17 £m	Amendments to FQR Forecast Budget 2013/17 £m	Amended FQR Forecast Budget 2013/17 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2013/17 £m
Children Services	14.0	0.0	14.0	-0.2	0.3	14.1
Early Help & Protection	1.0	0.0	1.0	0.0	0.0	1.0
Adult Services	9.9	0.0	9.9	0.0	0.0	9.9
Environmental Protection & Enhancement	91.0	0.3	91.3	0.0	0.0	91.3
Public Protection & Enforcement	0.4	0.0	0.4	0.0	0.0	0.4
Economic Growth & Prosperity	22.3	0.5	22.7	-1.1	0.0	21.6
Resilient Communities	18.0	0.0	18.0	0.0	0.4	18.4
Commercial Strategy & Business Innovation	66.6	0.0	66.6	0.0	0.0	66.6
	223.1	0.8	223.8	-1.3	0.7	223.3

123. The revised programme is funded from both direct income (grants, external contributions, linked capital receipts), and indirect income (borrowing approvals, revenue contributions, capital reserve, non-applied receipts). A funding summary is shown in **Table 7**.

Table 7 – Capital Funding Sources

	FQR Total Forecast Budget £m	MYR Total Forecast Budget £m	Variance £m
Grants	90.0	91.0	1.0
External Contributions	18.8	19.2	0.4
Prudential Borrowing	98.3	96.7	-1.5
Revenue Contributions	1.1	1.1	0.1
Capital Reserve	15.0	15.3	0.3
	223.1	223.3	-0.2

124. Since the first quarter forecast budget the funding of the capital programme has changed slightly with an increase in grants and external contributions with a corresponding reduction in prudential borrowing this is due to additional external funding being made available to finance the capital programme.

Capital Budget 2013/2014

125. At the Mid year review stage the Council is forecasting expenditure of £83.245m in 2013/14, against a revised in-year budget for 2013/2014 of £90.264m, showing a net downward movement of £0.295m from the First Quarter position.

126. **Table 8** also illustrates the in-year changes to the capital programme which shows an overall decrease of £0.3m. This reflects the net impact in 2013/2014 of Supplementary Capital Estimates and Virements, and reductions in budgets listed in **Appendix 5** and **Appendices 6a & 6b**. The programme has slipped a further £7.0m into future years as a result of the mid-year review.

Table 8 – In Year Changes to the Capital Programme

	Original Budget	Revised MYR Budget	Forecast Expenditure	Current Forecast (Over/ Underspend)
	£m	£m	£m	£m
Children Services	8.9	8.8	7.9	-0.9
Early Help & Protection	0.7	0.6	0.5	-0.1
Adult Services	1.4	1.4	1.3	-0.1
Environmental Protection & Enhancement	45.0	45.2	44.3	-0.9
Public Protection & Enforcement	0.3	0.3	0.3	0.0
Economic Growth & Prosperity	9.6	8.8	5.5	-3.3
Resilient Communities	2.6	3.1	2.9	-0.2
Commercial Strategy & Business Innovation	22.0	22.0	20.5	-1.5
Total	90.6	90.3	83.2	-7.0

127. **Appendix 6a** lists requests for Supplementary Capital Estimates and Virements under £250,000 in respect of forecast overspends and additional schemes not previously approved as part of the 2013/2014 Capital Programme.

128. **Appendix 6b** details a request for a Supplementary Capital Estimate of over £250,000 and up to £1m, All Supplementary Capital Estimates are fully funded by government grants.

129. The most notable Supplementary Capital Estimate is in respect of the Road Safety Cycle Scheme £0.4m which is funded wholly by Sustrans grant. The largest budget reduction is £1.0m in respect of the Alderley Edge Bio-incubation Unit which has been removed from the capital programme for the foreseeable future.

Central Adjustments

Capital Financing Costs

130. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These budgeted costs are partly offset by the interest the Council anticipates earning from temporary investment of its cash balances during the year. The capital financing budget of £11.9m accounts for 4.6% of the Council's net revenue budget. At mid year, the capital financing budget is forecast to be on target.

Treasury Management

131. Investment income for quarter 2 is £193,000 which is £33,000 higher than budgeted for the period. Income could have been higher but the externally managed pooled funds has been affected by turmoil in the bond markets due to uncertainties over the US quantitative easing programme. Markets have seen a correction in September and going forward funds should be positioned to take advantage of higher yields in the coming months. Based upon the current economic forecasts, investment interest rates are expected to slowly decline. Credit quality and liquidity of investments will continue to take priority over yield.

- The average lend position (the 'cash balance') including fund manager and legacy balances up to the end of the second quarter was £99.3m.
- The average annualised interest rate received on in house investments up to the end of the second quarter was 0.62%.
- The average annualised interest rate received (net of fees) on the externally managed pooled funds up to the end of the second quarter was -0.24%.

132. The Council's total average interest rate up to the end of quarter 2 in 2013/2014 was 0.44%. This is on a par with the London Inter-bank Bid Rate for 7 days at 0.43% but is lower than we would have hoped. The base rate remained at 0.50% for the quarter.

Table 9 – Interest Rate Comparison

Comparator	Average Rate Q2
Cheshire East	0.44%
LIBID 7 Day Rate	0.43%
LIBID 3 Month Rate	0.44%
Base Rate	0.50%

133. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 28th February 2013. Further details of counterparty limits and current investments are given in **Appendix 7**.

Central Contingencies

Pensions

134. The 2013/2014 budget contained £0.7m contingency provision to meet the impact of increases in Employer Pensions contributions. This has been fully allocated to services.

Severance and relocation costs

135. A provision of £4.2m was included in the 2013/2014 budget to meet ongoing actuarial charges relating to Voluntary Redundancies (VR), and relocation costs arising from Local Government Reorganisation. Overall spending in-year is expected to be broadly in line with the provision. Overall though, relocation costs are lower than originally forecast. Budget provision of £0.5m made in 2012/2013 to return surplus funding transferred to the Council on reorganisation to Cheshire West and Chester Council was carried forward in general

reserves. It is anticipated that the payment of £0.5m from reserves will be made in 2013/2014.

Supplementary Revenue Approvals

136. The Council's budget provides for the receipt of known specific grants. However where additional unbudgeted non-ringfenced grant funding is received, services wishing to increase their expenditure budgets are required by Finance Procedure Rules to seek approval to use this additional funding. This report seeks approval to services' requests to incur additional expenditure in 2013/2014 fully funded by additional grant. Details of the bids are contained in **Appendix 8**. A request is also made in Section 3 for Council to approve funding from General Reserves of £46,500 to meet expenditure on Dragons Den initiatives.

137. At FQR approval was given to Supplementary Revenue Estimates of £0.5m to be funded from General Reserves.

138. The National Joint Council for Local Government Officers staff have recently announced agreement to a Pay Award of 1% (for staff up to Grade 12) with effect from 1 April 2013, and the removal of Spinal Column Point 4 from 1 October 2013. At this stage the calculated cost of £1m has been removed from service outturn forecasts, and has been factored in centrally to be met from reserves. If services are to receive additional budget to meet these costs, Council will be asked to approve a Supplementary Revenue Estimate funded from general reserves.

Debt

139. A summary of outstanding invoiced debt by Service is contained in **Appendix 9**.

Outturn Impact

140. The impact of the projected service outturn position is to reduce balances by £3.3m as reported above (para 97).

141. Taken into account with the central budget items detailed above, the impact of these issues is to reduce balances by £4.0m, summarised as follows:

Table 10 – Impact on Balances

	£m
Service Outturn	3.3
Specific Grants	-1.3
Relocation costs	0.5
LGO Pay Award	1.0
Supplementary Estimates (approved)	<u>0.5</u>
	<u>4.0</u>

Management of Council Reserves

142. The Council's Reserves Strategy 2013/2016 stated that the Council would maintain reserves to protect against risk and support investment. The Strategy forecast that the level of reserves would remain constant at £13.2m throughout this period in line with the risk assessed minimum level.

143. The opening balance at 1 April 2013 on the Council's General Reserves increased from a budgeted £13.2m to an actual position of £19.0m, due to the final outturn position for 2012/2013.

144. In light of the impact of the revised outturn position on general reserves and the emergence of other potential pressures on the budget, the Reserves Strategy was updated and approved at First Quarter Review.

145. The 2013/2014 budget made no provision for a contribution to or from general reserves.

146. The overall impact of service and central budget outturn issues identified above is therefore a net decrease in general reserves of £4.0m to £15.0m as shown in **Table 11** below.

Table 11 – Change in Reserves Position

	£m
Opening Balance at 1 April 2013	19.0
MYR Outturn Impacts	-4.0
Forecast Closing Balance at March 2014	<u>15.0</u>

147. The projected balance of £15.0m is above the Reserves Strategy risk assessed minimal level of £13.2m. In line with the overall strategy to protect the Council against risk and support investment this additional funding will be retained in general reserves and feature as part of the 2014/2015 budget setting process.

3. Workforce Development

148. This section sets out the Council's activities in relation to workforce development plans and changes to staffing levels and costs.

Workforce Development Projects

149. The Council has a number of key workforce development projects underway to support the Council's transformation. Under the major change project 8.2, which is specifically about building capability and engaging the workforce, a workforce engagement survey has now been commissioned and will be run in January 2014. The results of this survey will provide some key information to establish a baseline for the Council regarding staff engagement and morale and, importantly, enable the development of focused action plans to make improvements in key indicators where necessary.

150. Following the spring staff road-shows, the Leader of the Council and the Chief Executive, along with a number of other key senior leaders from across the Council, took part in a Dragons-Den style event in September. This event provided a number of staff with the opportunity to 'showcase' their suggestions for service improvements and innovative ideas and bid for investment to develop them further. 3 of the proposals were confirmed ready for taking forward for implementation and a further 4 were identified as having strong potential. In addition, there were a number of project ideas that are now to be mainstreamed in business and service plans. Overall, the event was hugely successful in demonstrating to staff that their ideas matter, promoting collaborative working and increasing commercial awareness and understanding.

151. The three proposals that are ready to progress are the Junior Community Warden Scheme, Staffing Solution Centre and the MyCEApp (a mobile phone app for CEC and its wider community) who between them have requested funding of £46,500 in order to develop the ideas into fully working solutions. Due to the nature of

the initiative it is suggested that the funding is identified from the Council's reserves. A supplementary revenue estimate of £46,500 funded from general reserves is therefore requested.

152. In addition, a series of leadership conferences are now being programmed in for the new Senior Management Team. The first of these important conferences is planned for the 4th November 2013.

153. The Council is now underway with its third cohort of managers on the Cheshire and Warrington Collaborative Leadership Programme, which the Council runs in partnership with Cheshire West and Chester, Warrington and other partners including the Police, Fire and NHS. This is a hugely successful programme and an excellent example of collaborative working. The programme this year is being run in conjunction with North West Employers.

154. Work is ongoing to develop a key set of organisational capabilities, including commercial awareness, commissioning skills and matrix working. A tailored development programme is being developed alongside this to ensure that the Council's managers and staff have the right skills and capabilities to operate at pace and deliver what is required as part of the Council's strategic commissioning operating model.

155. Following the recommendations of the Corporate and Performance Policy Development Group, a feasibility study is being finalised to enable the Council to explore the options around performance related pay, in line with major change project 8.1a - Further develop employment and working practices to enable flexible and agile working. The outcomes of this feasibility study will help to inform the Council's future policy on pay and reward. Investment for this project was initially estimated to be £0.18m in the current financial year and, as reported in last quarter, this investment will not be required until 2014/15 once a clear strategy has been agreed.

156. Major Change Project 8.1b, Creating an Agile and Flexible Workforce, is also underway and, following some stakeholder engagement sessions and cross-mapping interdependencies with other projects, including Assets and ICT, this project is set to go to the Council's TEG and EMB groups in November for endorsement. Investment of £0.05m is set aside for this project.

Senior Management Review

157. As agreed and approved by full Council on the 28th February 2013, (Becoming a Strategic Commissioning Council), the Council is part way through a review of the roles and responsibilities of all its senior management posts. This is intended to align these posts with the Council's new operating model as a Strategic Commissioning organisation. The outcomes of this will be a significant overall reduction in the numbers of management posts, even after allowing for necessary increased capacity in priority areas such as economic development and social care.

158. Under the Major Change Project 7.1, Phases 1 and 2 of the senior management review are now complete, with a small number of vacant posts having recently been recruited to. The most recent of these being the Head of Resilient Local Communities and the Head of Legal Services and Monitoring Officer and will remove the need for interim post holders in these key roles. Due to the numbers and complexity of phase 2, the timescales for completion of this phase took longer than expected and consultation was extended to reflect the extra time that has been required to develop the new structures and allow for adequate challenge to the roles.

159. Phase 3 has not yet commenced and the original timescales will therefore need to be revised. The scope of phase 3 is also being reviewed in order to maximise savings and ensure that the Council achieves the target of £5m over 3 years.

160. Whilst the overall savings target is £5m over three years, the bulk of these savings, £3.5m, were front loaded into the first year (2013/14). Given the need to reschedule the timescales for the latter part of the project, this initial target will not be met, but the savings in the current financial year will be £1.8m from phase 1 and phase 2. Depending on the implementation timetable for phase 3, initial estimates for phase 3 suggest cost reductions of £0.5m are feasible, bringing total cost reductions forecast for this year from the management review of about £2.3m. Consideration is being given as to how this pressure can be mitigated in the current year.

Staffing Changes

161. **Table 12** below demonstrates that there has been a reduction in headcount of over 1.5% between July and September this year. The headcount figure in September 2012 was 5,547 (a reduction over the year of 383). This is attributed, in part, to the Senior Management Review, as noted above, but also due to a number of resignations, voluntary redundancies and retirements.

Table 12: Headcount and FTE figures for July to September 2013

	Jul-13		Aug-13		Sep-13	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Places	2,122	1,461.8	2,096	1,449.5	2,082	1,437.0
Childrens	1,155	788.0	1,152	786.3	1,139	774.5
Adults	1,343	1,009.6	1,338	1,005.3	1,331	998.0
HR&OD	49	42.2	49	42.2	49	42.2
Apprentices	50	49.2	45	44.2	43	41.1
Finance	249	230.4	251	232.4	248	228.6
Legal / Dem	129	84.0	128	83.5	127	84.9
Shared Svs	149	136.2	146	133.6	145	133.2
Total	5,246	3,801.4	5,205	3,777.0	5,164	3,739.5

Staffing Costs

162. Direct employee costs reduced from £10,071,467 in July to £10,025,785 in September. There was also a decrease in the monthly underspend over this quarter due to three factors – (1) the Local Government Officers pay award which was included in August salaries together with four months arrears; (2) the allocation of the £2.5m vacancy management savings and a slight increase in agency expenditure during August. Agency spend fluctuates from month to month and it is typical to see a slight increase over the summer months due to seasonal demand for some services and some holiday cover.

165. Thirty four people have left the Council under voluntary redundancy terms in Quarter 2, ten of whom held posts within the management grades (grade 10 or above). The total severance costs for all thirty-four employees was £722,955 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £3.5m (which is the combined accumulated costs of the deleted posts).

Table 13: Comparison of average days lost to sickness in the First Quarter of 2013/2014 to the same period last year

	July	August	September
Q2 2013/2014	3.49	4.35	5.26
Q2 2012/2013	4.12	5.1	5.78

Whole Council excluding Schools – year to date cumulative effect

163. **Table 13** (above) demonstrates that there has been an overall reduction in the average number of days lost to sickness absence this year in comparison to last year.

Voluntary Redundancies

164. 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.

Appendices to Mid-Year Review of Performance 2013 / 2014

November 2013

Appendix 1 – The 3 Year Council Plan

CHESHIRE EAST COUNCIL
THREE YEAR PLAN

2013
2016



**2013
2016**

Our principles to underpin budget decisions

- We will be policy-led and stick to our decisions
- We will make decisions based on evidence of need and of what works, with due regard to our equality duty
- We are planning for at least three years
- We must be a more productive and affordable organisation
- We will stop doing some things to focus on those that matter most to local people
- We will invest in innovative new ways of providing services
- We will ensure that those who provide services, whether in-house or externally, give real value-for-money
- We will promote self-reliance and capacity in local communities to reduce demand on public services
- We will focus our limited resources on prevention and early intervention
- We will invest in infrastructure to promote local economic growth and access to job opportunities

Priorities

Change Programmes

1. Local economic development	1.1 Investment in existing and new road infrastructure 1.2 Investment in high speed broadband network for Cheshire East 1.3 Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme
2. Developing affordable and sustainable local models of care for vulnerable children and adults	2.1 Improve the sufficiency of care locally for vulnerable children and adults 2.2 Next phase of development of Care4CE service 2.3 Secure new integrated health and care pathways for learning disabilities 2.4 Securing efficiencies through strategic commissioning of children and adult services
3. Focusing services on early intervention and prevention	3.1 Focus Childrens Services on early help for families 3.2 Review adult assessment and case management services
4. Responding to the changing education and learning environment	4.1 Develop our relationship with self-sustaining schools 4.2 Continue review of Home to School transport 4.3 Improve the range of special school provision 4.4 Pursue the development of a new University Technical College
5. Securing housing that is locally-led, community-based and that meets local needs	5.1 Develop a new delivery model for the housing service and ensure housing services support independent living and health improvement 5.2 Develop accommodation strategy for vulnerable adults and those with learning disabilities
6. Redefining the Council's role in core place-based services	6.1 Develop new delivery model for leisure provision 6.2 Develop new delivery model for streetscape and bereavement 6.3 Develop a new model for sustainable library services and community hubs 6.4 Determine future delivery model for waste management services 6.5 Develop Total Transport Programme
7. Re-shaping the organisation	7.1 Restructure the organisation 7.2 Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services 7.3 Continue targeted business improvement reviews to find efficiency savings from all services 7.4 Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery 7.5 Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives 7.6 Develop resilient communities
8. Workforce planning	8.1 Further develop employment and working practices to enable flexible and agile working 8.2 Identify changing skills requirements over medium term and equipping the organisation with these skills 8.3 Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills

Appendix 2 – Changes to Revised Budget 2013/2014 since FQR

	FQR Net Budget	Additional Grant Funding	Allocations from Balances & Contingencies	Restructuring & Realignments	Other Virements	MYR Net Budget
	£000	£000	£000	£000	£000	£000
Children & Families						
Directorate	798		3	440		1,241
Safeguarding & Specialist Support	29,690		60	-6	189	29,933
Early Intervention & Prevention	11,203		46	-17		11,232
Strategy, Planning & Performance	15,429	284	31	-326		15,418
Children's Safeguarding (incl Adults)	2,313		10	-91		2,232
	59,433	284	150	0	189	60,056
Adults						
Care4CE	15,421		103	407		15,931
Strategic Commissioning	20,019		13	-19		20,013
Business Management and Challenge	5,211	60	15	-120		5,166
Health Improvement	321					321
Individual Commissioning	60,209		49	-268	-189	59,801
	101,181	60	180	0	-189	101,232
Public Health	0					0
Waste, Recycling & Streetscape	27,192		60	226		27,478
Highways & Transport	17,280		18	276		17,574
Community Services	354		62			416
Development	22,780	5	53	-299		22,539
Performance, Customer Services & Capacity	10,604		42	-203		10,443
	78,210	5	235	0	0	78,450
Finance & Business Services	18,058		67			18,125
HR & OD	3,707		15			3,722
Borough Solicitor	5,531		21			5,552
	27,296	0	103	0	0	27,399
Cross Directorate Items	-617		47			-570
TOTAL SERVICE BUDGET	265,503	349	715	0	0	266,567
Central Budgets						
Specific Grants	-21,697	-349				-22,046
Capital Financing	11,905					11,905
Contingencies	4,862		-668			4,194
Contribution to/from Reserves	-519		-47			-566
Invest to Save Reserve	-253					-253
	-5,702	-349	-715	0	0	-6,766
TOTAL BUDGET	259,801	0	0	0	0	259,801

This table shows changes to budgets since the First Quarter Review in the old budget structure.

The table overleaf then provides a summary overview of how the old structure budgets have been realigned into the new management structure.

At this stage budgets in the new structure are still being finalised in some areas and will be subject to further changes before Third Quarter Review.

		Allocation of Old Structure Budgets into New Management Structure										
		Children's & Families	Adults	Waste, Recycling & Streetscape	Highways & Transport	Community Services	Development	Performance, Customer Services & Capacity	Finance & Business Services	HR & OD	Borough Solicitor	Cross Cutting
New Structure	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commissioners												
Children	35,284	35,284										
Integrated Safeguarding	2,232	2,232										
Early Help & Protection	11,232	11,232										
Adults	97,701		97,701									
Public Health	321		321									
Environmental Protection & Enhancement	38,139			27,478	10,661							
Public Protection & Enforcement	-335					-547	212					
Economic Growth & Prosperity	6,415	1,094			228	665	4,428					
Resilient Local Communities	27,704	9,137			6,685	298		7,424	4,160			
	218,693											
Commissioning Support												
Chief Operating Officer	18,112						17,899		213			
Commercial Strategy, Business Improvement & Performance	19,568		3,210					3,019	13,292			47
Organisational Development	4,560	1,077								3,483		
Monitoring Officer	1,696										1,696	
Governance & Democratic Services	4,555								460	239	3,856	
	48,491											
Cross Cutting	-617											-617
	266,567	60,056	101,232	27,478	17,574	416	22,539	10,443	18,125	3,722	5,552	-570

Appendix 3 – Corporate Grants Register

Corporate Grants Register 2013/2014 - Mid Year Review		Revised Budget FQR 2013/2014 £000	Revised Budget MYR 2013/2014 £000	Variance 2013/2014 £000
	Note			
SPECIFIC USE (Held within Services)				
Schools				
Dedicated Schools Grant	1	189,206	189,926	720
Pupil Premium Grant	1	5,511	5,511	0
Sixth Forms Grant (EFA)	1	6,406	6,406	0
Total Schools Grant		201,123	201,843	720
Housing Benefit Subsidy		84,518	84,518	0
Public Health		13,762	13,762	0
Local Enterprise Partnership		526	526	0
Adoption Improvement Grant		350	350	0
TOTAL SPECIFIC USE		300,279	300,999	720
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Revenue Support Grant		55,855	55,855	0
Business Rates Retention Scheme		37,159	37,159	0
Total Central Funding		93,015	93,015	0
Children & Families				
Skills Funding Agency		952	952	0
Youth Offending Service Grant		353	353	0
Troubled Families		586	586	0
Troubled Families - Co-ordinator		100	100	0
Remand Funding - New Burden		47	47	0
Sector Led Improvement Grant		3	3	0
Adoption Improvement Grant		554	554	0
Extended Rights to Free Transport		0	284	284 SRE

Corporate Grants Register 2013/2014 - Mid Year Review		Revised Budget FQR 2013/2014 £000	Revised Budget MYR 2013/2014 £000	Variance 2013/2014 £000
	Note			
GENERAL PURPOSE (Held Corporately)				
Adults				
NHS S256 Reablement Funding	2	5,192	5,192	0
Local Reform and Community Voices Grant (inc Deprivation of Liberties: £33k, Healthwatch: £100k and Mental Health: £121k)		254	254	0
Adult Social Care Data Collection - New Burden		0	60	60 SRE
Environmental Protection & Enhancement				
Lead Local Flood Authorities		52	52	0
Economic Growth & Prosperity				
Neighbourhood Planning Grant		0	5	5 SRE
Monitoring Officer				
Individual Electoral Registration		13	13	0
Resilient Local Communities				
Housing Benefit and Council Tax Administration		2,000	2,000	0
NNDR Administration Grant		562	562	0
Social Fund - programme funding		612	612	0
Social Fund - administration funding		129	129	0
Council Tax - New Burden		148	148	0
Chief Operating Officer				
Education Services Grant		5,349	5,349	0
New Homes Bonus 2011/2012		870	870	0
New Homes Bonus 2012/2013		1,844	1,844	0
New Homes Bonus 2013/2014		1,037	1,037	0
Affordable Homes 2012/2013		85	85	0
Affordable Homes 2013/2014		82	82	0
New Homes Bonus 2013/2014 - return of topslice		315	315	0
Council Tax Freeze Grant 2013/2014		1,805	1,805	0
Community Rights to Challenge - New Burden		9	9	0
Community Rights to Bid - New Burden		8	8	0
TOTAL GENERAL PURPOSE		115,977	116,326	349
TOTAL GRANT FUNDING		416,255	417,324	1,069

Notes

1 The Dedicated Schools Grant, Pupil Premium Grant and Sixth Form Grant (from the Education Funding Agency) figures are based on actual anticipated allocations. Changes are for in-year increases to allocations by the DfE and conversions to academy status.

2 Spending against NHS S256 Reablement Funding is to be negotiated with the NHS

Appendix 4 – Summary Capital Programme and Funding

Department	MYR	SCE's/ Virements/ Reductions	Revised MYR	Forecast Expenditure		
	In-Year Budget	MYR	In-Year Budget			
	2013/2014 £000	2013/2014 £000	2013/2014 £000	2013/2014 £000	2014/2015 £'000	2015/2016 & Future Years £'000
Children Services						
2013/14 New Starts	2,660	0	2,660	2,039	2,556	26
Ongoing Schemes	6,253	-82	6,171	5,899	3,308	259
Early Help & Intervention						
2013/14 New Starts	100	0	100	100	297	0
Ongoing Schemes	557	-21	536	423	207	0
Adults						
2013/14 New Starts	611		611	611	2,500	6,000
Ongoing Schemes	763	18	781	701	80	0
Environmental Protection & Enhancement						
2013/14 New Starts	24,040	26	24,066	24,315	12,230	16
Ongoing Schemes	20,977	139	21,116	19,972	26,282	8,529
Public Protection & Enforcement						
2013/14 New Starts	745	51	796	744	10,200	4,500
Ongoing Schemes	1,362	90	1,452	1,447	50	0
Economic Growth & Prosperity						
2013/14 New Starts	2,910	-763	2,147	1,510	900	1,044
Ongoing Schemes	6,738	-81	6,657	3,945	13,107	1,082

Department	MYR In-Year Budget	SCE's/ Virements/ Reductions MYR	Revised MYR In-Year Budget	Forecast Expenditure		
	2013/2014	2013/2014	2013/2014	2013/2014	2014/2015	2015/2016 & Future Years
	£000	£000	£000	£000	£'000	£'000
Resilient Local Communities						
2013/14 New Starts	354	400	754	806	500	200
Ongoing Schemes	443	0	443	263	180	0
Commercial Strategy & Business Innovation						
2013/14 New Starts	380	0	380	380	0	0
Ongoing Schemes	21,666	-71	21,595	20,090	36,544	9,467
Total 2013/14 New Starts	31,800	-286	31,514	30,505	29,183	11,786
Total Ongoing Schemes	58,759	-9	58,750	52,740	79,758	19,337
Total Capital Expenditure	90,559	-295	90,264	83,245	108,941	31,123
Funding Source				2013/2014	2014/2015	2015/2016 & Future Years
				£000	£'000	£'000
Grants				44,317	46,167	488
External Contributions				2,828	9,260	7,089
Prudential Borrowing				24,686	48,514	23,546
Revenue Contributions				1,120	0	0
Capital Reserve				10,294	5,000	0
Total				83,245	108,941	31,123

Appendix 5 – Reductions in the Capital Programme

Scheme	Approved Budget	Revised Approval	Reduction	Reason
	£	£	£	
<u>Children Services</u>				
Lacey Green PS - Basic Need	1,237,000	1,405,796	-168,796	Reduction to scheme to match to funding provided by the Department of Education from the Targetted Basic Needs Grant.
TLC Vernons PS Amalgamation	3,789,489	3,849,489	-60,000	Final stage of works, demolition of HORSAs building, on hold as the property is in use by Vernon Primary School.
Housing Grants - Ex MBC - S106	1,044,904	962,300	-82,604	Budget reduction, these funds no longer required to complete. S106 funding which can be returned to S106 balances to be allocated to a different scheme.
Bio-Incubation Centre Alderley	1,000,000	0	-1,000,000	Since Cabinet and EMB approval, AstraZeneca made announcements (March 2013) regarding its future operational and investment plans for Alderley Park. This will result in the relocation of R&D functions and 1600 posts from the site by 2016. In response, the Government has established a Task Force to consider options and actions for future activity at the site - this Task Force comprises representatives from the Government, Cheshire East Council and AstraZeneca. Revised plans will be submitted to EMB & Council once more information and clearer plans are forthcoming, the precise nature and scope of this project has been refined.
Totals	7,071,393	6,217,585	-1,311,400	

Appendix 6a – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Amount Requested £	Reason and Funding Source
Members are asked to note SCE and Virements up to and including £250,000		
<u>SUPPLEMENTARY CAPITAL ESTIMATES</u>		
<u>Children Services</u>		
Sound & District Primary School	30,000	This project has required additional works and these costs are to be supported by the Capital Maintenance Grant
Springfield Special School (School Funded Project)	234,000	The detailed design for this project has identified a higher anticipated cost for this project. Springfield Special School are intending to seek a contribution from the "Friends of Springfield" to fund these costs
Accessibility (<£100k)	9,548	Reversal of budget reduction action at first quarter. This SCE is funded by a contribution from Pikemere Primary School and Capital Maintenance Grant
Alsager Secondary School	24,156	Additional cost to works undertaken at Alsager High School. This SCE is funded by an unallocated element of the Capital Maintenance Grant
Egerton School	2,836	Reversal of budget reduction action at first quarter. The SCE is funded by the Capital Maintenance Grant
Minor Works / Accessibility (<£100k)	1,301	Additional cost to works undertaken at Offley Primary school. This SCE is funded by an unallocated element of the Capital Maintenance Grant
<u>Economic Growth & Prosperity</u>		
Farm Development Phase 1 Tatton	2,137	Phase 1 improvement of the farm including play area construction, infrastructure work and developing education facilities as part of the overall Tatton Vision. This project is now complete the SCE funded by a Revenue contribution is necessary to cover the final account from Colliers International UK PLC.
<u>Public Protection and Enforcement</u>		
Nantwich Pool Enhancements	19,000	Increased costs incurred due to the extent of remedial works that were required, includes proposals to increase the ceiling height of the Dance Studio. SCE funded by Revenue contribution

Capital Scheme	Amount Requested £	Reason and Funding Source
<p>Members are asked to note SCE and Virements up to and including £250,000</p> <p><u>SUPPLEMENTARY CAPITAL ESTIMATES</u></p> <p><u>Environmental Protection & Enhancement</u></p> <p>Countryside Capital Projects</p>	26,000	The project is to create an accessible hard surfaced footpath in Brereton Heath Local Nature Reserve. This phase will complete the circular footpath to enable improved access for walkers, with or without prams and pushchairs, and importantly provide full access for wheelchair users. Final costs were only known when Ringway Jacobs appointed the contractors. The SCE is made up of three other funding streams, S106 £6,500, External Contribution £1,950, Revenue Contribution £18,550. By bringing these funding streams together, the project can be delivered.
Total SCE's Requested	348,978	

Capital Scheme	Amount Requested £	Reason and Funding Source
Members are asked to note SCE and Virements up to and including £250,000		
<u>CAPITAL BUDGET VIREMENTS</u>		
<u>Children Services</u>		
Basic Need (<£100k)	5,000	Additional costs to works being undertaken at Pebblebrook Primary School to be funded by budget from the phase two element of works.
Virement to be applied to twenty two projects. A full breakdown of this adjustment can be obtained from Corporate Finance.	25,739	Virement from Capital Maintenance Grant Block Provision to cover the costs of Asset Management Fees incurred during April to August.
<u>Early Help & Protection</u>		
Virement to be applied to two projects. A full breakdown of this adjustment can be obtained from Corporate Finance.	5,540	Virement from Capital Maintenance Grant Block Provision to cover the costs of Asset Management Fees incurred during April to August.
<u>Economic Growth & Prosperity</u>		
Regeneration & Development Programme	213,000	Balance of budget to be merged into Regeneration & Development Programme budget for future planned projects to consolidate the programme sharing common objectives. Virement from Town Regeneration & Development 2012/2013
<u>Public Protection and Enforcement</u>		
Nantwich Pool Enhancements	71,000	Increased costs incurred due to the extent of remedial works that were required, includes proposals to increase the ceiling height of the Dance Studio. Virement from AMS Block 2012/2013

Capital Scheme	Amount Requested £	Reason and Funding Source
Members are asked to note SCE and Virements up to and including £250,000		
<u>CAPITAL BUDGET VIREMENTS</u>		
<u>Environmental Protection & Enhancement</u>		
Bridge Maintenance Minor Wks	227,032	This is to combine the two budgets for structural maintenance and enhancements for both the Highway and PROW network within the Borough. Virement from Bridge Maintenance Minor Works - PROW 2011/2012
Programme Management 2013-14	20,076	This project covers the Highways Client Team - Programme Management, this is to roll up the remaining 2012/2013 budget into 2013/2014. Virement from Programme Management 2012/2013
Improvements to Congleton Park	200	Improvements to Congleton Park is a fund for minor capital, i.e. additional Play Equipment partly funded by S106 and WREN grant. This £200 is the remaining S106 funding that was used to deliver the Lower Heath Community Project which is now complete.
Total Virements Requested	567,587	
Total SCE's and Virements	916,565	

Appendix 6b – Request for Supplementary Capital Estimates (SCEs) and Virements

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve SCE and Virements above £250,000 up to and including £1,000,000		
<u>SUPPLEMENTARY CAPITAL ESTIMATES</u>		
<u>Resilient Local Communities</u>		
Road Safety Cycle Scheme	400,000	CEC match funding of £40k from LTP has brought in a Sustrans grant of £400,000 to deliver the scheme.
Total SCE's Requested	400,000	

Appendix 7 – Treasury Management

Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and building societies this has been set at 15% of our total investments subject to a maximum value of £15m. These limits apply to the banking group that each bank belongs to. Limits for Money Market funds have been set at 25% of total investments subject to a maximum value of £20m. There is also a maximum that can be invested in all Money Market Funds at any one time of 50% of the value of all investments.
2. The approved counterparties list also includes a number of foreign banks although, to date, none have been used. Credit conditions within the Eurozone and worldwide have been improving and consideration, with advice from the Council's Treasury Management advisors, is being given to investments in strongly rated foreign banks. The limits applicable to foreign banks are the same as those applied to UK banks.
3. Banks credit ratings are kept under continual review and the rating of the Co-operative bank has remained significantly below investment grade. The Council's main bank accounts are held at the Co-operative Bank and measures have been put in place to wherever possible reduce credit balances within the main accounts and limit the amount of overnight cash held in the investment account.
4. Returns on highly liquid Constant Net Asset Value (CNAV) Money Market Funds have deteriorated in the last 2 quarters. Future changes in the regulation of these funds will impact further on returns. Some investments have been made in cash based Variable Net Asset Value (VNAV) Money Market Funds which benefit from higher returns but without instant access. Further investments in these types of funds are planned.

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

Table 1 – Current Investments and Limits

Counterparties	Limits		Investments as at 30/09/13	
UK BANKS				
Barclays Bank	15%	£15m	11%	£10m
Close Brothers	15%	£15m	11%	£10m
Co-operative Bank:	15%	£15m	-	-
HSBC Bank	15%	£15m	-	-
Lloyds TSB	15%	£15m	11%	£10m
Royal Bank of Scotland	-	-	4%	£4m
Santander (UK) plc	15%	£15m	6%	£5.9m
Standard Chartered Bank	15%	£15m	2%	£2m
BUILDING SOCIETIES				
Nationwide Building Society	15%	£15m	11%	£10.5m
Money Market Funds CNAV	50%		22%	
Deutsche	25%	£20m	2%	£1.7m
Federated Investors	25%	£20m	3%	£2.5m
Ignis	25%	£20m	5%	£4.5m
Morgan Stanley	25%	£20m	3%	£3m
Scottish Widows	25%	£20m	2%	£1.8m
Money Market Funds VNAV				
Federated Investors	25%	£20m	7%	£6m
Pooled Funds - External Fund Manager	50%		22%	£20.3m
				£92.2m

Table 2 – Types of Investments and Current Interest Rates

Instant Access Accounts	Avg rate %	£m
Instant Access Accounts	0.76%	9.9
Money Market Funds CNAV	0.41%	13.5

Notice Accounts	Avg rate %	£m
Money Market Funds VNAV	0.66%	6

Fixed Term Deposits	Start	Maturity	Rate %	£m
Standard Chartered CD	26/11/2012	26/11/2013	0.69	2
LLoydsTSB	07/01/2013	07/01/2014	1.10	2
LLoydsTSB	02/04/2013	02/10/2013	0.80	3
Nationwide BS	02/04/2013	02/10/2013	0.54	3
Barclays	11/04/2013	17/01/2014	0.66	5
LLoydsTSB	08/05/2013	18/10/2013	0.75	3
Nationwide BS	19/07/2013	17/01/2014	0.50	2
Close Bros	31/07/2013	07/11/2013	0.50	5
Barclays	28/08/2013	28/08/2014	0.85	5
Nationwide BS	02/09/2013	17/01/2014	0.48	3
Nationwide BS	04/09/2013	18/12/2013	0.45	2.5
Close Bros	11/08/2013	20/12/2013	0.47	5
LLoydsTSB	27/09/2013	10/01/2014	0.70	2

Externally Managed Funds	£m
Pooled Investments	20.3

Maturity Profile	£m
Instant Access	23.4
Maturing < 1 month	15
Maturing within 1 - 6 months	28.5
Maturing within 6 - 12 months	5
Externally Managed Funds	20.3

Total	92.2
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Performance of Fund Manager

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

	STANDARD MODEL	DYNAMIC MODEL
April 2013	0.23%	0.27%
May 2013	-0.13%	-0.13%
June 2013	-0.25%	-0.29%
July 2013	0.05%	0.05%
August 2013	-0.20%	-0.25%
September 2013	0.22%	0.22%
Cumulative 2013/14	-0.16%	-0.15%
Value of Investment at 30/09/13	£10,187,899	£10,161,463
Fees (Total since start)	£59,491	£64,061
Annual Rate as at 30/09/13	0.16%	0.17%

7. Strong performance in April was overshadowed by poor results in May, June and August. The causes were the slowing down of growth in emerging markets, particularly China, and over-reactions in the bond markets over concerns on the possible scaling back of quantitative easing measures in USA.
8. Bond markets did rally in September with bonds now paying higher yields than before. The nature of these investments is that performance can be volatile so they should only be judged over a

longer period of time. The situation is being monitored and regular meetings are being held with the fund managers to assess the on-going performance, future direction and suitability of these funds.

Appendix 8 – Request for Supplementary Revenue Estimates (SREs)

Funded by Additional Grant

Service	Item	£000	Details
Resilient Local Communities	General Purpose	284	<p>Extended Rights to Free Transport. 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.</p> <p>The service have already been reviewing the home to school transport provision within Cheshire East Council, this has lead to some changes within transport provision. However, any policy options can be altered depending on public consultation (e.g. safer routes). This funding will be used to support section 31 requirements.</p>
Adults Services	General Purpose	60	<p>The Health and Social Care Information Centre announced in September 2012 and May 2013 of changes to the collection Adult Social Care data.</p> <p>The Department of Health has allocated grant funding to support the changes to support the new data collection requirements.</p> <p>The Council should be able to collate data for the new DoH returns. The grant will be paid as a one off lump sum in July/August 2013.</p> <p>The service have already been actively reviewing and planning for the changes to the DoH returns.</p> <p>This funding will be used to ensure the data in supporting systems (Paris and the new Adult Financials system) meets the new requirements, this may involve updating discrepancies and change</p>

			requests to key corporate systems.
Economic Growth and Prosperity	General Purpose	5	Neighbourhood Planning Grant: A grant of £5,000 is provided to the Council by the Department for Communities & Local Government for each Neighbourhood Area that is designated. This is to support these local communities to prepare a neighbourhood plan. Only one such designation has been made so far but others are expected in the future but probably not in this financial year. The grant is not ring fenced to Neighbourhood Planning so can be used to support the wider Spatial Planning function.
TOTAL		349	

Appendix 9 – Debt Management

1. In addition to the collection of Council Tax and National Non-Domestic Rates the Council also issues invoices to organisations or individuals for certain key services. Performance related to Council Tax and Non-Domestic Rates is contained in Section 2 of this report.
2. Total Invoiced Debt at the end of September 2013 was £9.0m. After allowing for £2.0m of debt still within the payment terms, outstanding debt stood at £7.0m. This is £1.3m higher than at 30th June.
3. The total amount of service debt over 6 months old is £2.8m which is the same as the level of older debt reported at the First Quarter Review.
4. Services have created debt provisions of £2.9m to cover this debt in the event that it needs to be written off.
5. An analysis of the invoiced debt provision by service is provided in the table. This does not yet reflect the new management structure.
6. 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.

Children & Families	634	336	338
Schools	49	39	38
Adults	3,958	1,619	1,615
Waste, Recycling & Streetscape	444	149	252
Highways & Transport	453	218	217
Community	88	64	64
Development	1,315	380	380
Performance, Customer Service & Capacity	11	4	2
Finance & Business Services	28	27	6
HR & OD	6	6	12
Borough Solicitor	56	2	2

TOTAL

Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
634	336	338
49	39	38
3,958	1,619	1,615
444	149	252
453	218	217
88	64	64
1,315	380	380
11	4	2
28	27	6
6	6	12
56	2	2
7,042	2,844	2,926