



# **Third Quarter Review of Performance 2013 / 2014**

**February 2014**

# 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 Three Year Plan (2013 to 2016) during the period April to December 2013.

Details are included of the Council's financial and non-financial performance and the report also seeks Member approval for service bids 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 five Outcomes in the Council's Three 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 service bids 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.

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 Three Year Council Plan.
- **Appendix 2** explains changes to the Revenue Budget since the Mid Year 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** list approved Supplementary Capital Estimates and Virements up to £250,000.
- **Appendix 6** list requests for Capital Virements over £250,000.
- **Appendix 7** list requests for Supplementary Capital Estimates over £250,000.
- **Appendix 8** provides details of Treasury Management investments.
- **Appendix 9** lists requests for Allocation of Additional Grant Funding.
- **Appendix 10** analyses the position on Outstanding Debt.

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## 2013/2014 Revenue Outturn Forecast at Three Quarter Year Review

2013/2014 Three Quarter 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
<b>Commissioning Services</b>					
Children & Families Services	57.8	57.7	-0.1	-0.2%	Section 1 - Paragraphs 119-122
Adult Social Care	96.5	96.9	0.4	0.4%	Section 1 - Paragraphs 112-118
Public Health (fully grant funded)	-	-	-	-	
Environmental Protection & Enhancement	38.0	38.3	0.3	0.8%	Section 1 - Paragraphs 18, 72-76
Public Protection & Enforcement	-0.2	1.2	1.4	#	Section 1 - Paragraphs 15-16, 90-92
Economic Growth & Prosperity	7.0	6.8	-0.2	-2.9%	Section 1 - Paragraphs 26, 33-34, 42, 96
Communities	18.4	17.2	-1.2	-6.5%	Section 1 - Paragraphs 17, 19
<b>Chief Operating Officer</b>					
Comm.Strategy, Business Improvement & Performance	21.6	21.3	-0.3	-1.4%	Section 2 - Paragraph 127
Organisational Development	4.5	4.3	-0.2	-4.4%	Section 2 - Paragraph 127
Monitoring Officer	1.7	1.8	0.1	-	Section 2 - Paragraph 127
Governance & Democratic Services	4.1	4.2	0.1	2.4%	Section 2 - Paragraph 127
Assets	18.0	18.2	0.2	1.1%	Section 1 - Paragraphs 36, 43
Total Services Net Budget	267.4	267.9	0.5	0.2%	# % change not shown against negative net budget
<b>CENTRAL BUDGETS</b>					
Specific Grants	-22.0	-23.7	-1.7		Section 2 - Paragraphs 132-136
Capital Financing	11.9	11.0	-0.9		Section 2 - Paragraphs 164-166
Contingencies	4.2	3.9	-0.3		Section 2 - Paragraphs 168-169
Relocation costs repayment	0.0	0.6	0.6		Section 2 - Paragraph 171- 72
Supplementary estimates inc LGO pay award	-1.5	0.0	1.5		Section 2 - Paragraph 173- 74
Invest to Save Reserve	-0.3	-0.3	0.0		
Total Central Budgets	-7.7	-8.5	-0.8	-10.4%	
<b>TOTAL NET BUDGET</b>	<b>259.7</b>	<b>259.4</b>	<b>-0.3</b>	<b>-0.1%</b>	<b>Improvement of £4.3m from Quarter 2</b>
	Planned Contribution 2013/2014 £m	Forecast Variance Quarter 2 £m	Forecast Variance Quarter 3 £m	Impact on reserves Quarter 3 Forecast £m	
Impact on Reserves	0.0	-4.0	0.3	0.3	
General Reserves Balance	2013/2014 Budget £m		Quarter 3 Forecast £m		
Opening Balance April 2013	13.2	Actual	19.0		
2013/2014 Impact on Reserves (see above)	0.0	Forecast	0.3		} Section 2 - Paragraphs 178-183
Closing Balance March 2014	13.2	Forecast	19.3		

# Overview of Third Quarter Performance

## The Council's finances are under control:

- The Third Quarter Review is forecasting an overall underspend of £0.3m compared to budget (this follows the Mid-Year Review which had already demonstrated significantly better budget management compared to previous years)
- The forecast underspend, of just 0.1%, provides clear evidence that the Council's budget, of £259.7m, is robust and well managed despite the pressures being experienced generally in public sector finances
- Accurate financial planning and performance is providing significant support towards achievement of the Council's outcomes

## 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

- Rural proofing has now been adopted
- "School uniform swap" scheme set up to save parents up to £170,000
- Leisure Service volunteers are on track to increase by 10%

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

- Latest publication shows a 9% increase in the value of tourism
- 100 kilometres of road re-surfacing completed

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

- Childcare options for two year olds have been increased

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

- Collective energy switching has saved participants over £125 each
- Recycling rates increased to an all time high of 54%

### 5 ~ People live well and for longer

- Junior participation in sport is up 5% compared to last year
- 89% of users surveyed agreed Care4CE has helped to improve their quality of life

## 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 £65,000 higher than budget. Average rate earned on investments (0.49%) is in line with the London Inter Bank 7 day rate.
- **Central Budgets** – a £0.8m underspend is forecast from increased grants, capital financing and contingencies, partly offset by the costs of the nationally negotiated Pay Award and planned repayment of relocation costs.
- **Net Revenue Outturn** is projected to be £0.3m less than the Revised Net Budget of £259.7m. This is an improvement of £4.3m from Quarter 2.
- **General Reserves** are expected to increase this financial year by £0.3m to £19.3m. This is more than the revised net budget due to the impact of the improved 2012/2013 outturn.
- The revised **capital budget** of £78.3m is forecast to be balanced.
- Total outstanding **Debt** (excluding local taxation) is £5.0m. £2.6m of debt is over 6 months old, but this is covered by a bad debt provision to meet potential write-offs.

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 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:

2.

Spending Power per Head Comparisons 2013/2014			
	Cheshire East	Rural East Riding of Yorkshire	Urban Liverpool
	£	£	£
Grants	317	405	955
Council Tax	439	382	251
Total	756	787	1,206

3. The Council's Three Year plan, which was agreed by Council on 28<sup>th</sup> February 2013, 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.
4. This report reflects activity that has taken place mostly in the period July 2013 to December 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

5. Building strong communities and developing our joint working was debated in the workshops at the Town and Parish Council Conference held on the 4<sup>th</sup> November 2013. Feedback and ideas are being incorporated into the recommendations of the Localism and Creating Strong Communities Review. The conference was well attended, with 38 Local Town and Parish Councils represented, demonstrating continued improved attendance at each event held. Joint working with Town and Parish Councils in local communities continued to increase, with new joint work on planning policies and the local plan, rural watch and work to retain community assets.
6. The focus of Community Asset Mapping work this quarter has been on the faith sector, with information from 231 faith organisations being collected and uploaded onto the Geographical Information System. Work is ongoing to encourage other areas to carry out asset mapping.
7. Local Area Partnerships (LAPs) have worked to deliver a range of initiatives to reduce unnecessary demand on services. Outcomes achieved in Quarter 3 include:
  - Current projects now attracted over £664,000 in external funding.
  - Current projects now received £293,000 from partners from 'in-kind' funding.
  - Strong Mums – Troubled families (Bridges Project) now integrated into steering group. A successful event in October engaged more than 20 women and addressed a range of wellbeing issues as well as extensive consultation and planning for further events. The Strong Mums scheme is planned to evolve into a 'Strong Families' project.

- A school uniform swap site Facebook Page for Nantwich has been established to allow parents and carers to easily sell, swap or give away spare school uniforms or equipment. Estimated savings for new school starters across the Nantwich area is up to £166,000.
  - Facilitating the use of the Open Arms community centre to share their space with a local housing provider and increase the capacity of the centre for local use.
8. The Review of Localism and Creating Strong Communities Project Team worked closely with Communities Policy Development Group, and a series of presentations have been discussed at Informal Cabinet. The framework is to be considered by Cabinet in February 2014.
  9. Rural Proofing was adopted on 12<sup>th</sup> November 2013 and work is now underway on a Rural Statement to agree and deliver Cheshire East's rural priorities.
  10. The Local Area Partnerships (LAPs) have also worked to increase volunteering:-
    - a. Increased community involvement and recruitment of 20 new volunteers on the Buglawton Estate, whilst developing a church hall into a vibrant community facility. £70,000 of a £250,000 project has been raised so far.
    - b. In Nantwich, local volunteers submitted a robust LAP response to ongoing consultations for the Local Plan and facilitated a joint comprehensive response, working with 120 individuals.
    - c. Volunteers from Wilmslow are highlighting environmental hot spot areas and using a range of measures to combat dog fouling.
  11. There remains a steady intake of new Leisure Service volunteers and the service is on schedule to average an overall 10% increase within the year. This quarter volunteers have supported

the Corporate Parenting CARE awards in November. The introduction of volunteers into Leisure Centres has now taken place with the first volunteers starting in December. In conjunction with the Cheshire East Community and Voluntary Service a workshop was held for 22 people on "how to manage volunteers".

12. The results from the summer Libraries survey were received and analysed during the third quarter. There were 7,500 responses received, with 94% of respondents saying that the library they use the most is good, with a majority (54%) saying that their library is very good. 95% of library users are satisfied with the library service. The challenge for Cheshire East libraries is to improve the efficiency of the traditional function of lending and focus resources to support customers with greatest need. The feedback from the survey, including feedback about each library, is being reviewed to develop a priority list for improvements. The existing Libraries strategy will be refreshed during quarter four to respond to the feedback from the survey and to define the priorities for a sustainable library service that will support the Council's priority outcomes whilst also delivering the 30% cost efficiencies expected by the major change project.
13. A decision has been recently made by Government to proceed with Individual Electoral Registration (IER) and plans are significantly advanced to ensure that the authority is well placed to respond to this challenge; maximising voter registrations as part of the process. The annual canvass was delayed in light of the pending IER decision but is now progressing well. The response rate to the annual canvass currently stands at 72%. The final figure, along with the electorate figure, will be available when the register is published on 17<sup>th</sup> February 2014.
14. The commissioned Early Intervention and Prevention Services are continuing to support people in the community and together with the use of the Innovation Fund, are seeing clear evidence of sustainable community-based services to enable residents to remain independent and improve their quality of life. In Quarter 3

tenders for this area of service were received and are being assessed. These will shape further and enhance this area of service provision and will recognise the successful services that have been put in place in addition to enabling the development of new and innovative service solutions from April 2014.

15. There was a £0.4m income shortfall and £0.1m expenditure pressure in the Car Parking Service due to delays in progressing outsourcing and development of a broader enforcement delivery model in 2014/2015.
16. CCTV savings of £0.2m have not been realised as the fibre network Public Sector Network contract was not awarded. This has been mitigated in-year by ICT recharge income for BT Fibres and reduced Crime and Disorder Reduction Partnerships contributions of £150,000.
17. There have been £750,000 of savings within Revenues and Benefits that have been realised mainly through increased court costs income and a favourable level of Benefit subsidy.
18. Cheshire East Transport is currently forecasting a net under-spend of £250,000, an improvement of £175,000 since Mid Year Review. The main reason for the change is an improved position against public transport support as it is now reasonable to assume that there are less likely to be any significant network changes over the remaining three months of the financial year, and there is an under-spend against the community transport grants budget. These are offset by an increase in costs in respect of printing the new Cheshire East bus timetables and a Bus Shelter audit prior to the new Transport company being established.
19. There have been £187,000 worth of savings achieved within Partnerships, Customer Services and Libraries mainly from vacancies.

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

20. Business and Visitor Economy: The Council continues its commitment to supporting businesses to growth and prosperity; Bentley announced a 19% increase in global deliveries in 2013 – the fourth consecutive year of double-digit growth. There were over 10,000 cars delivered, the highest figure in Bentley's 95-year history, against 8,500 in 2012.
21. A strategy for High Growth City was published and approved by Cabinet setting out the ambitious plans for Crewe and surrounding areas. As part of this work a Vision Statement for the Crewe Civic and Cultural Quarter was published in support of the proposed planning application for a new Lifestyle Centre for Crewe town centre.
22. Significant progress is being made as part of the Alderley Park Task Force to secure a longer-term future for the site as a vital part of the North West Life Science sector. Key achievements included the production of a Development Prospectus for the site and completion of an Environmental Impact Assessment to provide guidance for potential investors and occupiers.
23. The Arts, Cultural and Community review for Macclesfield has been completed, and a further action to develop a Heritage and Culture Strategy was agreed, to help inform priorities for future external funding bids. Further enhancements to Macclesfield town centre have been put in place; including new branding at Macclesfield train station and feature lighting installed around the Town Hall, Market Place and surface improvements at Chestergate.
24. Tatton Park Quarter 3 progress includes:
  - a. Stables Restaurant/Gardeners Cottage (TPE Ltd) : gross income for the Catering facilities at Tatton were showing an increase of just under 30% from the takings for the third quarter in 2012



- b. Trading Outlet income for the third quarter is being maintained at the same level as 2012 although the investment in new stock lines and presentation of the refurbished Gift Shop is showing a sales increase in the third quarter alone of over 8.5%
  - c. Education School visits have been maintained over the third quarter with a year-on-year increase of over 13% to date
  - d. Park Entry Income maintaining comparator increase with 2012 of over 7% which equates to an additional 10,000 vehicle entries to date
  - e. The Council has been successful in a bid for Heritage Lottery Funding for the restoration and reinterpretation of Tatton Park's Farm attraction: Tatton Dale Farm Heritage – Two Centuries of 'Field to Fork'. An initial grant of £76,600 was awarded to develop a detailed proposal, with the full project development of the Granary and Mill project being £1.1m.
25. The latest research into the value and volume of tourism published in Quarter 3 shows that in 2012 Cheshire East's tourism industry grew by 9% by comparison with the previous year and is now worth £690 million. By contrast, the economic impact of the North West of England's tourism industry was 3.7% lower in 2012 than in the previous year.
26. A net saving of £0.2m is forecast in Farms Service, in line with 2012/2013, mainly from reduced maintenance costs and revised income.
27. Engine of the North:  
In Quarter 3 the Council approved £5.5million of expenditure to kick start major development schemes. Key achievements over the period include:
- Public consultation on a planning application at South Macclesfield Development Area
  - Approval to dispose of Remenham and appointment of disposal team to conclude within 2014
  - Appointment of a Masterplanning Team for Handforth East to secure an allocation within the Local Plan
  - Approval to dispose of Handforth Earl Road site and appointment of a disposal team – part disposal in 2014, completed in 2015.
28. Workforce: The Council agreed to seek accreditation with the National Skills Academy for Construction to formalise a framework for including employment and skills requirements in its construction tenders, and provide advice and guidance for contractors, developers and their supply chains.
29. An 'offer' of targeted support for care leavers is currently under development. Some areas being considered include: providing additional money to those young people who would lose benefits e.g. housing, on taking up an Apprenticeship; and linking up potential employers with those Cheshire East apprentices who may not be offered a permanent position by the authority on completion of their 'A' Team Apprenticeship. This offer is intended to cover all care leavers, whether they are taking up one of the Authority's 'A' Team opportunities or whether they are taking up any external Apprenticeship vacancies with partner organisations.
30. Partners proposing the University Technical College have been interviewed by the Department for Education to progress to the pre-opening stage of the University Technical College. The outcome of the interview will be known late January 2014.
31. Infrastructure: Provisional figures for turnaround of planning applications in Quarter 3 are:
- N157a, Majors within 13 weeks = 53.2% (target: 60%)
  - N157b, Minors within 8 weeks = 69.1% (target: 65%)
  - N157c, Others within 8 weeks = 83.5% (target: 80%)
32. Since the start of the year Cheshire East Highways has delivered a significant carriageway surfacing and surface dressing

programme as well as repairing in excess of 56,000 potholes as phase 1 of the highway investment programme. Key achievements include:

- Around 100km of road length resurfaced or dressed removing over 56,000 potholes
- Approximately 70,000m<sup>2</sup> of programmed carriageway patching repairs completed
- 100% safety inspection achieved
- 43% reduction in potholes identified by Inspection
- 2 independent condition surveys undertaken confirming that Highway Investment Programme has resulted in carriageway improvements on A roads up by 1% and on B/C roads up by 4%
- Over 50% of the network gullies cleansed before the winter period
- 5,475 'aspects' (including traffic signals, Signal Box signs, Pedestrian heads, Push Button wait lamps) have been converted to LED lamps
- Over 1,100 signal faults repaired
- Route Management Strategies undertaken and implemented on A51, A34, A49, A50 and A530
- £2m worth of repairs to highway bridges and structures undertaken

33. Highways spend is being effectively controlled with staffing pressures from increased workloads being offset against other savings. Specifically £145,000 net pressure in Highways (Strategic) due to agency / consultancy costs on Highways DM/S278/S38 work, and Planning appeal costs and HS2 consultancy are being partly offset by improved S38 income and recharge to capital.
34. Potential costs arising from public inquiries into housing land supply are expected to be mitigated in year by planning income overachieving its income target.

35. Substructure works are now complete at the Crewe Rail Exchange, with the programme to be complete and open in April 2014.
36. £0.8m savings relate to realising the rationalisation of building stock.
37. Inward Investment: Work underpinning our commitment to inward investment continues towards our target of providing 96% coverage of high speed broadband by June 2015; current coverage sits at 81%. Development of the Connecting Cheshire Project is well underway and running ahead of schedule. During the period the project has concluded the initial survey and planning phase, publicised the coverage maps of the rollout programme and announced the 15,000 homes and businesses to receive high-speed fibre broadband by March 2014. Significant infrastructure build has taken place with key fibre spines being installed throughout Cheshire East, over 200 roadside fibre cabinets surveyed, 50 new fibre cabinets built and three fibre cabinets are ready for service with customers.
38. The Connecting Cheshire Business Support programme is ramping up its activity to help businesses get the most out of high-speed broadband, having completed 68 twelve-hour business assists by the end of December.
39. £1.6m of Rural Community Broadband funding has been applied for in order to continue the rollout of high-speed broadband in very rural/remote areas of Cheshire East. Further discussions with Government have been initiated about additional funding to extend the broadband programme into the final 4% of homes and businesses in Cheshire and Warrington.
40. A team of experts from across the Authority has worked extensively with the Cheshire and Warrington Local Enterprise Partnership to develop the Cheshire and Warrington Strategic Economic Plan and European Structural Investment Fund Strategy, which will secure new funding opportunities from

Government for key growth projects, including major highways schemes, High Growth City and Alderley Park. These strategic documents have been submitted to government for review and approval for funding awards being finalised in 2014.

- 41. Responsible Business: Business satisfaction with local authority regulation services is on target at the end of the third quarter with a cumulative in-year position of 95% (88 out of 93 businesses and customers expressing satisfaction).
- 42. Savings of £182,000 have been achieved from Housing Service restructuring and vacancy management.
- 43. In-year pressures of £0.6m in Assets from unrealised savings and corporate landlord transfers are largely offset by targeted repairs and maintenance reductions, energy rebate and vacancy management.

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

- 44. The Early Years and Childcare team are now part of the Early Help service and are developing close working relationships within the Children Centres. The rollout of the two year old programme is key to ensuring the best start in life for our most vulnerable children. The programme involves close working across agencies, with particular reference to Health Service colleagues and the links to the statutory assessment at two years of age and the development of the Integrated Review.
- 45. There has been an increase in the number of providers in Cheshire East offering two year old places, including childminders. Targeted schools have been briefed about their involvement in the delivery of the Two Year Old offer.
- 46. The roll out of the Early Language Development programme to up-skill contracted settings and their practitioners and the use of

intervention strategies are key to improving the language and communication skills of our youngest children.

- 47. A two year old monitoring tool has been devised and provided for all settings on the programme. The data is submitted on a termly basis to the local authority (LA). This information has been analysed by the LA, shared with Children Centres and is being used to provide services within the LA.
- 48. Briefings have taken place with partner agencies and all settings have been informed on the eligibility process and how parents can access the offer. Parents are able to check their eligibility via the Family Information Service.
- 49. Early Years Foundation Stage Profile (EYFSP) data has been analysed and shared with schools via the Autumn Review. Targeted training has been offered to schools in areas of need to use and interpret their EYFSP data. All schools will have the opportunity to attend training in the development of mathematics.
- 50. Extensive consultation has now taken place on the Raising Achievement Plan and a detailed action plan has been developed to address the three core priority areas. The clear focus across primary and secondary schools is to narrow achievement gaps for vulnerable learners. A range of interventions are now in place and the establishment of action learning sets on key themes.
- 51. Currently, 86% of all learners attend good or outstanding schools. A professional development programme for schools, co-delivered by Ofsted, is making good progress with the intention of reducing the 20 schools currently judged as requiring improvement.
- 52. The Youth Support Service has refocused work in the geographical cluster teams to ensure that young people who are most vulnerable and without offers of education or training are supported on a one-to-one basis to gain training or education. This is in line with the Raising of the Participation age statutory requirements.

53. Quarter 3 has been a record quarter for work with those who are 16 to 18 and not in education and training (NEET), with the figures being the best they have ever been in Cheshire East, having reduced from 5.1% in September to 3.7% by December. We have seen a significant decrease in the number of young people who are 'Not Known', due to the setting up of the tracking role in the Youth Support Service and data share with colleges and training providers. This allows for the most vulnerable NEET young people to be identified and work with by the Youth Support Service. This in turn has meant we have the lowest level of NEET in five years.
54. Work undertaken through the Local Area Partnerships included developing the skills of NEET young people in Crewe through a kitchen garden horticultural programme. This was funded externally at a total of £4,000.
55. We have seen another positive increase in the numbers of young people gaining the offer through the September Guarantee. There is still a small proportion of young people not taking up the offer, and this an area where the Youth Support team are working with schools.
56. Work continues on implementing a project funded by the National Apprenticeship Service (NAS) to provide schools with a more focused approach to raising the profile of apprenticeships. NAS Apprenticeship Vacancies (AV) listings are now going directly into schools. The Youth Support Service (YSS) and the 14+ Skills Team have been working on measuring the effectiveness of this.
57. The Apprenticeship Promise, led by Cheshire and Warrington Local Enterprise Partnership is offering Businesses who sign the Apprenticeship Promise and who commit to take on an Apprentice(s) to become part of the Cheshire and Warrington Inspiring Apprenticeship employer network. Benefits include: access one-to-one local apprenticeship support and information; promotion of their organisation through the Inspiring Apprenticeship Network; attendance at the annual Inspiring Apprenticeships Networking Event; and entry to receiving the Inspiring Apprenticeships Employer of the Year at the Annual Trinity Mirror Business Awards.
58. Significant work is taking place within the Virtual School to increase the level of tracking of cared for learners to maximise their academic outcomes. More robust data collection systems are now in place to be able to accurately predict end of Key Stage results and modify support programmes for learners to assist their outcomes. Individual planning documentation has been improved to place greater emphasis on academic standards. All Year 11 learners received a personalised message and voucher over Christmas as a reward for their ongoing efforts.
59. Significant work is underway to narrow the achievement gaps including key conferences/Continuing Professional Development events, additional staffing and detailed auditing of best practices across all schools.
60. A Principal for the new Autism school has been appointed and the Council continues to work in partnership with the National Autistic Society to establish the school.
61. There has been significant engagement in Quarter 3 with professional partners, children and young people and parents and carers on developing the local offer. A multi-agency working group has been established to develop the local offer and includes a parent representative.
62. The business requirements for a new combined children and adults IT directory are being drafted.

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

63. Work to complete the Local Plan Process by March 2016 continues. The Pre-submission draft Core Strategy was published for consultation between 5th November and 16th December. Approximately 10,000 comments were received over the period. Additional Housing applications were approved, contributing to the overall housing supply.
64. The Council's Carbon Management Programme was initiated in 2010, to reduce emissions by 25% (equivalent to 8,000 tonnes of carbon dioxide) by 2016. Some 84% of these savings were to be achieved through the reduction in energy use. The target for energy management has now been exceeded, resulting in a cost avoidance of £1.8 million, which, otherwise, would have been spent on energy consumption. This in turn enables the Council to better support front line services.
65. The energy management programme will continue to ensure the Council meets its overall carbon management savings.
66. The recent Collective Switching campaign resulted in 8% of registrants switching energy supplier. The 301 residents who switched saved almost £38,000 on their energy bills.
67. The Council continues to investigate the potential for a deep geothermal district heating network on its land at Leighton West. The Council has applied for grant funding from the Department of Environment and Conservation (DEC) to support the Council's innovative work on geothermal energy. Confirmation of grant award is expected in early 2014.
68. 'Smarter Ways to Travel', a key part of the 'All Change for Crewe' regeneration programme, will unlock the growth potential of Crewe in a low carbon way, improving air quality and connectivity across the town. The programme, made possible in Crewe by £3.5 million of funding from the Department for Transport's Local Sustainable Transport Fund (LSTF), will support the delivery of a range of sustainable transport measures in Crewe.
69. Throughout the third quarter the focus on environmental management continues to support and engage local communities resulting in improvements and high environmental standards across the borough. This success has been reflected in a number of key achievements during Quarter 3 including:
- 6 Greenflag Awards retained in Congleton Park, Bollington Recreation Ground, The Moor Knutsford, Brereton Heath Country Park and Teggs Nose Country Park
  - 7 Play Facilities have been enhanced
  - Successful devolution of services completed in Congleton, with a go live date of 2<sup>nd</sup> January 2014
  - Customer Service Excellence Standard achieved
  - Works ongoing to replace cremators at Crewe cemetery, scheduled for completion in early February. Currently on schedule and within budget
  - Feasibility works underway to consider further refurbishment works within the crematorium buildings
70. Progress is well underway for creating an arm's length trading company to deliver bereavement services. The Business Case has been completed and 'Orbitas' has been registered as a Company. Formal employee consultation is underway regarding TUPE transfer from Council to newly formed companies with commencement date scheduled for 1<sup>st</sup> April 2014. Project meetings, stakeholder meetings and board meetings are all continuing.
71. Key achievements from Environmental Operations include:
- Increasing recycling and reuse levels to 54% - Cheshire East's highest figure to date, and placing it as the second highest achieving unitary authority in the North West
  - Production of high level waste strategy objectives to inform the new waste strategy for the Council to 2030

- Collaborative arrangement commenced with Staffordshire that will result in 43% of residual waste being diverted away from landfill to energy recovery next year
- Since the start of the financial year have provided a service covering 9.6 million scheduled Residual, Recycling and Garden waste collections (3.4 million Refuse, 3.4 million Recycling and 2.8 million garden) and supported elderly, disabled or vulnerable residents through the provision of approx 194,000 scheduled assisted collections
- Worked with 11 high schools on our secondary school green challenge, and with 115 primary schools as part of the Junior Recycler of the Year competition
- Our 50 waste prevention volunteers, in partnership with Cheshire West and Chester have actively promoted waste prevention, reuse and recycling at 32 events speaking to 2,740 people giving 242 hours of volunteering to the project
- Emptying of approximately 2,400 litter bins and over 900 dog bins
- Responding to approximately 1,700 reported incidents of fly tipping in the last 12 month period

72. In terms of Waste expenditure the service has seen:

- A £200,000 reduction in Agency costs through the diversion of staff displaced through the green waste extended shutdown and implementation of some route changes as part of the efficiency review
- Pressures of £300,000 from increases landfill tonnages – partly offset by reduction through Landfill diversion (£93,000)
- Reduced fleet costs of £24,000 through managing increased fuel costs by savings elsewhere
- Green Waste Extended Shut Down delivering in year savings of £100,000m over Frontline Staff/Vehicles and Contract implications

- 73. Alternative Street Cleansing service delivery proposals to form part of the Waste and Environmental Operations Company resulting in unrealised savings of £266,000.
- 74. Winter Maintenance savings £100,000 not realised in year due to policy change not being endorsed; overspend mitigated in year through reduced spend in other areas.
- 75. Reduction of £100,000 income owing to replacement cremators at Crewe, and delays in markets/public conveniences transfer as part of the Local Service Delivery programme.
- 76. Increased Grounds Maintenance and Street Cleansing recharges (£47,000), additional vacancy savings (£28,000), targeted supplies and transport savings (£246,000), and devolution funding for the Congleton management fee (£30,000).

## **5 ~ People live well and for longer**

- 77. The Public Health team continues to embed public health within the Council and across the health system. The Director of Public Health is leading progress on Outcome 5 of the Council's Three-Year Plan.
- 78. The Director of Public Health has published the Annual Report 2013 which has been presented at Scrutiny, Cabinet, the Health and Wellbeing Board and Clinical Commissioning Group colleagues.
- 79. Financial planning for 2014/2017 is progressing. A budget plan for this period has been drafted and has been reviewed as part of the Council's budget challenge sessions
- 80. With support from Legal and Procurement Services, work is progressing well in putting in place the necessary contracts for the services inherited from the Primary Care Trust.

81. The re-commissioning of drug and alcohol services is progressing with stakeholder consultation events, including an on-line survey, having taken place. Reviews of sexual health, tobacco control and healthy child (5-19 years) services are also continuing, the latter in conjunction with NHS England for health visiting services.
82. Work undertaken through the Local Area Partnerships included the establishment of a six-week Drug Proof Your Kids course in Knutsford. The programme has been developed after requests from parents who wanted to help themselves and other parents with regards to alcohol and drug awareness.
83. Other work undertaken through the Local Area Partnerships included healthy eating events which support the reduction of obesity and diabetes in children and young people. Twelve families from Knutsford were involved in events aimed at changing attitudes towards food and cooking healthy meals on a restricted budget.
84. The Cycling Proficiency scheme 'Bikeability' is running at a 92% success rate with over 3,500 young people now accredited with Bikeability Level 2 and 3 awards. A bike maintenance course was run in December with six volunteers from community groups now nationally accredited.
85. The provision of 'Nordic Walking' has grown month by month with two new leaders trained and about to start sessions in the south of Cheshire East and attendance numbers continue to increase. 'Walking Football' launched at Barony Park for the older population.
86. Recent case studies of the "Activate" programme (disabled provision) has demonstrated that in addition to physical benefits parents are able to get respite and make other contacts. Sessions are now offered in over six different sports across the Borough.
87. Total participation in sport and active recreation shows a 3% overall increase when compared to the previous period in 2012/2013. Adult participation is up 1%, junior participation 5% and older people 4%. Everybody Memberships, which commit customers to regular activity, are up 17% when compared to October 2012.
88. A new fitness suite and exercise studios at Nantwich Pool has been completed as part of a £1.3m refurbishment. New memberships at this site are up 28%.
89. Attendance to date at Rural Touring Arts (RTA) Programme stands at 1,600, and Crewe Lyceum Theatre at over 54,000.
90. £100,000 leisure facilities premises and transport pressures will be addressed as part of the 2014/2015 Business Planning. Since Mid-Year Review Premises costs have also increased by £15,000.
91. £0.5m pressure remains against the Leisure salaries budgets.
92. £0.3m pay pressure due to slippage into 2014/2015 of savings relating to the Leisure Trust set up
93. In home adaptations for older and/or disabled residents, 398 (82% of the annual target) households have been assisted; an increase of 16% on 2012/2013 performance.
94. 56 affordable housing units were delivered in quarter three, taking the cumulative total for the year to 169. The projected annual total is 243 units against a target of 350. A MySpace project was launched to assist 18-24 year olds in accessing the private rented sector and receive support to maintain their tenancy. Meanwhile, 35 long-term empty properties (over six months) have been brought back into use.
95. Housing are now working with Adults Service Commissioners to explore alternative delivery models for the Cheshire Homechoice

- and Homelessness team, along with the Care and Repair service which will enable residents to make informed decisions about their housing options and promote independent living.
96. Strategic Housing is forecast to realise 'in year' savings of £182,000 principally from the restructure of the Service and from vacancy management.
  97. The number and quality of Common Assessment Framework assessments has been on an upward trajectory since July 2013. Work continues through the Early Help sub-group to increase the involvement of partner agencies.
  98. Good progress is being made in improving children's safeguarding arrangements. The Peer Challenge of Cheshire East's Consultation Service (the front door into Children's Social Care) was very positive. This was validated by Ofsted in December as part of their Improvement Pilot (Cheshire East is one of three local authorities across the country).
  99. The volume of business into Children's Social Care has increased in Quarter 3, with a significant increase in the number of combined assessments required, but it is expected that this will plateau once the new systems are fully embedded. Despite this increase, timescales for completions of assessments have improved significantly since Ofsted's inspection. The cumulative position for December 2013 is 82% of all combined assessments completed within 45 days. The milestone for December was 75% with a target of 90% by March 2014. The performance book, developed for the Improvement Board, provides regular and detailed information on key safeguarding indicators.
  100. Significant audit activity on Children's Social Care is underway which, again, is evidencing improvement in practice. There are still some inconsistencies in practice, but work is underway to embed good and outstanding practice.
  101. A significant number of actions underpinning the Children's Improvement Plan have now been signed off by the Improvement Board and its independent Chair.
  102. The new Children's Participation Service, run by the Children's Society, was launched at the start of December to improve engagement with children and young people. This includes increasing advocacy and independent visitor services. It is expected that this will support the increase in children and young people participating in their plans.
  103. The number of cared for children remains at a significantly lower number than this time last year (346 at the end of December as opposed to 402 at the same point last year). Internal placements continue to be developed and used to ensure that the number of cared for children placed locally is maximised.
  104. Adoption timescales continue to improve. The national Adoption Scorecard, to be published in early Quarter 4, will indicate a continued year-on-year improvement in respect of thresholds for timeliness for adoption. Cheshire East won the British Association for Adoption and Fostering (BAAF) Council Adoption Service of the Year national award for its Four4adoption collaboration. The collaboration also won Recruitment Champion of the month in November. This followed a series of innovative campaigns which saw traffic to the website increase by over 400% and generate almost 80 enquiries from Adopters in November.
  105. Adult Social Care services continue to progress the service redesign major change programme within assessment and care management services. Staff have attended workshops throughout October and November to contribute to identifying the areas for improvement and consider the options for doing things differently which will ensure we deliver for local residents whilst at the same time recognising financial pressures. Further work is underway to ensure the new way of working is heavily influenced by those who use our services and those who care for them.



106. We are working together with health partners on two major change programmes. Caring Together in the East Clinical Commissioning Group area and Connecting Care in the South. The programmes aim to redesign the delivery of health and social care services across primary and secondary care. The new service model will ensure a shift towards community based services and ensuring we have in place a coordinated approach to care with integrated services wherever possible. Both programmes have a formal programme management structure and are progressing at a pace and stakeholder events are taking place that have a proactive approach to public involvement and engagement. Design groups are well underway looking at the development of four key areas of the service redesign model.
107. In terms of Public Involvement and Engagement, two engagement sessions have taken place to involve service users and parents/carers to have a strong voice and influence the shaping of support to individuals with a Learning Disability and Autism. For the first time this included representation from across the full age range.
108. The newly formed (since April 2013) Healthwatch organisation is now taking shape and in this quarter has demonstrated the impact in terms of representation of the public in relation to adult and children's health and social care services. Healthwatch have also established a working group looking at personalisation in Cheshire East which will inform our service development programmes.
109. During Quarter 3 over 13,000 hours of community support reablement have been delivered to around 650 customers helping them to regain their independence and remain living within their own homes. Of those people that finished reablement during Quarter 3 around 45% had no services or a decreased level of service at their six week review
110. Mental Health reablement dealt with over 700 referrals during the quarter with an average of 68% of people engaging in support. Of those who completed their support with the team 99% needed no ongoing commissioned support. 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.
111. The recent Quality Standards Questionnaire sent out by Care4CE has indicated a high percentage of people feel that their quality of life has been improved through interaction with the various services on offer – of 185 Surveys that have been returned so far 89% either strongly agree or agree that the service they have received has helped to improve their quality of life.
112. Adults services has constantly posted significant overspends throughout the lifetime of Cheshire East Council reflecting the very real challenges being faced, especially when considering the growth in the Older People's population (fastest growing over 85 population in the region) and the complexity of service users coming through transition from Children's services to Adulthood.
113. The current financial position of a small projected overspend represents a major improvement to the projected deficit of £1.3m reported at Mid-Year Review. A number of factors play into this improvement, from better management (including forecasting) of care costs, income rising slightly and vacancies being held where appropriate.
114. Prudent assumptions have been made about income from partners (primarily Health partners) as issues such as entitlement to Continuing Health Care are resolved. These assumptions also include current allocations under a number of different Legal arrangements (including Section 75 and 256 agreements such as the Learning Disability Pooled Budget and Social Care allocations) regarding how both funding arrangements and also,

how monies should be deployed to benefit the whole Care economy in Cheshire East. These arrangements will grow in importance as the Better Care Fund develops and more integration occurs between Social Care and Health.

- 115. Adult Social Care continues to face major financial challenges and will need to be well prepared for forthcoming changes such as those coming through the Care Bill in order to maintain financial stability going forward.
- 116. The Director continues to work towards producing a balanced budget by year end. Key negotiations are ongoing with Health colleagues around the funding of complex care packages and this in addition to the extent of winter pressures being faced will be crucial in achieving a balanced position.
- 117. These changes will need adequate planning and resourcing to ensure residents of Cheshire East are properly treated with regard to new arrangements such as the operation of a care account.
- 118. The current position in Adult Social Care gives reassurance about the financial direction of travel showing costs are under far greater control than experienced to date during the lifetime of Cheshire East which gives a solid platform for moving forward to 2014/2015 and beyond.

#### Children and Families Services

- 119. The service continues to seek efficiencies and drive down costs mindful of the future financial scenario and the wider Council position.
- 120. Two main factors contribute to the underspend, firstly, holding vacancies on a one-off basis and secondly, continued efficiencies in social care costs through placements which provide improved

outcomes for children. A good example of this is the significant reduction in out of borough placements from 52 at its highest point to 31 at the start of 2013/2014 down to 23 now, meaning expensive placements, sometimes costing in excess of £3,000 per week have been replaced by placements closer to home which are better for the Cared for Child in terms of improved access to family, friends etc.

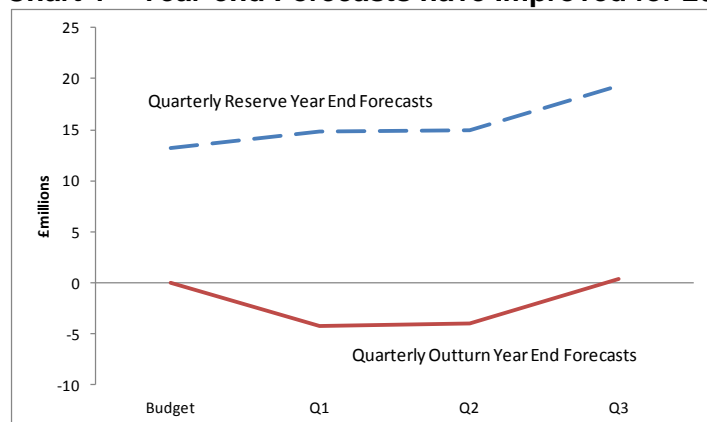
- 121. Further examples include an a reduction in Agency Foster placements from 81 in March to 72 in December 2013 and a rise in Independent Living from 13 in March 2013 to 20 in December 2013.
- 122. All of these continue to reduce costs. Efficiencies continue to be sought wherever possible, with levels of managerial activity being constantly re-evaluated and reduced where safe and contracts being renegotiated to improve outcomes while costs are reduced. This approach will contribute to the Council's bottom line and this lower cost base and relentless drive efficiency that will continue in future years provides reassurance that the challenging financial targets will be delivered.

## 2. Financial Stability

### Introduction

123. Financial performance in 2013/2014 has continued to improve compared to previous financial years. Improvements in financial planning, governance and stewardship are having a clear impact on the Council's ability to manage its budget and create greater confidence in the medium term plans.
124. The forecast of an underspend at year-end has not been possible in any previous quarterly report for Cheshire East, which highlights the significance of this Third Quarter estimate.
125. Estimates have been closer to budget as the improved management of the 2013/2014 budget has become clear as demonstrated in the chart below.

**Chart 1 – Year-end Forecasts have Improved for 2013/2014**



### Service Revenue Budget - Overview

126. **Table 1** provides a service summary of financial performance at Quarter 3. For further details please see Section 1 and the notes

below the table. Changes to service net budgets since the Mid Year Review are analysed in **Appendix 2**.

**Table 1 Service Revenue Outcome Forecasts**

	Revised Budget (NET) £000	Forecast Outturn Position £000	Current Forecast Over / (Underspend) £000	Current Forecast Over / (Underspend) % Change	OUTCOME NUMBER 1-5
<b>Commissioning</b>					
Children's	44,354	44,806	452	-0.2%	3 / 5
Early Help & Protection	11,270	10,706	-564	-5.0%	3 / 5
Integrated Safeguarding	2,250	2,206	-44	-2.0%	3 / 5
Adult Social Care	96,534	96,894	360	0.1%	5
Public Health	0	0	0	0.0%	5
Environmental Protection & Enhancement	38,007	38,284	277	-0.2%	2 / 4
Public Protection & Enforcement	-240	1,199	1,439	#	1 / 4 / 5
Economic Growth & Prosperity	6,975	6,801	-174	-6.4%	2 / 5
Communities	18,449	17,255	-1,194	-6.6%	1 / 2
<b>TOTAL COMMISSIONING</b>	<b>217,599</b>	<b>218,151</b>	<b>552</b>		
<b>Chief Operating Officer</b>					
Assets	17,965	18,232	267	1.5%	
Commercial Strategy, Business Improvement and Performance	21,622	21,202	-420	-3.7%	2
Organisational Development	4,517	4,315	-202	-8.3%	
Monitoring Officer	1,683	1,825	142	0.0%	
Governance and Democratic Services	4,110	4,230	120	0.0%	
<b>TOTAL CHIEF OPERATING OFFICER</b>	<b>49,897</b>	<b>49,804</b>	<b>-93</b>		
<b>TOTAL SERVICE OUTTURN</b>	<b>267,496</b>	<b>267,955</b>	<b>459</b>	<b>-0.8%</b>	
<b>Schools Grant Funded</b>					
<b>Schools Grant Funded including DSG</b>					
Strategy, Planning & Performance - DSG	0	1,413	1,413		3
Schools (Individual School Budgets)	0	0	0		3
Other Schools Provision	0	-2,665	-2,665		3
Pupil Premium	0	0	0		3
		<b>-1,252</b>	<b>-1,252</b>		

# % change not shown against negative net budgets

127. Other corporate issues at Quarter 3 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.
- Cost pressures are being experienced in ICT from redundancy costs, under achievement of income and ICT Shared Services. These are off-set by a predicted underspend on implementing the Public Service Network.
- Organisational Development are continuing to reflect an underspend due to staffing issues in training and the terms and conditions harmonisation budget not being used.
- Monitoring Officer and Governance and Democratic Services are predicting to come in on budget.

128. The impact of the projected service outturn position is to decrease balances by £0.5m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.

129. 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 October to December 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).

130. 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 Three 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).

131. 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 Three 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

132. 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.

133. 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 £295.6m. 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 £114.0m based on Government announcements to February 2013. Further announcements have revised this figure to £116.6m.

134. **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 Forecast MYR 2013/2014 £m	Revised Forecast TQR 2013/2014 £m	Change £m
SPECIFIC USE			
Held within Services	301.0	295.6	-5.4
GENERAL PURPOSE			
Central Funding	93.0	93.0	0.0
Children & Families Services	2.9	3.0	0.1
Adult Social Care & Independent Living	5.5	5.5	0.0
Environmental Protection & Enhancement	0.1	0.1	0.0
Economic Growth & Prosperity	0.0	0.2	0.2
Communities	3.5	3.5	0.0
Chief Operating Officer	11.4	11.4	0.0
	116.4	116.7	0.3
Total Grant Funding	417.4	412.3	-5.1

135. Specific use grants have decreased by £5.4m. This is mainly due to in-year academy conversions.
136. Additional grant funding of £1.7m in 2013/2014 has been paid into General Reserves. In Quarter 3 notification of additional general purpose grants of £0.3m for 2013/2014 have been received. Requests for the allocation of this additional grant funding are detailed in **Appendix 9**.

### Collecting Local Taxes for Local Expenditure

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

### Council Tax

138. 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.
139. 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.
140. 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
	<b>201.6</b>

141. This figure may vary slightly during the year if more discounts and exemptions are granted or more properties are built.
142. 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 £203.8m.

143. **Table 4** shows collection rates for the last two 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 three 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		

144. The Council Tax in-year collection rate for 2013/2014 is currently 86.4% compared to 86.8% 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 £0.8m.
145. Council Tax support payments (incl. Police and Fire) were budgeted at £18.9m for 2013/2014 and as at the end of the third quarter the total benefit awarded totalled £17.5m. This minimises the risk of an increase in claimants for the remainder of the year and the potential costs of current outstanding claims. Members have agreed to retain the scheme in its current form for 2014/2015.
146. Council Tax discounts awarded as at the end of the third quarter are £18.5m which is broadly in line with the same period in 2012/2013. The figure now includes a long term empty premium of £0.6m and a Landlord Discount figure of £0.8m.
147. Council Tax exemptions awarded at the end of the third quarter totalled £3.5m. 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)**

148. 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.
149. The small business multiplier applied to businesses which 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.
150. The amount of business rates set by Department for Communities and Local Government (DCLG), to be collected by Cheshire East at the start up of the business rates retention scheme, was £132.5m (including an allowance for appeals). 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. Mid-Year estimates were calculated to include a much larger estimate for potential appeals bringing our forecast outturn more in line with original DCLG estimates.
151. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

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

Financial Year	CEC Cumulative	
	2011/2012	2012/2013
	%	%
After 1 year	98.1	98.0
After 2 years	99.1	*
After 3 years	*	*

\*data not yet available

152. The business rates in-year collection rate for 2013/2014 is currently 87.3% compared to 87.5% for the same period in 2012/2013. This represents a decrease in collection rate of 0.2% on last year and equates to a reduction in cash collection of £0.3m.

## Capital Programme 2013/2016

153. Since the Mid-Year Review the overall programme has increased by £1.8m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	MYR Total Forecast Budget 2013/17 £m	Amendments to MYR Forecast Budget 2013/17 £m	Amended MYR Forecast Budget 2013/17 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2013/17 £m
Children Services	14.2	-0.2	14.0	0.0	6.9	20.9
Early Help & Protection	1.0	0.0	1.0	0.0	0.0	1.0
Adult Social Care	9.9	0.0	9.9	-7.6	0.0	2.4
Environmental Protection & Enhancement	58.7	0.3	59.0	-0.1	0.0	58.9
Public Protection & Enforcement	17.4	0.0	17.4	0.0	0.0	17.4
Economic Growth & Prosperity	54.1	5.5	59.6	-6.8	5.1	57.9
Communities	1.6	0.0	1.6	0.0	0.0	1.6
Commercial Strategy & Business Innovation	66.6	-0.2	66.4	-1.2	0.0	65.2
	<b>223.5</b>	<b>5.5</b>	<b>229.0</b>	<b>-15.8</b>	<b>12.0</b>	<b>225.2</b>

154. A Capital Challenge Session was held in November 2013 led by Members and Officers who reviewed the overall programme and produced a reduction of £15.8m in schemes that require funding by Prudential Borrowing, with a £4.0 m reduction in 2013/2014.
155. However a number of new schemes have either been approved since Mid-Year Review or will be approved at Third Quarter Review. These include the Engine of the North capital programme of £5.5m which will be funded by capital receipts, new Children Services schemes (£6.8m) that will be wholly funded by Government Grants, and £5.1m for Crewe Green Link Road (Phase 2) which is required for the railway under-bridge structure on the site so that the Authority meets the requirements of Network Rail. The additional budget requirement for the Link Road will be funded by Government Grants and Developer Contributions.
156. 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**

	MYR Total Forecast Budget £m	TQR Total Forecast Budget £m	Variance £m
Grants	91.0	103.4	12.4
External Contributions	19.2	19.4	0.2
Prudential Borrowing	96.7	80.4	-16.3
Revenue Contributions	1.1	1.0	-0.1
Capital Reserve	15.3	20.9	5.6
	<b>223.3</b>	<b>225.2</b>	<b>-1.8</b>

157. Since the mid-year forecast budget the funding of the capital programme has changed with a large reduction of £16.3m in the Prudential Borrowing requirement over the next three years with a greater emphasis on utilising Government Grants and the increase in capital receipts that will be achieved as a result of the Engine of the North development opportunities and the asset rationalisation programme.

### Capital Budget 2013/2014

158. At the Third Quarter review stage the Council is forecasting expenditure of £78.3m in 2013/2014. **Table 8** illustrates the in-year changes to the capital programme which shows an overall decrease of £12.0 m. This includes the net impact in 2013/2014 of supplementary capital estimates and virements listed in **Appendices 5 to 7**.
159. The most notable changes to the in-year budgets are the budget reductions of £4.0m achieved as part of the Capital Challenge Session in November 2013 and the Engine of North Capital programme of £4.7m in 2013/2014.
160. The in-year budgets have also been brought in line to reflect the forecast expenditure at the Third Quarter Review stage. The Outturn position will be measured against this revised in-year position for any slippage against the capital programme.

**Table 8 – Changes to the 2013/2014 Capital Budget**

	MYR Budget	Revised TQR Budget	Forecast Expenditure	Current Forecast (Over/ Underspend)
	£m	£m	£m	£m
Children Services	8.8	7.7	7.7	0.0
Early Help & Protection	0.6	0.5	0.5	0.0
Adult Social Care	1.4	1.1	1.1	0.0
Environmental Protection & Enhancement	45.2	32.4	32.4	0.0
Public Protection & Enforcement	2.2	2.7	2.7	0.0
Economic Growth & Prosperity	8.8	16.6	16.6	0.0
Communities	1.2	0.7	0.7	0.0
Commercial Strategy & Business Innovation	22.0	16.6	16.6	0.0
<b>Grand Total</b>	<b>90.3</b>	<b>78.3</b>	<b>78.3</b>	<b>0.0</b>

161. **Appendix 5** lists approved supplementary capital estimates and virements up to and including £250,000 in respect of forecast overspends and additional schemes not previously approved as part of the 2013/2014 Capital Programme.
162. **Appendix 6** details a request for a Virement of £300,000 for the Crewe Lifestyle Centre to be funded from the 2013/2014 Regeneration and Development programme.
163. **Appendix 7** lists requests for supplementary capital estimates over £250,000 that will be approved as part of the Budget Report 2014/2017 that will be presented at full Council on the 27th February 2014.



## Central Adjustments

### Capital Financing Costs

164. 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.
165. At Third Quarter Review, the overall saving on the capital financing budget is forecast to be £0.9m. The estimated external interest charges are now not expected to be incurred, cash balances have remained stable so no additional external borrowing has been undertaken and the return on investments is expected to exceed target. These factors produce an underspend of £0.6m.
166. The administrators of Heritable Bank have continued to make repayments in 2013/2014 bringing the total amount recovered to 94%. The original expectation was for around 88% of this to be recovered. The additional receipt over and above the original estimated recovery rate of 88% has resulted in additional revenue in 2013/2014 of £300,000.

### Treasury Management

167. Investment income at the end of Quarter 3 is £305,000 which is £65,000 higher than budgeted for the period. In addition, further repayments have been made to the Council in respect of Heritable Bank as detailed above. Income could have been higher but the externally managed pooled funds, although posting good results in September and October, performed poorly in November and December. General slowdown in global markets and emerging countries were chiefly responsible, and following on from poor

results earlier in the year has resulted in minimal growth in the fund value in 2013/2014. Investment rates have declined slightly from last year but, based upon the current economic forecasts, are expected to remain at current levels. Credit quality and liquidity of investments will continue to take priority over yield.

- The average lend position (the 'cash balance') including fund manager and legacy balances up to the end of the third quarter was £74.9m.
  - The average annualised interest rate received on in house investments up to the end of the third quarter was 0.61%.
  - The average annualised interest rate received (net of fees) on the externally managed pooled funds up to the end of the third quarter was -0.05%.
168. The Council's total average interest rate up to the end of quarter 3 in 2013/2014 was 0.49%. This is higher than the London Inter-bank Bid Rate for 7 days at 0.42% and is on a par with our expected rate of return of 0.50%. The base rate remained at 0.50% for the quarter.

**Table 9 – Interest Rate Comparison**

Comparator	Average Rate Q3
Cheshire East	0.49%
LIBID 7 Day Rate	0.42%
LIBID 3 Month Rate	0.44%
Base Rate	0.50%

169. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement (TMSS) approved by Council on 28<sup>th</sup> February 2013. Further details of counterparty limits and current investments are given in **Appendix 8**.

## Central Contingencies

### Pensions

170. 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

171. 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. Spending in-year is forecast to be in line with the provision. However services are absorbing relocation costs within their budgets, and consequently £0.3m of the contingency will be returned to balances. 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 now anticipated that a payment of £0.6m from reserves will be made in 2013/2014.

### Allocation of Additional Grant Funding

172. 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 allocations are contained in **Appendix 9**.

## Use of Reserves

173. At First Quarter Review approval was given to allocate £0.5m to service budgets from General Reserves relating to Flood Grant, Flood Levy, and income shortfall from sale of CLS Care Service Leases.
174. The National Joint Council for Local Government Officers agreed 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 Mid-Year Review the estimated cost of £1m was removed from service outturn forecasts and factored in centrally to be met from reserves. Services have now been allocated the additional budget to meet these costs.

### Debt

175. A summary of outstanding invoiced debt by Service is contained in **Appendix 10**.

## Outturn Impact

176. The impact of the projected service outturn position is to reduce balances by £0.5m as reported above (**para 128**).
177. Taken into account with the central budget items detailed above, the impact of these issues is to increase balances by £0.3m, as summarised in **Table 10**.

**Table 10 – Impact on Balances**

	£m
Service Outturn	0.5
Specific Grants	-1.7
Capital Financing	-0.9
Contingencies	-0.3
Relocation costs	0.6
LGO Pay Award	1.0
Use of Reserves	<u>0.5</u>
	<u>-0.3</u>

**Management of Council Reserves**

178. 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.
179. The opening balance at 1st 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.
180. 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 at First Quarter Review.
181. The 2013/2014 budget made no provision for a contribution to or from general reserves.
182. The overall impact of service and central budget outturn issues identified above is therefore a net increase in general reserves of £0.3m to £19.3m as shown in **Table 11** below.

**Table 11 – Change in Reserves Position**

	£m
Opening Balance at 1 April 2013	19.0
TQR Outturn Impacts	<u>0.3</u>
Forecast Closing Balance at March 2014	<u>19.3</u>

183. The projected balance of £19.3m 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

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

#### Workforce Development Projects

185. 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.
186. 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. Three of the proposals were confirmed ready for taking forward for implementation and a further four 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.
187. 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). Estimated development costs of £46,500, in order to develop the ideas into fully working solutions, will be met from existing cost of investment budgets.
188. The first of the Senior Leadership Conferences took place in November and was very successful. The conference heard from key note speakers including the Leader of the Council, the Chief Executive and the Executive Director of Strategic Commissioning.
189. A series of Staff Roadshows are also planned to start early in the New Year and all staff are encouraged to attend.
190. 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.
191. 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.
192. Investment for Major Change Project 8.1a (Performance Related Pay) was initially estimated to be £0.18m in the current financial year but, as previously reported, this investment will now be required in 2014/2015 once a clear strategy has been agreed.
193. Linked with the Major Change Project 8.1b, Flexible and Agile working, a piece of work is being undertaken to pull together related

and inter-dependent streams of work to ensure they are joined up and therefore maximising the benefits of each project. These include ICT and the roll out of Next Generation Desktop and the Council's Assets strategy.

## Senior Management Review

194. As agreed and approved by full Council on the 28th February 2013, (Becoming a Strategic Commissioning Council), the Council is now underway with phase 3 of the Senior Management Review, which will conclude the review. The scope of phase 3 includes all managers and supervisors, in order to maximise savings. A commitment has been made to achieve the full £5m savings in year two (rather than over the three years originally stated).

## Staffing Changes

195. **Table 12** below demonstrates that there has been a reduction in headcount of over 3.3% between October and December this year. The headcount figure in December 2012 was 5,502 (a reduction over the year of 477). This is attributed, in the main part to a number of resignations, voluntary redundancies and retirements.

**Table 12: Headcount and FTE figures for October to December 2013**

	Oct-13		Nov-13		Dec-13	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Places	2,131	1,441.3	2,117	1,432.5	2,102	1,426.1
Childrens	1,128	767.3	1,128	769.2	1,124	763.6
Adults	1,331	998.2	1,330	997.3	1,332	996.6
HR&OD	48	41.3	49	42.3	48	42.5
Apprentices	47	45.1	50	48.1	49	46
Finance	249	230.5	248	229.7	251	232.7
Legal / Dem	125	82.9	119	78.5	119	78.4
Shared Svs	142	130.8	142	131.2	122	114.7

Total	5,201	3,738.5	5,183	3,728.8	5,025	3,700.6
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**Staffing Costs**

196. Direct employee costs reduced from £9,935,055 in October to £9,881,991 in December. There has not been a material change to the monthly underspend since October. The variance has moved from £1.06m to £1.11m. The reduction in salaries is due to a capitalisation of salaries in the Adults service representing over 6 months of salary payments being incurred on capital schemes that were being shown in revenue.

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

	October	November	December
<b>Q2 2013/2014</b>	6.22	7.19	8.34
<b>Q2 2012/2013</b>	6.84	7.97	9.07

*Whole Council excluding Schools – year to date cumulative effect*

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

## Voluntary Redundancies

198. 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.

199. Fifteen people have left the Council under voluntary redundancy terms in Quarter 3, five of whom held posts within the management grades (grade 10 or above). The total severance costs for all thirty-four employees was £158,000 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).

# **Appendices to Third Quarter Review of Performance 2013 / 2014**

**January 2014**

# Appendix 1 – The Three Year Council Plan



To assist with reading this page a PDF version is has been made available at: [www.cheshireeast.gov.uk/budget](http://www.cheshireeast.gov.uk/budget)



# 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 Revenue Budget 2013/2014 since MYR

	MYR Net Budget	Additional Grant Funding	Allocations from Balances & Contingencies	Restructuring & Realignments	Other Virements	TQR Net Budget
	£000	£000	£000	£000	£000	£000
<b>Commissioning Services</b>						
Children	35,284	75	152	9,097	-254	<b>44,354</b>
Integrated Safeguarding	2,232			18		<b>2,250</b>
Early Help & Protection	11,232		46	22	-30	<b>11,270</b>
Adult Social Care	97,701		264	-1,105	-326	<b>96,534</b>
Public Health	321			-321		<b>0</b>
Environmental Protection & Enhancement	38,139		108		-240	<b>38,007</b>
Public Protection & Enforcement	-335		95			<b>-240</b>
Economic Growth & Prosperity	6,415	203	64	315	-22	<b>6,975</b>
Communities	27,704		96	-9,511	160	<b>18,449</b>
<b>Chief Operating Officer</b>						
Chief Operating Officer	18,112		36	-94	-89	<b>17,965</b>
Commercial Strategy, Business Improvement & Performance	19,568		79	2,042	-67	<b>21,622</b>
Organisational Development	4,560		15	-19	-39	<b>4,517</b>
Monitoring Officer	1,696		28		-41	<b>1,683</b>
Governance & Democratic Services	4,555		12	-491	34	<b>4,110</b>
Cross Cutting Items	-617				617	<b>0</b>
<b>TOTAL SERVICE BUDGET</b>	<b>266,567</b>	<b>278</b>	<b>995</b>	<b>-47</b>	<b>-297</b>	<b>267,496</b>

	MYR Net Budget	Additional Grant Funding	Allocations from Balances & Contingencies	Restructuring & Realignments	Other Virements	TQR Net Budget
	£000	£000	£000	£000	£000	£000
Central Budgets						
Specific Grants	-22,046	-278			283	<b>-22,041</b>
Capital Financing	11,905				14	<b>11,919</b>
Contingencies	4,194					<b>4,194</b>
Contribution to/from Reserves	-566		-995	47		<b>-1,514</b>
Invest to Save Reserve	-253					<b>-253</b>
	-6,766	-278	-995	47	297	-7,695
<b>TOTAL BUDGET</b>	<b>259,801</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>259,801</b>

## Appendix 3 – Corporate Grants Register

Corporate Grants Register 2013/2014 - Third Quarter Review		Revised Forecast MYR 2013/2014 £000	Revised Forecast TQR 2013/2014 £000	Change £000
	Note			
<b>SPECIFIC USE (Held within Services)</b>				
<b>Schools</b>				
Dedicated Schools Grant	1	189,926	184,649	(5,277)
Pupil Premium Grant	1	5,511	5,427	(84)
Sixth Forms Grant (EFA)	1	6,406	6,406	0
Total Schools Grant		<b>201,843</b>	<b>196,482</b>	<b>(5,361)</b>
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
Restorative Justice Development Grant		0	1	1 Approved
<b>TOTAL SPECIFIC USE</b>		<b>300,999</b>	<b>295,639</b>	<b>(5,360)</b>
<b>GENERAL PURPOSE (Held Corporately)</b>				
<b>Central Funding</b>				
Revenue Support Grant		55,855	55,855	0
Business Rates Retention Scheme		37,159	37,159	0
<b>Total Central Funding</b>		<b>93,015</b>	<b>93,015</b>	<b>0</b>
<b>Children and Families Services</b>				
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		284	284	0
Special Educational Needs Reform Grant		0	75	75 Service Bid

Corporate Grants Register 2013/2014 - Third Quarter Review		Revised Forecast MYR 2013/2014 £000	Revised Forecast TQR 2013/2014 £000	Change £000
	Note			
<b>GENERAL PURPOSE (Held Corporately)</b>				
<b>Adult Social Care and Independent Living</b>				
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		60	60	0
<b>Environmental Protection &amp; Enhancement</b>				
Lead Local Flood Authorities		52	52	0
<b>Economic Growth &amp; Prosperity</b>				
Neighbourhood Planning Grant		5	10	5 Service Bid
Heat Networks Funding Stream		0	198	198 Service Bid
<b>Communities</b>				
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
<b>Chief Operating Officer</b>				
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
Individual Electoral Registration		13	13	0
<b>TOTAL GENERAL PURPOSE</b>		<b>116,326</b>	<b>116,604</b>	<b>278</b>
<b>TOTAL GRANT FUNDING</b>		<b>417,324</b>	<b>412,242</b>	<b>(5,082)</b>

#### 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	TQR	SCE's/ Virements/ Reductions	Budget Realignment	Revised TQR	Forecast Expenditure		
	In-Year Budget	TQR	TQR	In-Year Budget			
	2013/2014 £000	2013/2014 £000	2013/14 £000	2013/2014 £000	2013/2014 £000	2014/2015 £'000	2015/2016 & Future Years £'000
<b>Children &amp; Families Services</b>							
2013/14 New Starts	2,660	0	-670	1,990	1,990	9,409	26
Ongoing Schemes	6,171	-167	-295	5,709	5,709	3,030	669
<b>Early Help &amp; Intervention</b>							
2013/14 New Starts	100	0	-100	0	0	397	0
Ongoing Schemes	536	0	-80	456	456	175	0
<b>Adult Social Care &amp; Independent Living</b>							
2013/14 New Starts	611	0	0	611	611	947	0
Ongoing Schemes	781	0	-243	538	538	243	0
<b>Environmental Protection &amp; Enhancement</b>							
2013/14 New Starts	24,066	350	-1,526	22,890	22,890	11,881	20
Ongoing Schemes	21,116	-63	-11,588	9,465	9,465	14,620	0
<b>Public Protection &amp; Enforcement</b>							
2013/14 New Starts	796	0	354	1,150	1,150	5,996	8,599
Ongoing Schemes	1,452	234	-121	1,565	1,565	50	0
<b>Economic Growth &amp; Prosperity</b>							
2013/14 New Starts	2,147	4,730	-498	6,379	6,379	2,734	594
Ongoing Schemes	6,657	92	3,447	10,197	10,197	26,409	11,640

Department	TQR In-Year Budget	SCE's/ Virements/ Reductions TQR	Budget Realignment TQR	Revised TQR In-Year Budget	Forecast Expenditure		
	2013/2014	2013/2014	2013/14	2013/2014	2013/2014	2014/2015	2015/2016 & Future Years
	£000	£000	£000	£000	£000	£'000	£'000
<b>Communities</b>							
2013/14 New Starts	754	-140	51	665	665	500	200
Ongoing Schemes	443	0	-364	79	79	180	0
<b>Commercial Strategy &amp; Business Innovation</b>							
2013/14 New Starts	380	0	50	430	430	0	0
Ongoing Schemes	21,595	-1,246	-4,159	16,190	16,190	39,477	9,102
Total 2013/14 New Starts	31,514	4,940	-2,339	34,115	34,115	31,864	9,439
Total Ongoing Schemes	58,750	-1,150	-13,402	44,199	44,199	84,184	21,411
<b>Total Capital Expenditure</b>	<b>90,264</b>	<b>3,790</b>	<b>-15,741</b>	<b>78,314</b>	<b>78,314</b>	<b>116,048</b>	<b>30,850</b>
<b>Funding Source</b>					2013/2014	2014/2015	2015/2016 & Future Years
					£000	£'000	£'000
Grants					42,970	55,990	4,384
External Contributions					3,100	11,093	5,232
Prudential Borrowing					20,005	39,254	21,234
Revenue Contributions					921	103	0
Capital Reserve					11,318	9,608	0
Total					<b>78,314</b>	<b>116,048</b>	<b>30,850</b>

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

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b><u>SUPPLEMENTARY CAPITAL ESTIMATES</u></b>		
<b><u>Economic Growth &amp; Prosperity</u></b>		
Housing Grants - Ex MBC - S106	2,400	There are two properties sold under the scheme which we are awaiting invoices for final payments of £74,200 originally forecast at £72,000. This is funded from S106 contributions.
<b>Total Supplementary Capital Estimates Approved</b>	2,400	



Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b><u>CAPITAL BUDGET VIREMENTS</u></b>		
<b><u>Children and Families Services</u></b>		
Virement to be applied to eighteen projects. A full breakdown of this adjustment can be obtained from Corporate Finance.	23,789	Virement from Capital Maintenance Grant Block Provision to cover the costs of Asset Management Fees incurred during September to November.
<b><u>Economic Growth &amp; Prosperity</u></b>		
Poynton Revitalisation	140,000	Defects at some gully locations identified, cause under investigation, remedial works planned for Spring 2014. Final account negotiations underway with Contractor show potential funding shortfall which is to be addressed from 2013-14 LTP funds if required. Preparation of claim against the Transco Gas underway.
<b><u>Environmental Protection &amp; Enhancement</u></b>		
Cremators at Crewe	50,000	The opportunity to undertake some maintenance works to upgrade / rewire part of the electrical services is being undertaken simultaneously to the replacement cremator project works. Additional funding to cover this element of works has been agreed from the Assets Programme Management Capital budget.
A6 SEMMMS Project	50,000	Original LTP allocation of £100k was split 50/50 between this project and Poynton relief Road. Request to Vire the Poynton element (£50k) back to this project as Poynton has significant funding from other sources.
Congleton Park Improvements	6,571	The Project Manager has two schemes for Congleton Park in the current programme - this virement will roll the projects into one.
<b>Total Virements Approved</b>	<b>270,360</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>272,760</b>	

## Appendix 6 – Request for Capital Virements above £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Virement above £250,000 up to and including £1,000,000		
<b><u>CAPITAL BUDGET VIREMENTS</u></b>		
<b><u>Public Protection &amp; Enforcement</u></b>		
Lifestyle Centre Crewe	300,000	£300k is requested to transfer from Regeneration Capital Budgets to pay for the purchase and demolition of the Church Hall which currently resides within the building construction zone.
<b>Total Virements Requested</b>	300,000	

## Appendix 7 – Request for Supplementary Capital Estimates above £250,000

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Supplementary Capital Estimates above £250,000 to be approved at Council on 27th February 2014</b>		
<b><u>SUPPLEMENTARY CAPITAL ESTIMATES</u></b>		
<b><u>Children Services</u></b>		
Manor Park - Basic Needs	809,000	Expansions to be undertaken at Manor Park, Offley and Elworth Primary schools to address a shortfall of places within the local area. Funded from grant allocations provided by the Department of Education.
Offley PS - Basic Needs	922,179	
Elworth Primary - Basic Needs	712,000	
Universal free school meals	639,635	From September 2015 any child aged four to six will be entitled to free school meals. The Department of Education is providing funding to enable catering provisions within our primary school, to be expanded to meet the increased demand.
School Maintenance Projects	3,674,606	Schools have been invited to submit bids to identify capital works addressing issues relating to the suitability, accessibility and condition of their sites. Funded from grant allocations received from the Department of Education.
<b><u>Economic Growth &amp; Prosperity</u></b>		
Crewe Green Link Road (Phase 2)	5,147,350	Estimates received for essential under bridge work were higher than expected as per Network Rails recommendations. Additional funding will come from the Department of Transport and Developer Contributions
<b>Total Supplementary Capital Estimates Requested</b>	<b>11,904,770</b>	

## Appendix 8 – 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. These limits have been reviewed and are recommended to be reduced in the Treasury Management Strategy for 2014/2015.
2. Our approved counterparties list also includes a number of foreign banks although, to date, none have been used. Credit conditions within the Eurozone and worldwide have improved in 2013 and consideration, with advice from our Treasury Management advisors, is being given to investments in strongly rated foreign banks. The limits applicable to foreign banks are the same as those applied to UK banks.
3. Banks credit ratings are kept under continual review 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. Following a recent tender exercise, the Council will be changing banks to Barclays Bank from 1<sup>st</sup> April 2014.
4. Returns on highly liquid Constant Net Asset Value (CNAV) Money Market Funds deteriorated in the first two 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. Regulatory changes are due to impact on Money Market Funds in 2014/2015. It is likely that more funds will switch from a CNAV to VNAV basis.
5. **Table 1** shows the current investments and limits with each counterparty. Operationally these limits may be reduced (but not increased) dependent on market conditions and individual review of credit indicators. Leeds Building Society has been added to the list of counterparties as the ratings meet our minimum criteria and advice from our treasury management advisors shows strong credit indicators. Due to their smaller size we are limiting them to maximum investments of £1m. 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	
<b>UK BANKS</b>				
Barclays Bank	15%	£15m	15%	£10m
Close Brothers	15%	£15m	7%	£4.5m
Co-operative Bank:	15%	£15m	-	-
HSBC Bank	15%	£15m	-	-
Lloyds TSB	15%	£15m	16%	£11m
Royal Bank of Scotland	-	-	-	-
Santander (UK) plc	15%	£15m	2%	£1.6m
Standard Chartered Bank	15%	£15m	3%	£2m
<b>BUILDING SOCIETIES</b>				
Leeds Building Society	15%	£15m	1%	£1m
Nationwide Building Society	15%	£15m	11%	£7.5m
<b>Money Market Funds CNAV</b>	50%		22%	
Deutsche	25%	£20m	1%	£0.3m
Federated Investors	25%	£20m	3%	-
Ignis	25%	£20m	3%	£2m
Morgan Stanley	25%	£20m	5%	£3.5m
Scottish Widows	25%	£20m	2%	£1.1m
<b>Money Market Funds VNAV</b>				
Federated Investors	25%	£20m	4%	£3m
Pooled Funds - External Fund	50%		30%	£20.3m
				<b>£67.8m</b>

**Table 2 – Types of Investments and Current Interest Rates**

<b>Instant Access Accounts</b>	<b>Avg rate %</b>	<b>£m</b>
Instant Access Accounts	0.80%	1.6
Money Market Funds CNAV	0.39%	6.9

<b>Notice Accounts</b>	<b>Avg rate %</b>	<b>£m</b>
Money Market Funds VNAV	0.40%	3

<b>Fixed Term Deposits</b>	<b>Start</b>	<b>Maturity</b>	<b>Rate %</b>	<b>£m</b>
LLoydsTSB	07/01/2013	07/01/2014	1.10	2
Barclays	11/04/2013	17/01/2014	0.66	5
Nationwide BS	19/07/2013	17/01/2014	0.50	2
Barclays	28/08/2013	28/08/2014	0.85	5
Nationwide BS	02/09/2013	17/01/2014	0.48	3
LLoydsTSB	27/09/2013	10/01/2014	0.70	2
Nationwide BS	02/10/2013	07/02/2013	0.48	2.5
Nationwide BS	03/10/2013	10/01/2014	0.70	2
LLoydsTSB	01/11/2013	03/02/2014	0.70	3
Leeds Building Society	08/11/2013	11/02/2014	0.40	1
LLoydsTSB	08/11/2013	12/02/2014	0.70	2
Standard Chartered CD	26/11/2013	26/11/2014	0.69	2
Close Bros	27/11/2013	18/02/2014	0.55	2.5
Close Bros	04/12/2013	14/03/2014	0.50	2

<b>Externally Managed Funds</b>	<b>£m</b>
Pooled Investments	20.3

<b>Maturity Profile</b>	<b>£m</b>
Instant Access	8.5
Maturing < 1 month	19
Maturing within 1 - 6 months	13
Maturing within 6 - 12 months	7
Externally Managed Funds	20.3
<b>Total</b>	<b>67.8</b>

## 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.

	<b>STANDARD MODEL</b>	<b>DYNAMIC MODEL</b>
<b>April 2013</b>	0.23%	0.27%
<b>May 2013</b>	-0.13%	-0.13%
<b>June 2013</b>	-0.25%	-0.29%
<b>July 2013</b>	0.05%	0.05%
<b>August 2013</b>	-0.20%	-0.25%
<b>September 2013</b>	0.22%	0.22%
<b>October 2013</b>	0.19%	0.22%
<b>November 2013</b>	0.00%	-0.02%
<b>December 2013</b>	-0.05%	-0.02%
<b>Cumulative 2013/14</b>	0.04%	0.04%
<b>Value of Investment at 31/12/13</b>	£10,208,770	£10,186,327
<b>Fees (Total since start)</b>	£65,783	£70,839
<b>Annual Rate as at 31/12/13</b>	0.13%	0.19%

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 and October with bonds now paying higher yields than before. However the fund suffered in

November and December with the value of emerging market debt being the main issue probably linked to the possibility of the USA reducing their level of quantitative easing. 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 9 – Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Economic Growth and Prosperity	Heat Networks Funding Stream (General Purpose)	198	<p>The Council is due to receive a grant of £198,000 in February 2014 from the Heat Networks Funding Stream, administered by the Department for Energy and Climate Change in respect of the Crewe Deep Geothermal Energy Project, to commission consultants to undertake research and feasibility work.</p> <p>It is expected that phasing of the expenditure will entail some of the expenditure being incurred in 2014/2015.</p>
Children	Special Educational Needs Reform Grant (General Purpose)	75	<p>The Children and Families Bill 2013 is expected to gain Royal Assent in April 2014, coming into full effect on 1<sup>st</sup> September 2014. It will bring radical changes to the Special Educational Needs framework and will see the introduction of a new 0-25 Education Health and Care Plan (EHCP) to replace the current system of Statements and Learning Difficulty Assessments (LDA). The plans will reflect the child or young person's aspirations and outcomes for the future as well as their current need. Local Authorities will have two years to transfer all existing Statements and LDAs into an EHCP where appropriate.</p> <p>The SEN Reform grant is specifically to aid in the implementation of the new SEN Code of Practice and enable the transfer of all statements to EHCPs. As the requirement to implement EHCPs is from September, there is a need to carry forward the majority of this grant to fund the implementation process later in the year.</p>
Economic Growth and Prosperity	Neighbourhood Planning Grant (General Purpose)	5	<p>A grant of £5,000 is provided to the Council by the Department for Communities and Local Government for each Neighbourhood Area that is designated. This is to support these local communities to prepare a neighbourhood plan. This is the second designation this financial year. The grant is not ring fenced to Neighbourhood Planning so can be used to support the wider Spatial Planning function.</p>
<b>TOTAL</b>		<b>278</b>	



## Appendix 10 – 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. Annually, the Council raises invoices with a total value of around £50m. This includes around £25m in Adult Social Care relating to client contributions towards care packages and income from Health on pooled budget and partnership arrangements.
3. Total Invoiced Debt at the end of December 2013 was £6.1m. After allowing for £1.1m of debt still within the payment terms, outstanding debt stood at £5.0m. This is £2.0m lower than at 30th September, mainly due to settlement of debt relating to the Learning Disability Pooled Budget in Adults.
4. The total amount of service debt over 6 months old is £2.6m which is slightly less than the older debt reported at the Mid-Year Review.
5. Services have created debt provisions of £2.6m to cover this debt in the event that it needs to be written off.
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.

### Commissioning

Children	419	245	271
Early Help and Protection	24	5	5
Adult Social Care	2,453	1,368	1,353
Environmental Protection and Enhancement	1,089	547	547
Public Protection and Enforcement	92	70	70
Economic Growth and Prosperity	659	346	336
Communities	17	15	15

### Total Commissioning

**4,753      2,596      2,597**

### Chief Operating Officer

Assets	223	18	18
Commercial Strategy, Business Improvement and Performance	18	17	6
Organisational Development	13	13	12
Monitoring Officer	2	2	2
Governance and Democratic Services	1	0	0

### Total Chief Operating Officer

**257      50      38**

### TOTAL

**5,010      2,646      2,635**