



# **Final Outturn Review of Performance 2013/14**

**July 2014**

# Introduction – Putting Residents First

This report demonstrates that the overall performance, financial health and resilience of Cheshire East Council is strong. It is the third largest Council in the Northwest of England, supporting over 370,000 local people with annual spending of more than £750m. The Council continues to strive for further improvements across all aspects of the 500+ services that it is responsible for - delivering more for less.

Central Government's commitment to reduce the high levels of national debt has contributed to local government going through a period of unprecedented change and financial challenge. Cheshire East Council's response continues to be based on innovation and creativity. The Council also continues to be relentless in its pursuit of greater efficiency and productivity to enable it to deliver a high level of sustainable, quality services for a lower overall cost.

Our commissioning intentions to develop better ways to achieve the Council's five stated outcomes by using a mix of delivery mechanisms is continuing to gain momentum. The Council's philosophy is about much more than simply reducing costs through arranging cheaper provision or about traditional outsourcing. Our new approaches and range of service delivery mechanisms will all have a more commercial and 'Resident First' outlook.

The Council's strong financial position reflects its enhanced governance, innovative delivery arrangements and effective stewardship of public money. There are many challenges ahead but the pre audit outturn for 2013/14 highlights the best ever overall financial and operational performance for Cheshire East Council. Given the national context and austerity challenge the results achieved in 2013/14 are even more impressive.

PJ Bates

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Chief Operating Officer (Section 151 Officer)

To support openness and transparency the report has three main sections, to provide background and context, and then ten supporting annexes with detailed information about allocation and management of public money during 2013/14:

**Section 1** provides a summary of council performance and brings together service achievement highlights against the 5 Outcomes in the Council's three year plan.

**Section 2** provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2013/14 has been funded, including the positions on overall service budgets, grants, council tax, and business rates, treasury management, centrally held budgets and the management of the Council's reserves.

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

- **Appendix 1** shows the Three Year Council Plan.
- **Appendix 2** explains changes since the Third Quarter Review.
- **Appendix 3** shows the closing position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists approved Supplementary Capital Estimates and Virements up to £250,000.
- **Appendix 6** lists requests for Supplementary Capital Estimates over £250,000.
- **Appendix 7** lists Capital Budget reductions.
- **Appendix 8** provides details of Treasury Management investments.
- **Appendix 9** lists Earmarked Reserves.
- **Appendix 10** analyses the position on Outstanding Debt.

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

**Anyone wanting to comment can contact the Council at:**  
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## 2013/14 Final Revenue Outturn Summary

2013/14 Final Outturn (GROSS Revenue Budget £631.8m)	Revised Budget (NET) £m	Final Outturn Position £m	Over / (Underspend) £m	Change from TQR £m	For further information please see the following sections
<b>Commissioning Services</b>					
Children & Families	56.6	56.0	-0.6	-0.5	Section 1 - Paragraphs 31 - 38
Adult Social Care	93.3	92.6	-0.7	-1.1	Section 1 - Paragraphs 78 - 85
Public Health	-	-	-	-	Section 1 - Paragraphs 86 - 87
Environmental Protection & Enhancement	38.1	38.5	0.4	0.1	Section 1 - Paragraphs 13, 50 - 52
Public Protection & Enforcement	-0.4	0.8	1.2	-0.2	Section 1 - Paragraph 10
Economic Growth & Prosperity	13.2	13.0	-0.2	0.3	Section 1 - Paragraphs 11 - 13
Communities	11.8	11.6	-0.2	0.7	Section 1 - Paragraph 10
<b>Chief Operating Officer</b>					
Assets	17.9	16.6	-1.3	-1.5	Section 1 - Paragraphs 94 - 95
Comm.Strategy, Business Improvement & Performance	19.5	18.4	-1.1	-0.8	Section 1 - Paragraph 98, 103
Organisational Development	4.5	3.3	-1.2	-1.0	Section 1 - Paragraph 102
Monitoring Officer	1.7	1.7	0.0	-0.1	Section 1 - Paragraph 104
Governance & Democratic Services	4.1	4.1	0.0	-0.1	Section 1 - Paragraph 104
<b>Total Services Net Budget</b>	<b>260.3</b>	<b>256.6</b>	<b>-3.7</b>	<b>-4.2</b>	
<b>CENTRAL BUDGETS</b>					
Specific Grants	-16.3	-20.2	-3.9	-2.2	Section 2 - Paragraphs 111 - 116
Capital Financing	11.9	11.0	-0.9	0.0	Section 2 - Paragraphs 145 - 147
Capital related costs	0.0	3.2	3.2	3.2	Section 2 - Paragraph 154
Contingencies / Central budgets	5.6	3.8	-1.8	-1.5	Section 2 - Paragraphs 151 - 153
Relocation costs repayment	0.0	0.5	0.5	-0.1	Section 2 - Paragraph 152
Supplementary estimates inc LGO pay award	-1.5	0.0	1.5	0.0	Section 2 - Paragraphs 155 - 156
Pension Contributions reserve		0.2	0.2	0.2	Section 2 - Paragraph 152
NNDR Deficit reserve		1.9	1.9	1.9	Section 2 - Paragraph 154
Add to Investment Reserve		2.1	2.1	2.1	Section 2 - Paragraph 154
Invest to Save Reserve	-0.2	-0.2	0.0	0.0	
<b>Total Central Budgets</b>	<b>-0.5</b>	<b>2.3</b>	<b>2.8</b>	<b>3.6</b>	
<b>TOTAL NET BUDGET</b>	<b>259.8</b>	<b>258.9</b>	<b>-0.9</b>	<b>-0.6</b>	
	Planned Contribution 2013/14 £m	Forecast Quarter 3 £m	Variance Actual Quarter 4 £m	Impact on reserves Final Outturn £m	
Impact on Reserves	0.0	0.3	0.9	0.9	
<b>General Reserves Balance</b>	<b>2013/14 Budget £m</b>		<b>Final Outturn £m</b>		
Opening Balance April 2013	13.2	Actual	18.9		
2013/14 Impact on Reserves (see above)	0	Forecast	0.9		
Closing Balance March 2014	13.2	Forecast	19.8		Section 2 - Paragraphs 160 - 171

# Overview of Performance ~ Putting Residents First

## ACHIEVING THE COUNCIL'S FIVE OUTCOMES

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

In 2013/14 the senior leadership team has been fully appointed to permanent posts, following significant restructuring, to deliver:

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

- 16.2% reduction of first time entrants to the Youth Justice System, and reduction in the total number of young people committing offences from 427 in 2012/13 to 358 in 2013/14
- Reduction in persistent absentees in Cheshire East primary schools, from 4.3% in 2011 to 2.5% in 2013 (lowest compared to statistical neighbours). Over the same period percentage for secondary schools has also fallen significantly from 9.5% to 6.0% (less than average)
- 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

- Local Sustainable Transport Fund programme has delivered a number of schemes, including the 1<sup>st</sup> phase of the Crewe to Crewe Station multiuser route, the Cranborne Fields pedestrian and cycle link and the improvement of 19 bus stops as part of the One Link bus service
- The successful Connecting Cheshire Broadband project, worth £28.5m, is the fastest rollout of fibre broadband across the country and is on target to meet 96% connectivity by 2016
- Success in attracting new businesses places the Borough as only one of three hot spots outside London for new business creation
- Developed a compelling business case for Crewe as a HS2 Hub station, providing high-speed connectivity to London and driving major growth and regeneration benefits for Crewe and the wider region
- 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

- Significant reduction for those not in education, employment or training (NEET), from 5.3% (598) as at April 2013 down to 3.5% (397) as at April 2014. Cheshire East is the best performing council in the North West (and one of the best overall) in this work
- The number of good and outstanding schools in Cheshire East is the highest it has ever been at 87.3% overall
- Childcare options for two year olds have been increased

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

- Tonnage of materials re-used has increased from our 2012/13 baseline of 977 to 1,116 tonnes in 2013/14, ahead of target (1,000 tonnes)
- 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

- Total leisure service usage and attendances averaged a 4% increase on the previous year
- The level of long term empty homes across Cheshire East has fallen to 1.18% of the housing stock, and direct action by the Authority has brought 60 more properties back into use
- Adoption timeliness and outcomes have improved, with 32 children adopted by the end of March 2014 – an increase from 26 in the previous year. The number of new adopters increased from 18 to 31.
- Adult Social Care (ASC) project launched to redesign assessment and care management responsibilities
- 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 is achieving outcomes based on sound financial management. In 2013/14 the Council operated on an annual budget of more than £750m.

- At Outturn an **overall underspend of £0.9m** compared to budget is reported (this follows the Mid Year Review and Three Quarter Year Review which had already demonstrated significantly better budget management compared to previous years)
- The underspend, of just 0.3%, provides clear evidence that the Council's **net revenue budget of £259.8m is robust** and well managed despite the pressures being experienced generally in public sector finances
- 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 £0.1m higher than budget. The average rate earned on investments (0.5%) is higher than the London Inter Bank 7 day rate.
- **Service Budgets** - service underspend of £3.7m is an improvement of £4.2m since the Three Quarter Review.
- **Central Budgets** – service underspend and additional grant has created flexibility to fund capital investment and create earmarked reserves.
- **Net Revenue Outturn** of £0.9m less than the Revised Net Budget is an improvement of £0.6m from Quarter 3.
- **General Reserves** will increase this financial year by £0.9m to £19.8m. This is more than the revised net budget due to previously strong performance in 2012/13.
- Reserves are now in line with the Council's assessment of its financial risks and also provide opportunities for future investment.
- The revised **capital budget of £78.6m** has underspent by £13m.
- Outstanding **Debt** (excluding local taxation) is £7.4m. Only £2.4m of debt is over 6 months old and this is completely covered by provisions to meet potential write-offs.

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 370,000 residents. The budget to deliver these services in the period April 2013 to March 2014 is more than £750m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users.
2. In terms of spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending. The financial resilience of the Council is supported by a strong local tax base and low dependence on government grant:

Spending Power per Head Comparison 2013/14			
	Cheshire East	Rural	Urban
	£	East Riding of Yorkshire £	Liverpool £
Government Grants	317	405	955
<b>Total Spending Power</b>	<b>756</b>	<b>787</b>	<b>1,206</b>
% of Spending Power funded by government Grant	41%	51%	79%

Band D Council Tax 2013/14	1,216.34	1,215.68	1,331.03
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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, in addition to inward-facing work undertaken during 2013/14 to support the delivery of a responsible, effective and efficient organisation.
4. This report reflects activity that has taken place mostly in the period April 2013 to March 2014 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. Cheshire East Council continues to promote mutual respect and personal responsibility in our communities, demonstrated as follows (not exhaustive):
  - Skilling up community groups so that they can develop and become sustainable such as Buglawton Group, Senior Forums and Moss Rose Partnership.
  - Co-ordinating public-facing activities such as Winter Warmth campaigns, Nantwich Road Safety Week (May 2013), Feeling Good Event 2014.
  - Establishing new community events to promote strategic issues, which are then taken over and run by the community. For example, Crewe Health Fayre now attracts over 500 people a year to promote health improvements in the local population.
  - Setting up Work Clubs and then recruiting volunteers to run them – 16 new clubs established in 2013/14.
  - Co-ordinating the establishment and use of the Community Hub at Crewe Market.



- Supporting groups to develop community led action plans – e.g. Crewe South Community First Panel and Parish Planning.
  - Enabling people to decide how to spend public money such as Wilmslow young people who now decide how money should be spent on their priorities to develop new local facilities and activities.
  - Linking community initiatives to strategic issues like the a community garden in St Barnabas, Crewe which has provided opportunities for young people not in education, employment or training to gain skills and work.
  - Lead local consultation exercises and creating community surveys. For example the Nantwich Transport Survey helped gain an understanding of why and how people choose to use local transport options, and also the barriers to using these options.
6. Efforts to reduce anti-social behaviour being addressed with partner agencies to improve the reduction of first time entrants to the Youth Justice System are yielding results. There has been a 16.2% reduction in the total number of young people committing offences, down from 427 to 358 in 2013/14.
7. Efforts to ensure young people reach their potential continue to drive work to improve attendance in schools, which in Cheshire East primary and secondary schools remains above the national average. The percentage of persistent absentees in Cheshire East primary schools has fallen significantly since 2011 from 4.3% to 2.5% and is ranked 1st when compared to its statistical neighbours. The percentage for secondary schools has also fallen significantly by 3.5% from 9.5% (2011) to 6.0% (2013) - below the national average.

## Communities

8. Efforts have been taken to strengthen communities through the following (not exhaustive):

- Cheshire Community Action commissioned by the Council have worked with local rural communities to develop community led plans to reduce social isolation.
- Community Transport grants have been given this year to Cheshire Community Action to increase the number of people who can drive people in rural communities to hospital appointments for example. Several new community transport schemes have been established in Poynton and Disley and also a further shopmobility scheme. Usage will be reported in Quarter 1 2014/15 as these are in development stage at the moment. Dial-a-Ride continues to be a well used popular service for older people. The majority of customers use this for shopping.
- Continued work to develop libraries as key centres promoting community life. For instance, over 1.5 million people visited Cheshire East libraries in 2013/14. Success in how these are viewed as community hubs continues to grow, an example being the Lego Club in Crewe Library which regularly attracts over 150 young people to come to the library and increases their chances of reaching good literacy and numeracy levels. A volunteer lending service has developed to visit the housebound.
- Cheshire East Council won the Improvement and Efficiency Social Enterprise - Delivering through Efficiency 2014 award - for its 'Best Fit Approach to Strategic Commissioning' service delivery, entirely focussed on delivering positive outcomes for residents and improving service delivery in several key areas while delivering excellent value for money.
- Emergency Planning, which is a shared service with Cheshire West and Chester Council has co-ordinated the response to 20 incidents in 2013/14 especially the extreme bad weather which impacted on Sandbach and Crewe (including 9 Major Incident Standbys). The team has largely maintained service delivery in

line with planned targets despite operating at 70% capacity for six months due to staffing issues. The end of year budget showed an under spend of £23,000. In summary, the team has performed strongly during 2013/14 increasing preparedness and resilience levels across both authorities.

## Civic Pride

9. Securing public participation in influencing services is evidenced by consultation and engagement in Adult Social Care (ASC) with service users and carers in relation to the self assessment for the "Think Local Act Personal" agenda which takes the personalisation agenda in ASC to the next stage of implementation. The results of the engagement exercises have been incorporated into a prioritised plan to improve the experience of people who use our services and to assist us in prioritising the many elements of our ASC redesign programme.
10. Financially, it is important to emphasise the following key points:
  - The Revenues service has a favourable variance of £0.7m, which is predominantly due to an increase in court cost income due to the change in the council tax scheme and an increase in the number of people taken to court for non payment of council tax. This is £0.2m more than what was predicted at Third Quarter Review (TQR).
  - A favourable variance of £1.1m, within the Benefits Services, mainly due to increased income from housing benefit overpayments; this is an increase over the forecast levels at TQR. The underspend on Benefits allows an earmarked reserve of £0.4m to be created to extend the life of the Emergency Assistance scheme. This will allow the Council to provide funding to the most vulnerable beyond 2014/15 when the guaranteed funding comes to an end.
  - In addition, several reserves have been created, including a Resident First Fund, to support local initiatives which will

help make our communities stronger, promoting independence of communities and individuals. Aided by the overall favourable outturn, Communities have made a contribution of £1.8m towards the creation of this reserve.

- The final outturn for the Public Protection and Enforcement service is £1.2m overspend against a -£0.4m net revenue budget. This is an improvement of £0.2m since TQR and allows the establishment of an earmarked reserve of £40,000 in the 2013/14 accounts for the Leisure Services new service delivery model.

Other key variances include:

- The Leisure Service reported a £0.9m overspend against a £0.6m net budget in line with TQR. In year pressures arose from delays in realising savings included in the budget, relating to the Leisure Trust together with cost pressures across leisure facilities.
- Car Parking, Neighbourhood Enforcement and Regulatory Services reported a net £0.4m overspend against a -£1.2m net budget, which is largely due to slippage to 2014/15 in realising budget savings.
- Building Control and Enforcement Services achieved a £0.1m underspend against a -£0.2m net budget through vacancy management savings.

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

11. The final outturn for the Economic Growth and Prosperity service is a £0.2m underspend against a £13.2m net revenue budget. This is after provision has been made in the 2013/14 accounts to support creation of an earmarked reserve of £0.8m for Planning Appeal/legal costs (£0.3m) and planned initiatives in the Investment and Culture Economy services (£0.5m).

12. Since TQR, approval has been given to support the development of the Macclesfield Silk Museum. A revenue contribution of £0.2m is reflected in the outturn.
13. The key variances include:
- The final outturn for the Transport service is a £0.5m underspend, against a £6.6m net budget. This is an improvement of £0.25m since TQR. The position has improved due to the effective control of bus contract spending, a reduction in level of grants offered and a reduction in the concessionary fares reimbursement to bus operators.
  - In relation to 2014/15 there is unlikely to be an ongoing benefit against Concessionary Fares due to the new scheme being implemented and related policy savings in the budget. However if there is stability in the East Cheshire bus network there may be a benefit against the Public Transport Support budget in 2014/15.
  - Development Management achieved a net £0.4m underspend, allowing an earmarked reserve to be set up for £0.35m for known planning appeal legal costs in the early part of 2014/15. The final outturn improved by £0.2m since TQR. This was as a result of income levels in respect of Planning Fees exceeding forecasts, which was partially offset by an increase in the forecast planning appeal costs.

### **Creating the conditions for sustainable economic growth**

14. Significant progress has been made in 2013/14 to create the conditions for long term sustainable economic growth. Key achievements to support economic growth should be noted including

- The successful £31m Connecting Cheshire Broadband project is the fastest rollout of fibre broadband across the country and is on target to meet 96% connectivity by 2016. Following mobilization, the first of the planned five phases of high speed broadband deployment was completed by the 2013/14 year-end, connecting 16,000 premises. Furthermore, an additional £0.6m has been also secured for rural areas of Cheshire.
- The development of a Strategic Infrastructure Programme leveraging £35m of committed investment and the largest programme outside of any metropolitan area including: Pinch Point funding of £4.67m for the A500 at M6 Junction 16 and Basford West Spine Road, and £7.97m awarded in principle by the Cheshire and Warrington Local Transport Body (CWLTB) for the Poynton Relief Road and Sydney Road Railway Bridge schemes for up to 2019.
- The Local Sustainable Transport Fund programme has been delivered successfully which consisted of a £1.87m spend (£1.08m revenue and £0.8m capital) delivering a number of schemes, including the first phase of the Crewe to Crewe Station multiuser route, the Cranborne Fields pedestrian and cycle link and the improvement of 19 bus stops as part of the One Link bus service, which saw an increase in patronage of 35% between Q2 2013/14 and Q4 2013/14.
- The Council led a high profile HS2 submission to the public consultation with a compelling economic and transport case for inclusion of a new Superhub HS2 Station for Crewe, which would provide unrivalled high-speed connectivity to London but, more critically, drive major growth and regeneration benefits for Crewe and the wider region. Subsequent papers published by Sir David Higgins (HS2 Plus) and Lord Deighton's review recommended the inclusion of the Hub Station at Crewe.

- The Council has helped securing the future of the 142 hectare Alderley Park site through collaboration with an industry and government Task Force. In March 2014, this led to the Council procuring an interest in Manchester Science Park which has successfully acquired the Alderley Park site from AstraZeneca.
- Commencing the delivery of sustainable, renewable energy for the Borough, its residents and businesses, including the exploration of deep geothermal energy opportunities in Crewe, following a successful bid for £98,000.
- Securing planning consent for the 19,000 sqm Silk Street development in Macclesfield town centre. Led by developer Wilson Bowden, the £90m scheme will comprise a department store, 19 high street shops, an eight screen cinema complex, restaurants and a multi-storey car park.
- Developing Local Infrastructure Plan and Highways studies to inform Local Plan Strategy and future Community Infrastructure Levy strategy.
- Completion of an Open for Growth Peer review led by the Local Government Association and Planning Advisory Service to ensure our services are fully aligned to realise the economy's growth potential.

### **Fostering productive and competitive businesses**

15. The Council is committed to growing productive and competitive businesses. In 2013/14 significant progress was made to help businesses bounce back from the economic crisis. Key achievements include:
  - Cheshire East is ranked as only one of three places outside of London as a hot spot for new business creation. The

business birth rate is well above North West and UK average.

- Securing the £800m expansion of Bentley Motors in Crewe to accommodate its new SUV model, which will secure existing jobs and create 1,000 more new high-value, high-skill jobs.
- Astra Zeneca announced the development a £120m facility to manufacture its treatment for prostate cancer. The plant will be at the company's Macclesfield complex and will create 300 jobs, which was a welcome boost after the decision to move the company's research and development activities from Alderley Park to Cambridge.
- Investment activity in the retail and industrial sectors has been strong as has the rental market and whilst the office investment market has been slower, rental take up is accelerating sharply.
- Submitting plans for a new University Technical College to be located in Crewe, to ensure that engineering employers including Bentley, are able to draw upon a local, skilled workforce.

### **Maximising Investment and Business Engagement**

16. 2013/14 saw another increase in economic activity in Cheshire East, with the Council playing a leading role in a wide range of investments and initiatives outlined below:
  - Supporting the creation of the BioHub Life Science incubator at Alderley Park. By December 2013 it was home to 20 businesses and approaching 500 employees, with a further 1,000 in the pipeline.

- The Connecting Cheshire Superfast Business Programme initiated in September, and to be completed by June 2015 will provide 12 hours of support to 900 businesses to help them make the most of digital technologies.

### **Developing the Workforce**

17. Skills and talent for employers is a critical component of a successful business. As such the Council is proactively developing the workforce to meet employer needs. Key achievements include;
  - Adjusted NEETs figures significantly reduced from the same time as compared with previous year: 5.3% (598) in April 2013 down to 3.5% (397) in April 2014 - partly due to reshaping of Youth Support Service (YSS) and their hard work in reducing 'not knowns': 4.1% (473) in April 2013 down to 2.65% (299) in April 2014.
  - Overall 16-18 Advanced Apprenticeships in 2012/13 had grown by 16.3% against 2011/2012 levels; this was higher than both the regional and national levels of 7.1% regionally and 3.6% nationally.
  - In the 2012/13 academic year (ending in 2013/14) a total of 5,097 learners benefitted from participating in Community Learning and Adult Skills provision. The total retention rate was 95.73%, the total achievement rate was 94% and the total success rate was 89.98%.
  - The Ofsted inspection of Adult and Community Learning programmes – indication was that the self assessment report grading of 2 (Good) was indicative of inspection team's view of provision – official grading is pending publication of the Ofsted report.

### **Environment, heritage and quality of life**

18. Recognising the importance of our environment, heritage and quality of life is fundamental to a place based approach. The following achievements have been made in 2013/14:
  - The value of the visitor economy increased by 7% in 2013 to £737m (up by 35.5% since 2009) while the number of full time equivalent jobs increased by 6.2% to 10,461 (up by 21.5% since 2009).
  - Tatton Park became England's Large Visitor attraction of the year 2014 getting 'Gold' in the Visit England 'Awards for Excellence'. The Park attracted 842,000 visits in 2013/14, up by over 5% on the previous year. The Gardener's cottage opened as a new tea room operated by Tatton Park Enterprises Ltd.
  - Macclesfield Visitor Information Centre sales increased by almost 41% in 2013/14 and Congleton Visitor Information Centre sales increased by almost 19% for the same period.
  - Cultural Services won a National Drawing Inspiration award for the Big Draw Campaign at Poynton Library.
  - The Council has also supported over 80 public events of over 500 people, with total attendance of almost 200,000.
  - Heritage Lottery Fund 'Skills for the Future' grant secured to fund two full-time posts for 2015/16 and 2016/17, aimed at providing young people with heritage skills and employment opportunities.
  - The Building Control team continues to excel as they became National LABC Building Excellence Awards winners for the best Conversion category for Brown Street Mill, playing a major part in improving local living standards.

- Our Building Surveyors responded out of hours during the storms on the 12th February 2014, safe guarding lives. Achievement of income targets by the Building Control service for 2013/14 whilst retaining a 77% market share in the face of stiff competition.
- At the end of 2013/14, the Council had completed 100% of High Risk (A-C Category) food inspections, and 100% of High Risk inspections for food standards.
- Business and public satisfaction with local authority regulation services at the end of 2013/14 was 96%, ahead of our 95% target (146 out of 152 businesses and customers expressing satisfaction).

### **Making best use of our assets**

19. In May 2013, the Council formally established its new arms-length Development Company, East Cheshire Engine of the North (EOTN) to drive forward development on some of the Council-owned strategic development sites. £34m of investment has been approved to implement EOTN's three year Business Plan. Key achievements to date include:
  - Pegasus selected as preferred bidder for Remenham in April 2014 following competitive tendering exercise generating a receipt of £5m (Subject to Planning) with a £0.5m deposit on exchange.
  - Strategic acquisition of 88 Moss Lane South Macclesfield Development Area (SMDA) in September 2013 securing competitive advantage on adjacent development site.
  - Planning application submitted in May 2014 for 80,000 sqft food store, 325 homes, relocation of community sports facilities and major road infrastructure at SMDA.

- Secured allocation of land for Handforth East Local Plan ahead of the examination in public.

20. 2013/14 included successful completion of a £35m capital programme consisting of 37 projects to maintain and enhance the Council's asset estate.
21. Planned property asset disposals were carried out with a Capital Value of £3.77m. A further £1.18m of other receipts were also delivered. 51 Asset Transfers were also agreed with 32 completed so far.

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

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

22. Changes to the Early Years Foundation Stage Profile in 2013 make comparison with previous years invalid. Under the new method of assessment, the Cheshire East rate is 56% in 2013, above the national average of 52% and North West average of 50%.
23. One of Cheshire East's priorities is to close the achievement gap between the lowest 20% of pupils and the rest in Cheshire East – this is 35% in 2013, wider than national, regional and most of our statistical neighbours.

#### **Highest Achievements for All Learners**

24. The number of good and outstanding schools in Cheshire East is the highest it has ever been at 87.3% overall. There are now significantly more outstanding schools (40) than 'Requires Improvement' (18). This highlights the fact that more young people are accessing the highest quality provision.

## Achieve Aspirations

25. Cheshire East is now the best performing local authority in the North West and one of the best in the country in decreasing the number of young people classed as not in education, employment or training (NEET). This has been achieved through a combination of targeted intervention where it is most needed and robust and accurate information gathering.

## Inclusion

26. 1,812 disabled people were assisted to maintain independence in their own home, reducing pressure on health and social care.
27. The level of long term empty homes across Cheshire East has fallen to 1.18% of the housing stock, and direct action by the Authority has brought 60 properties back into use.
28. Improved housing conditions and quality of life for 724 low income home owners and private tenants.
29. The successful launch of the Enhanced Housing Options system giving people personalised housing action plans was utilised by 1,203 people in the first two months.
30. The use of bed and breakfast for homeless households in 2013/14 has significantly reduced saving the Authority £0.1m on the previous year's spend.
31. Financial outturn for Children's services shows an underspend of £0.6m, against a £56.6m budget. Tight financial management, including the early achievement of 2014/15 budget savings (in particular the £0.5m placements budget reduction) has been crucial in achieving this final position.
32. Cared for Children numbers have reduced by 10% from 370 in April 2013 to 333 in March 2014. Better placements for the individual children have been made, resulting in a further

reduction of children placed in residential settings outside the Borough. As well as meaning children are nearer home, the reduction in these high cost placements provides a financial benefit for the Council. Children placed in external residential placements are down by a quarter from 31 in April 2013 to 23 in March 2014.

33. Along with the above factors, measures such as vacancy management have enabled provision to be made for investment in areas of improvement, as highlighted by the Ofsted improvement plan, without the need for recourse to further Council funds - this includes some £1.25m to enable investment in key priorities (including supporting the implementation of a new care and assessment system) and to manage expected areas of risk such as the impact of the social care bill).
34. In addition to improvements in Children in Care placements the service has also achieved some notable successes within the year. These include 4forAdoption, NEET's, Youth Offending Service, and excellent educational outcomes.
35. The service has major financial savings targets in 2014/15 of over £3m and it is therefore pleasing to report that the outturn for 2013/14 is a significant step towards achievement of these savings, especially those concerned with the children's social care placements budget.
36. The service carried forward an overspend on the Dedicated Schools Grant of £2.2m from 2012/13 and was asked by the Schools Forum to implement a recovery plan which would claw back the overspend before the implementation of a National Funding Formula for Schools. Corporate Managers identified the Special Educational Needs (SEN) placements budget as a potential area for savings and through careful budget management, and with the aid of the Borough SEN Co-ordinator, savings were made both in the placements made out of county, in independent provision, and in the amount of statement requests from schools. National guidance regarding building up

the provision of places for 2 year olds has resulted in a reprofiling of spend to ensure successful implementation of this initiative.

37. In addition the Education Funding Agency reviewed the allocation of post 16 High Needs Funding and in recognition of the misallocation of the previous SEN Block grant, allocated Cheshire East an additional £3.6m as one off funding. This significant carry forward has enabled additional funding to be allocated to schools through the increase in the Low Cost High Incidence Formula factor of £1.5m; budgets for Resource Provisions within mainstream schools have been increased by £0.8; £0.44m is intended to be earmarked for Priority Projects to Narrow the Gap and improve attainment for Vulnerable Children. A further £1.0m is intended to be earmarked as the service is aware of pressures likely to be faced in 2014/15 with the Children's Act, the new Autistic Specialism school which is due to be opened, and pressure on the post 16 High Needs budget. The National Funding Formula is not going to be implemented in 2015/16, however in recognition of the current disparity in funding an additional £350m has been made available nationally for 2015/16, of which the indicative allocation for Cheshire East is £4.7m – this will be added to the schools block and fully delegated in accordance with Council policy in the schools funding formula for 2015/16.
38. Schools brought forward surplus balances of £12.6m from 2012/13. During 2013/14, 15 schools converted to academy status, taking their budget surplus with them. A new policy for holding earmarked reserves for specific projects within schools has been implemented this year, meaning that at the end of 2013/14, schools have a total carry forward of £8.9m, with £3.3m held in earmarked reserves, and the remaining £5.6m held as uncommitted balances.

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

##### **Development Management**

39. Significant progress has been made on refining the Local Plan Strategy following two rounds of further public consultation during May / June and November / December 2013:
  - Completion of Local Plan Strategy and associated supporting documents / evidence base including Sustainability Appraisal, Infrastructure Delivery Plan, traffic modelling, site viability, Gypsy & Traveller accommodation assessment, Green Belt Assessment and Sites Justification Papers.
  - Local Plan Strategy sign off by Council for publication and submission to Secretary of State.
  - Significant reduction in the number of people commenting on the Local Plan Strategy following its formal publication in March 2013. A 70% reduction in the number of representations made and an 84% reduction in the number of parties that made representations since the Development Strategy / Policy principle consultation in January 2013. An indication of greater satisfaction in the proposals contained in the Local Plan.
  - Working with 13 neighbouring authorities to progress and fulfil Duty to Co-operate requirements including the development of Memorandums of Understanding.
  - Updated 5 year housing supply position to assist with planning appeal work.
40. Despite all of the pressure from housing appeals the Planning Service met its annual target for 2013/14 in handling minor and householder planning applications (82% within the eight week period for the latter). Cheshire East Planning determined 4,406 applications in 2013/14.
41. In addition, the housing team have worked with our Registered Provider partners to deliver 199 new units of affordable housing



in 2013/14, including seven units of supported housing and two units provided as a result of Council site disposal. Three stalled sites also commenced development as a result of Housing Challenge funding. Housing Association submitted bids to the Homes and Communities Agency for 633 new affordable homes for the 2015/18 bidding round.

### **Waste Management**

- 42. In 2013/14, 53.3% of household waste was sent for recycling, reuse and composting, ahead of the Council's target of 50%
- 43. The tonnage of materials re-used increased from our 2012/13 Baseline of 977 to 1,116 tonnes in 2013/14, ahead of our target of 1,000 tonnes.

### **Carbon Management**

- 44. In 2013/14 the Council reduced the CO<sub>2</sub> (carbon dioxide) emissions from its corporate buildings and transport to 24,608 tonnes, representing a 23% reduction in emissions on the baseline, and is projected to be on track to achieve 25% by 2016.
- 45. ICT Strategy savings reported were mainly through the reduction of older PC's. Total tonnes of CO<sub>2</sub> produced by the desktop estate (base stations only) was estimated at 268.42 tCO<sub>2</sub>. Estimated total savings for 2013/14 were reported as 299.89 tCO<sub>2</sub>. Total ICT savings to date 312.17 tCO<sub>2</sub>.

### **Environmental Management**

- 46. Achievements were the establishment of the Council's Environmental Services Company – ANSA and its Bereavement Services Company - Orbitas.
- 47. The Ranger Service will continue to strive to deliver a high quality service, managing facilities and delivering events and activities whilst preserving the conservation value of the assets.

- 48. Six 'Green Flag' Awards, the measure of high quality green space, were retained in 2013/14: Brereton Heath Local Nature Reserve, Congleton, The Moor, Bollington Rec, Sandbach Cemetery, and Teggs Nose Country Park.

### **Sustainable Energy**

- 49. Cheshire East is pursuing ambitious plans to progress a Council Energy Company to provide the framework for the achievement of the identified aims of: addressing fuel poverty; increase the production of energy from renewable and low carbon sources; increase the level of income for the Council from energy; increase the number of jobs in the Borough in the low carbon economy; reduce carbon emissions of both businesses and residential areas in the Borough, make Cheshire East a flagship local authority in the area of renewable energy technology and R&D; and make Cheshire East energy independent.
- 50. Finally, the outturn for Environmental Protection & Enhancement is a £0.4m overspend against a £38.1m net revenue budget. This reflects an adverse movement of £0.1m since TQR, however the position does allow for the establishment of a provision for future closed landfill site maintenance of £0.3m which was not forecast through revenue at TQR and therefore the underlying operational position is reporting a £0.3m improvement from TQR.
- 51. In addition, the Service has made further provision in the 2013/14 accounts to establish earmarked reserves of £1m for Environmental Operations and Bereavement Services new service delivery (£0.4m), Highways Service Contract (Contract liabilities, winter maintenance provision and Permit scheme development) (£0.3m) and Highways Flood Management and Countryside bio-security matters (£0.31m).

52. The key variances include:

- The final outturn for the Waste & Recycling Service is a £0.2m overspend. Despite also including the Closed Landfill Provision £0.3m, this is an improvement of £0.1m since TQR (£0.4m improvement excluding the provision). The improvement has been through the early achievement of 2014/15 efficiency savings particularly in the frontline collection service.
- Streetscape Services are reporting a net £0.4m overspend against a £4.5m net budget which is largely due to slippage to 2014/15 in realising planned budget savings due to Streetscape services being incorporated into the broader Environmental Services alternative delivery model (Ansa Environmental Services) with effect from 1st April 2014.
- Highways Services achieved a £0.2m underspend against a £9.4m net budget after allowing the establishment of an earmarked reserves of £0.6m for contract liability, winter provision and flood management responsibilities. The final outturn improved by £0.1m since TQR, mainly as a result of control of spending particularly regarding winter salt costs as a consequence of the milder winter.

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

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

53. Integrated Services Development programmes: Public Health, Communities and Adult Social Care service areas have worked together with Health partners on two major change programmes to develop integrated services within our Local Authority area.
54. The programmes are redesigning how health and social care services across primary and secondary care services are delivered. The new service model will ensure a shift towards community based services and ensuring we have in place a co-

ordinated approach to care with integrated services wherever possible.

55. In the Eastern Cheshire Clinical Commissioning Group (CCG) area, the programme is called Caring Together and has continued to progress at pace.
56. Stakeholder events have taken place with a proactive approach to public involvement and engagement. Design groups are well underway looking at the development of 4 key areas of the service redesign model:
- The empowered person
  - Community based services
  - Acute hospital based services
  - Primary care services
57. In the South Clinical Commissioning Area the programme is called Connecting Care. As with the Eastern Cheshire CCG area progress is moving at pace and both areas have a formal programme management structure. Representation from the Council is strong within both programmes and includes active involvement from the Portfolio Holder.
58. The use of a range of initiatives, including proactive use of advice and information, care navigation and carer support services and reablement services, has resulted in more people being cared for at home. The focus on community support options and earlier support to people within their community and neighbourhood settings has been effective in ensuring that people who can access local support earlier are supported to do this. The provision of information and advice regarding what is available in the local communities for people to support themselves is starting to be effective in preventing longer term needs and dependency of statutory services.

59. Care4CE Quality Standards returns for 2013/14 show that 99% agree they are treated with dignity and respect; 92% feel they have the right support from people who do the job well.

### **Early Intervention, Help and Prevention**

60. The Mental Health Reablement service has continued to work effectively with adults of all ages who are experiencing mental health problems and who need some additional intensive support to enable them to move on and achieve for themselves. This is an area where the success of the team and their interventions can be seen by the short term interventions (maximum of 6 weeks) which have achieved 84% engagement rates with customers and 99% successfully completed a period of reablement support without any further input needed at the end of it.
61. The Sub Regional Community Safety Alcohol work-stream includes activity to raise awareness amongst under 18s of the dangers of excessive alcohol consumption and to restrict access to high strength cheap alcohol (that tends to be consumed by younger drinkers). Although the number of admissions has fallen, other areas are also improving so work needs to progress in this area.
62. The multi-agency 'Winter Wellbeing' group continues to meet to co-ordinate initiatives that might help reduce the numbers of excess winter deaths. This includes sharing data to allow the targeting of vulnerable people; raising awareness of insulation schemes and other means of keeping warm and building capacity within communities to better support their vulnerable residents. The group is extending its remit to cover hot weather impacts.
63. The Leisure Development Team continues to run successful programmes in outdoor settings; in particular regular Nordic Walking sessions at country parks. We continue to improve play areas on a rolling programme of works and this includes the installation of outdoor sports equipment, notably at Queens Park

in Crewe and at Sandbach Park. The Council's performance has improved nationally.

64. ICT strategy delivered a project to model and analyse data regarding winter vulnerable adults to support the proactive identification and delivery of services.

### **Accessible Services**

65. Based on a return of 1,300 responses the annual leisure centre survey continued to show a high level of satisfaction with the service provided including those responding good or very good in the following categories:
- Quality of the centre 97%
  - Cleanliness 96%
  - Range of programmes offered 98%
  - Value for money 96%
66. Total leisure service usage and attendances averaged a 4% increase on the previous year, including 3% adults, 6% young people and 1% older people.
67. The new Everybody Sport & Recreation Trust was successfully established for the delivery of the Council's Leisure Facility and Development Services with the transfer taking place on 1st May 2014.

### **Access to Information and Advice**

68. Adult Social Care services continue to offer information and advice to customers in addition to the commissioning of services which aim to promote independence and maintain the focus on a model of recovery and reablement. Links with local community and faith groups together with broader community facilities are being further strengthened to provide a proactive response to customers, in that they are being supported to access local

support networks as a real alternative to traditional service responses.

69. The range of options for support is continually being enhanced with the work of staff who source support options in localities for people to be signposted to, ensuring full use of local support networks and promoting self reliance. The mapping of the local resources will form part of a local resource directory going forward.

### **Public Protection and Safeguarding**

70. In 2013/14 the Adult Social Care (ASC) Redesign project was launched. This project is redesigning how ASC services carry out their assessment and care management responsibilities. This major change programme has involved regular staff engagement workshops and engagement events with service users and carers. The programme has had excellent engagement from all groups and the development of a new way of delivering our front line to customers is now emerging. This is clear evidence of co-design and co-production of new ways of working with the aim of delivering improved experience and outcomes for local residents.
71. Cheshire East is performing within national targets for multi-agency child protection. There is a robust multi-agency auditing programme for children and a new multi-agency performance framework for adults.
72. The appointment of new Independent Chairs to both the Children and Adult Safeguarding Boards in 2013/14 has brought robust challenge and additional capacity to the partnerships.
73. Reflective reviews for both adult and children safeguarding and a thematic review for children have been commissioned to ensure that where multi-agency practice can be improved from single cases, this learning is obtained.

74. There have been no requirements for a Serious Case Review or a Domestic Homicide Review in 2013/14.
75. The increase in the participation of children in their child protection plan has been the result of a focus on the need to place the child at the centre of activity. Of the initial review conferences held in March 2014, 92% had evidence that the Child's wishes and feelings were being heard either by attendance at the conference, wishes clearly expressed in reports or noted within visits. This illustrates good performance and the focus will be to ensure the participation is reflective of a wider improvement in the quality of practice. It is unlikely that a performance of 100% is achievable as some children and young people are unwilling to participate.
76. Adoption timeliness and outcomes have improved. 32 children had been adopted by the end of March 2014 – an increase from 26 in the same period last year. Similarly, 31 new adopters were approved, compared to 18 last year.
77. Assessment timescales have improved significantly since the same period last year. 82% of assessments were completed within the timescale by the end of March - a good performance.
78. The Adults Social Care budget is reporting an underspend (£0.7m) for the first time in the lifetime of Cheshire East Council. This has been achieved in the context of considerable and well known financial pressures being faced by the service. These pressures include the increased complexity of needs and risks of the service users and the impact of the changing demographics of the Borough both of which inevitably bring cost pressure with them.
79. The underspend results from a mixture of permanent and one-off temporary actions.
80. Permanent actions include increased budget accountability and financial control by front line social work teams, which in turn,

reduces care costs, and savings negotiated with external care providers following the implementation of the Care Fund calculator tool. It is envisaged these savings will continue to rise during 2014/15 as further assessments are undertaken, resulting in a positive contribution towards savings targets in this year and beyond.

81. Further impact has been made with the robust practice of identifying service users with health needs and requesting funding as appropriate from the respective CCGs. This practice is now embedded and we expect to see this deliver a further positive impact in 2014/15.
82. One-off actions that have also helped to deliver the outturn position include vacancy management, and reimbursements achieved from care costs (such as direct payments and prepaid card), which achieved more than double the budgeted level of £1m.
83. Investment of the Section 256 monies in the identified pilot areas of assistive technology for people with a learning disability, dementia reablement and a pre front door service for advice and information have all been designed to test the impact in the short to medium term of demand for more traditional and higher cost provision.
84. Plans for investment (including £0.5m Social Care Bill implementation; £0.3m assessment care and management system, £0.1m respite review; and £1.8m health to social care monies) have been provided for, to be delivered in 2014/15 along with reserves for service risk areas.
85. Major financial challenges lie ahead in 2014/15 and beyond, including the planned commitment to deliver care cost efficiencies of £6m over the MTFS period. In the short term, actions such as reducing expenditure on respite care and the successful delivery of pilot schemes aimed at permanently reducing care costs will need to be progressed. Beyond this,

there is the development of the Better Care Fund, integration with Health (initiatives such as Connecting Care, Caring Together with Health colleagues) and the implementation of the Care Bill.

86. During 2013/14 the Public Health service worked through all areas of expenditure and reviewed and re-negotiated contracts. Prudent financial management supported the reversal of inherited financial risk and will enable the redistribution of expenditure in 2014/15 and beyond.
87. In line with the ring-fencing regulations that accompanied the transfer, the service will take forward redistributed funds via a Public Health reserve. Plans are already in place for a Public Health Transformation Fund which will use monies from the reserve to invest in areas identified in key reporting documents (such as the Director of Public Health annual report, the Joint Strategic Needs Assessment and the Council's Outcome 5 "Live Well and For Longer"). Partners including the Voluntary, Community and Faith Sectors can also bid for resources from the fund to deliver initiatives that tackle key health and wellbeing issues.

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

88. Underpinning the provision of valued services to residents are processes and procedures that support efficiency and transparency in all activities of the Council. Such services do not produce an outcome which is easily measured by the community, but professional services, such as legal and accountancy are monitored closely to create value from systems and assets.
89. During 2013/14 the Council's professional services focused on developing the structure for a commissioning council. HR led on the significant management restructure and the transfer of staff to new service delivery models, whilst Accountancy, Legal and ICT services worked at creating the technical environment for new delivery models to function.

90. In summer 2014 the Chief Operating Officer will be benchmarking professional services to gauge relative costs and increase options to follow-up on best practice. This will provide further challenge to the costs and operating models for support services.
91. Service and financial measures can demonstrate activity towards being a responsible, effective and efficient organisation as detailed in the following paragraphs.

### **Best Use of Property and Assets**

92. The Location Independent Workforce programme delivered enhanced software in support of efficient service delivery. This included SharePoint, Web GIS and Virtual Records Centre. Pilots are underway around mobile technologies: iPads for councillors to reduce printing costs and improve access to data, and Tablets for building control to improve offsite working. The development of agile and flexible working policies and best practice will be integrated within the programme.
93. Planned property asset disposals were carried out with a Capital Value of £3.77m. A further £1.18m of other receipts were also delivered. 51 Asset Transfers were also agreed with 32 completed so far.
94. The financial outturn for the Assets Service is a £1.3m underspend (7.3%). The main reason has been reduced spending across the operational property portfolio. For example £0.4m was saved from lower than forecast costs of remedial works against asbestos, legionella and fire precautions. Some schemes will be reconsidered in 2014/15 budgets in reaction to progress on the disposals programme. But some expenditure planned for 2013/14 has not been required due to positive activity on disposals.
95. Changes to the portfolio, including devolution, but also improved billing and metering and a mild winter, led to £0.6m of savings on

utility bills. A further £0.25m was saved from implementing further efficiency in street lighting.

### **Effectual Operating Processes**

96. As an example of joined up working the Council shares 48% of its ICT non-staffing budget and 31% of ICT staffing spend with Cheshire West and Chester Council through the jointly owned company CoSocius. During 2013/14 competing priorities and changing operating structures within the Council led to a significant challenge on ICT projects commissioned from CoSocius being delivered to time and budget. However a number of notable successes were recorded as detailed below:
  - The mobile device contract was purchased via a framework with the Association of Greater Manchester Authorities valued at £0.2m per annum. This includes phones, smart phones, blackberry and tablets.
  - Core systems and infrastructure refresh and upgrades were completed, and some projected work for Structured Query Language upgrades 2014/15 was brought forward.
  - The Public Service Network procurement was successfully completed in February 2014 with the award of the call off contract to Udata, with indicative revenue savings 10-20% more than forecast.
  - The Next Generation Desktop Programme has built the necessary underpinning infrastructure and packaged the key corporate business applications in preparation for rollout in the first six months of 2014.
  - Business analysis reports for all work streams were completed. This work is now pending alignment with PWC consultancy - resuming in 2014/15.
  - Re-tender and implementation of new payment systems completed.
97. In addition to the above successes there has been significant build activity for new service providers related to Leisure, shared

services, environmental services, bereavement and the development company.

98. ICT Strategy underspent by £0.2m, which has been offset by the intended establishment of an earmarked reserve of £0.5m to cover potential Public Sector Network dual running costs during the implementation phase in 2014/15. The ICT and Finance Shared Services also reported an underspend of £0.2m.

### **Staff Engagement**

99. Leading and achieving the transformational agenda demanded a significant shift in expectations and accountabilities of senior managers. During 2013/14 all 120 senior management jobs were newly created and appointments made through a phased “Management Review” based on a rigorous assessment of leadership and management attributes and behaviours alongside professional competence.
100. For senior managers all incremental progress has been removed in favour of ‘spot’ salaries and an incentive payment for exceptional performance. This approach was designed to ensure that rewards for senior post holders are directly linked to achieving outcomes and to support successful implementation of the new operating model. We are the first Council in the Region to have taken this step on this scale.
101. A number of senior managers completed the sub-regional Cheshire and Warrington Collaborative Leadership programme which the Council runs in partnership with Cheshire West and Chester, Warrington and other partners including Police and Fire which has further developed collaborative change leadership capabilities.
102. The Organisational Development service underspent by £1.2m from the early achievement of 2014/15 savings, effective control of spending on staff and associated supplies and services and

deferment of the Performance Related Pay project until 2014/15 (funding has been provided for in the 2014/15 budget).

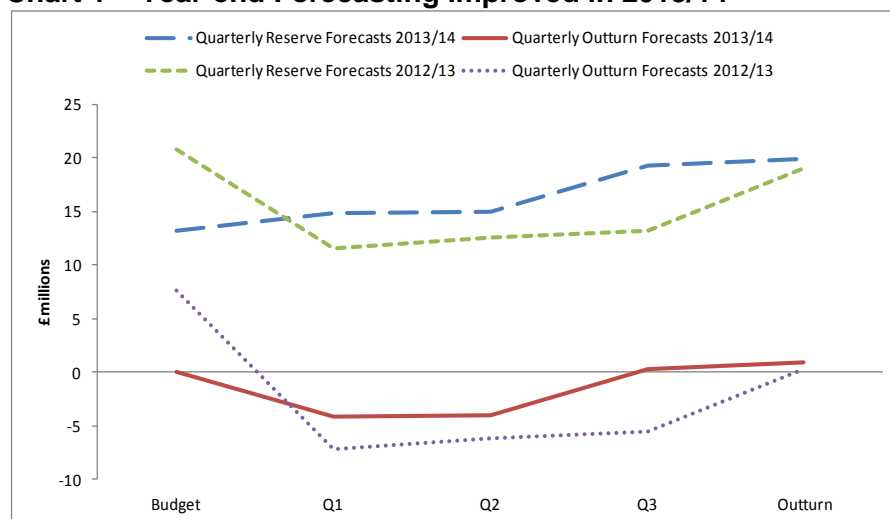
103. Commercial Strategy, Business Improvement & Performance services underspent by £1.1m. This has been achieved by management review savings, holding vacancies and early realisation of 2014/15 savings. The service has also generated additional income, including PATROL; Growing Places, and Public Health, totalling £0.12m.
104. A small overspend of £32,000 is reported against the Monitoring Officer and Head of Legal Services / Governance & Democratic Services budget. Costs of interim managers have been partially offset by effective control of spending within Health & Safety, and income exceeding forecasts within both Legal Services and Governance & Democracy.

## 2. Financial Stability

### Introduction

105. Financial performance in 2013/14 has continued to improve compared to previous financial years. Estimates moved closer to budget showing how 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. The improved management of the 2013/14 budget has become clear as demonstrated in the chart below.
106. **Chart 1** (below) shows how forecasting throughout 2013/14 was close to budget and better than last year's forecasts. The forecast of an underspend at year-end reported at Quarter 3 had not been possible in any previous quarterly report for Cheshire East. At outturn an overall underspend against budget of £0.9m has been achieved.

**Chart 1 – Year-end Forecasting Improved in 2013/14**



### Service Revenue Budget - Overview

107. **Table 1** provides a service summary of financial performance at Quarter 4. For further descriptions please see Section 1. Changes to service net budgets since the Three Quarter Year Review are analysed in **Appendix 2**.

**Table 1 Service Revenue Outturn Summary 2013/14**

	REVENUE				OUTCOME
	Revised Net Budget	Final Outturn Position	Over / (Underspend)	Over / (Underspend)	NUMBER 1-5
	£m	£m	£m	%	
<b>Commissioning</b>					
Children & Families	56.6	56.0	-0.6	-1.1%	3 / 5
Adult Social Care	93.3	92.6	-0.7	-0.8%	5
Public Health	0.0	0.0	0.0	0.0%	5
Environmental Protection & Enhancement	38.1	38.5	0.4	1.0%	2 / 4
Public Protection & Enforcement	-0.4	0.8	1.2	#	1 / 4 / 5
Economic Growth & Prosperity	13.2	13.0	-0.2	-1.5%	2 / 5
Communities	11.8	11.6	-0.2	-1.7%	1 / 2
<b>TOTAL COMMISSIONING</b>	<b>212.6</b>	<b>212.5</b>	<b>-0.1</b>	<b>0.0%</b>	
<b>Chief Operating Officer</b>					
Assets	17.9	16.6	-1.3	-7.3%	2
Commercial Strategy, Business Improvement and Performance	19.5	18.4	-1.1	-5.6%	
Organisational Development	4.5	3.3	-1.2	-26.7%	
Monitoring Officer	1.7	1.7	0.0	0.0%	
Governance and Democratic Services	4.1	4.1	0.0	0.0%	
<b>TOTAL CHIEF OPERATING OFFICER</b>	<b>47.7</b>	<b>44.1</b>	<b>-3.6</b>	<b>-7.5%</b>	
<b>TOTAL SERVICE OUTTURN</b>	<b>260.3</b>	<b>256.6</b>	<b>-3.7</b>	<b>-1.4%</b>	

# % change not shown against negative net budget



108. The reported underspend in services (£3.7m) provided the flexibility for investment and costs associated with central budgets as detailed in the paragraphs below.
109. 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, which is supported by a Technical Enabler Group and the Programme Management Office.
110. 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 regular summary report.

### Government Grant Funding of Local Expenditure

111. 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 2013/14 was £405.6m. This includes the new Public Health Grant.
112. **Table 2** is a summary of the budgeted and updated position for all grants in 2013/14. A full list is provided at **Appendix 3**.
113. **Table 2** shows that in 2013/14 Cheshire East Council's specific use grants held within the services were budgeted to be £291.6m based

on Government announcements to February 2013. This includes funding for schools, public health and housing benefits. Further announcements revised this figure to £291.4m. 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 increased this figure to £118.4m. However £5.2m of NHS Reablement funding previously included as grant has now been correctly categorised as service income and transferred to the service budget, reducing this figure to £113.2m.

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

	Original Budget 2013/14 £m	Revised Forecast TQR 2013/14 £m	Final Outturn 2013/14 £m	Change from TQR 2013/14 £m
SPECIFIC USE				
Held within Services	291.6	295.6	291.4	-4.2
GENERAL PURPOSE				
Central Funding	93.0	93.0	93.0	0.0
Service Funding				
Children & Families Services	1.6	3.0	3.0	0.0
Adult Social Care & Independent Living	5.4	5.4	0.3	-5.2
Environmental Protection & Enhancement	0.1	0.1	0.1	0.0
Economic Growth & Prosperity	0.0	0.2	0.2	0.0
Monitoring Officer	0.0	0.0	0.0	0.0
Communities	3.5	3.5	3.5	0.0
Chief Operating Officer	10.4	11.4	13.2	1.8
Total Services	21.0	23.6	20.2	-3.4
Total General Purpose	114.0	116.6	113.2	-3.4
Total Grant Funding	405.6	412.2	404.6	-7.6

114. Specific use grants have decreased by £4.2m since TQR, mainly due to in-year academy conversions.
115. During Quarter 4 additional general purpose grants were received for Small Business Rate Relief (£1.9m) and Capitalisation Provision Redistribution (£0.3m). This was partly offset by a reduction in Education Services Grant of £0.4m.
116. Services general purpose grant was originally budgeted at £21.0m. Allowing for the £5.2m transfer to service budgets above, additional grant of £4.4m has been received in year. £0.5m of this has been allocated to services for their use, with the remaining £3.9m being retained within general balances.

### Collecting Local Taxes for Local Expenditure

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

#### Council Tax

118. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2013/14 at £1,216.34 for a Band D property. This is applied to the taxbase.
119. 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 2013/14 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.
120. 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>

121. This figure may vary slightly during the year if more discounts and exemptions are granted or more properties are built.
122. 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 in 2013/14 was £203.7m.
123. **Table 4** shows collection rates for the last two years, and demonstrates that 99% collection is achievable after two years.

**Table 4 – Over 99% of Council Tax is collected after two years**

Financial Year	Cumulative Collection Rates	
	2011/12 %	2012/13 %
After 1 year	97.7	98.4
After 2 years	99.1	99.3
After 3 years	99.4	*
*data not yet available		

124. The Council Tax in-year collection rate for 2013/14 is currently 98.1% compared to 98.2% for the same period in 2012/13. This represents a reduction in collection rate of 0.1% on last year and equates to a reduction in cash collection of £0.2m.
125. Council Tax support payments (incl. Police and Fire) were budgeted at £18.9m for 2013/14 and as at the end of the year the total benefit

awarded totalled £17.4m. Members have agreed to retain the scheme in its current form for 2014/15.

126. Council Tax discounts awarded as at the end of the year are £18.6m which is broadly in line with the same period in 2012/13. The figure now includes a long term empty premium of £0.6m and a Landlord Discount figure of £0.8m.
127. Council Tax exemptions awarded during 2013/14 totalled £3.6m. This is lower than the same period in 2012/13 where the amount awarded totalled £6m. This reduction is due to the changes to exemption rules introduced at the beginning of 2013/14 and is broadly in line with estimates.

#### **National Non Domestic Rates (NNDR)**

128. 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 or Government prescription 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.
129. The small business multiplier applied to businesses which qualify for the small business relief has been set at 46.2p in 2013/14. The non-domestic multiplier has been set at 47.1p in the pound for 2013/14.
130. 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.

131. The final outturn position resulted in a net rates collected of £129.2m. This was due in part to an increase on the mid-year estimate for the provision required for possible successful appeals. The final provision was set at £3.3m.
132. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected after two years.

**Table 5 – Over 99% of Business Rates are collected after two years**

Financial Year	Cumulative Collection Rates	
	2011/12 %	2012/13 %
After 1 year	98.1	98.0
After 2 years	99.1	98.8
After 3 years	99.4	*
*data not yet available		

133. The business rates in-year collection rate for 2013/14 is currently 98.3% compared to 98.0% for the same period in 2012/13. This represents an increase in collection rate of 0.3% on last year and equates to an increase in cash collection of £0.4m.

#### **Capital Programme 2013/16**

134. Since the TQR the overall programme has increased by £3.9m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	TQR Total Forecast Budget 2013/17 £m	Amendments to TQR Forecast Budget 2013/17 £m	Amended TQR Forecast Budget 2013/17 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2013/17 £m
Children Services	20.9	0.0	20.9	-0.1	0.5	21.3
Early Help & Protection	1.0	0.0	1.0	0.0	0.0	1.0
Adult Services	2.4	0.0	2.4	0.0	0.0	2.4
Environmental Protection & Enhancement	58.9	0.0	58.9	-0.1	1.3	60.1
Public Protection & Enforcement	17.4	0.0	17.4	0.0	0.1	17.5
Economic Growth & Prosperity	57.9	3.0	60.9	-0.4	0.1	60.6
Communities	1.6	0.0	1.6	0.0	0.0	1.6
Commercial Strategy & Business Innovation	65.2	0.0	65.2	-0.5	0.0	64.7
	<b>225.3</b>	<b>3.0</b>	<b>228.3</b>	<b>-1.1</b>	<b>2.0</b>	<b>229.2</b>

135. The amendment since TQR of £3m relates to the A500 Junction 16 Widening Scheme, this was reported to Cabinet on 15<sup>th</sup> October 2013 and was approved by Council on 27<sup>th</sup> February 2014 as part of the 3 Year Capital Programme. The Council has received an allocation of Pinch Point funding of £1.966m towards the scheme from the Department for Transport (DfT).
136. Since the programme was approved there is a risk that the developer's contribution to fund the remainder of the scheme costs may not be received and the shortfall of £1.1m will have to be met from Council resources. The developer's contribution is dependent on the delivery of the Basford West Spine Road being substantially completed by March 2015.
137. The Council is required to enter into an Agreement with the Secretary of State for Transport under Section 4 of the Highways Act that will enable the Highways Agency to deliver this work as a joint scheme together with their programme modifications to Junction 16. This will ensure economies are achieved and delays reduced by works being undertaken solely by the Highways Agency.

138. In order to secure the agreement with the Secretary of State, funding of £1.1m will be met by the Council's own resources in the first instance. Any subsequent receipt of external contributions from development in Crewe and surrounding areas will then be used to reimburse the Council's contribution.
139. The programme has also been revised to reflect Supplementary Capital Estimates of £2m contained in **Appendices 5 or 6** depending on value, and Budget reductions of £1.1m contained in **Appendix 7**.
140. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, and capital receipts). A funding summary is shown in **Table 7**.

**Table 7 – Capital Funding Sources**

	TQR Total Forecast Budget £m	Outturn Total Forecast Budget £m	Variance £m
Grants	103.4	102.2	-1.2
External Contributions	19.4	23.1	3.7
Council Resources	102.5	103.9	1.4
<b>Total</b>	<b>225.3</b>	<b>229.2</b>	<b>3.9</b>

### Capital Budget 2013/14

141. At the Outturn stage the Council has incurred actual expenditure of £65.6m in 2013/14 against an Approved Budget of £78.6m. The underspend of £13.0m has been re-profiled to spend in future years. This includes the net impact in 2013/14 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 7**.

**Table 8 – Changes to the 2013/14 Capital Budget**

	TQR Budget	Revised Outturn Budget	Actual Expenditure	(Over/ Underspend)
	£m	£m	£m	£m
Children Services	7.7	7.9	7.1	-0.8
Early Help & Protection	0.5	0.5	0.4	-0.1
Adult Services	1.1	1.2	1.3	0.1
Environmental Protection & Enhancement	32.2	32.8	31.8	-1.0
Public Protection & Enforcement	2.7	2.8	2.2	-0.6
Economic Growth & Prosperity	16.6	16.5	10.9	-5.6
Communities	0.7	0.8	0.6	-0.2
Chief Operating Officer	16.6	16.1	11.3	-4.8
<b>Grand Total</b>	<b>78.1</b>	<b>78.6</b>	<b>65.6</b>	<b>-13.0</b>

142. **Appendix 5** lists approved supplementary capital estimates and virements up to and including £250,000 approved by delegated decision which are included for noting purposes only.

143. **Appendix 6** details requests for:

- (1) A virement of £549,457 for the Core System Stability project which is to be funded from other ICT projects.
- (2) A Supplementary Capital Estimate of £611,000 for Closed Landfill Sites funded partly by a revenue contribution and the remainder by prudential borrowing. This is to cover future liabilities on the sites. The financing costs of the prudential borrowing will be met from existing revenue budgets.

144. **Appendix 7** lists details of reductions of £1.1m in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.

## Central Adjustments

### Capital Financing Costs

145. 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.

146. The budget is underspent by £0.9m for the year 2013/14, which is the same position as reported at TQR. As cash balances remained stable throughout the year no additional external borrowing was undertaken, resulting in lower external interest charges than budgeted. Return on investments has also exceeded target. These factors produce an underspend of £0.6m.

147. The administrators of Heritable Bank have continued to make repayments in 2013/14 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 2013/14 of £300,000. It is possible a further distribution could be received dependent on the outcome of court cases affecting the balance of Heritable Banks assets.

### Treasury Management

148. The net investment income received in 2013/14 after allowing for fees and interest due to the Growing Places fund was £418,000. This is favourable compared to the budget of £320,000.

**Table 9 – Investment Returns**

Sources of Income	£000
In House Managed Investments	416
Fund Manager Gains in Value	91
Heritable Bank in Administration (inc notional interest)	335
Other Interest Income	24
<b>TOTAL INCOME</b>	<b>866</b>
Less – Fund Manager Fees	-53
Less – Growing Places Fund	-60
<b>NET INCOME</b>	<b>753</b>

- The average lend position (the 'cash balance') including fund manager in the year was £90.2m.
  - The average interest rate received on in-house investments in the year was 0.60%
  - The average interest rate (after fees) received on the externally managed pooled funds in the year was 0.19%.
149. The Council's total average interest rate received in the year was 0.50%. Although favourable when compared to the London Inter-bank Bid Rate for 7 days at 0.41% this only matched the base rate which remained at 0.50% for the full year. Disappointing performance from the externally managed pooled funds prevented a higher overall return.

**Table 10 – Interest Rate Comparison**

Comparator	Average Rate
Cheshire East	0.50%
LIBID 7 Day Rate	0.41%
LIBID 3 Month Rate	0.45%
Base Rate	0.50%

150. 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 and updated on 27<sup>th</sup> February 2014. Further details of counterparty limits and current investments are given in **Appendix 8**.

### Central Contingencies and Budgets

151. The 2013/14 budget contained £0.7m contingency provision to meet the impact of increases in Employer Pensions contributions. This has been fully allocated to services.
152. A provision of £4.2m was included in the 2013/14 budget to meet ongoing actuarial charges relating to Voluntary Redundancies (VR), and relocation costs arising from Local Government Reorganisation. Spending on actuarial costs was £4.0m. However services are absorbing relocation costs within their budgets, and consequently £0.2m of the contingency will be returned to balances. Overall though, relocation costs are lower than originally forecast. Budget provision of £0.5m made in 2012/13 to return surplus funding transferred to the Council on reorganisation to Cheshire West and Chester Council was carried forward in general reserves. A payment of £0.5m from reserves has been made in 2013/14.
153. Services have absorbed the costs of investment in securing Management Review savings and the central budget of £1.3m has been returned to balances.
154. The service underspend has also created flexibility to fund costs associated with the Alderley Park development of £2.6m as well as the revenue impact relating to capital projects that did not go ahead of £0.6m. Risks associated with Non-Domestic Rate appeals are being mitigated by not releasing £1.9m funds to the General Fund. Transfers to centrally managed earmarked reserves for sustainable investment of £2.1m are also possible following the receipt of additional grants.

## Use of Reserves

155. 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.
156. 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

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

## Outturn Impact

158. The impact of the projected service outturn position is to increase balances by £3.7m as reported above (**para 108**).
159. Taken into account with the central budget items detailed above, the impact of these issues is to increase balances by £0.9m, as summarised in **Table 11**.

**Table 11 – Impact on Balances**

	Paragraph	£m
Service Outturn	108	-3.7
Specific Grants	116	-3.9
Capital Financing	146	-0.9
Contingencies	151-153	-1.6
Relocation costs	152	0.5
Earmarked Reserves	154	4.0
Capital investment	154	3.2
Use of Reserves	155	0.5
LGO Pay Award	156	<u>1.0</u>
		<b><u>-0.9</u></b>

## Management of Council Reserves

160. The Council's Reserves Strategy 2013/16 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.
161. The opening balance at 1st April 2013 on the Council's General Reserves increased from a budgeted £13.2m to an actual position of £18.9m, due to the final outturn position for 2012/13.
162. 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.
163. The 2013/14 budget made no provision for a contribution to or from general reserves.

164. The overall impact of service and central budget outturn issues identified above is therefore a net increase in general reserves of £0.9m to £19.8m as shown in **Table 12** below.

**Table 12 – Change in Reserves Position**

	£m
Opening Balance at 1 April 2013	18.9
Final Outturn Impacts	0.9
Closing Balance at March 2014	19.8

165. The balance of £19.8m is above the Reserves Strategy risk assessed minimal level for 2013/2014 of £13.2m.
166. The Council also maintains Earmarked Reserves for specific revenue purposes. In setting the 2014/15 budget, Council approved the establishment of a £5.3m earmarked reserve to support activity that will increase longer term financial resilience of the Council, particularly in relation to growth in income from local sources.
167. General reserves will remain adequate, in line with the overall strategy to protect the Council against risk and support investment.
168. The approved Reserves Strategy also identified the potential need for a Business Rates Retention Scheme earmarked reserve to manage cash flow implications of the scheme. It is proposed that reserve initially be set up with a value of £5.1m, based on the assessed liability in future years.
169. Services have also made provision within their outturns to reflect slippage in spending plans, carry forward of grant backed initiatives and provisions for service specific liabilities. It is proposed that this expenditure be met from a combination of carry forward via the service manager earmarked reserve under Finance Procedure Rule A 40, as listed in **Table 13** below, together with the establishment of specific earmarked reserves as detailed in **Appendix 9**. Cabinet are asked to request Council approval to the newly created reserves at 31<sup>st</sup> March 2014.

170. The Council did not receive external funding to support the implementation of Local Government Reorganisation in 2009, but the considerable expenditure associated with such significant change has been managed, and reserves have now been restored to similar levels as existed pre-2009. General Reserves have closed at 7% of the net budget. The overall level of reserves is adequate to continue to protect the Council against financial risks and to provide opportunities for investment in the medium term.



**Table 13 – Service Manager Carry Forward Earmarked Reserve**

Service	Type	Description	Amount £000	Total £000
Children & Families	Grant	Lifelong Learning	107	734
	Grant	SEN Reform	75	
	COI	Home to School Transport	10	
	COI	Young Persons Advice	272	
	Other	Domestic abuse - new initiatives	150	
	Other	Catering Trading account	120	
Adult Social Care & Independent Living	Grant	New Burdens	60	1,330
	COI	Social Care Bill implementation	510	
	COI	Respite Placements Review	100	
	COI	Housing accommodation	126	
	COI	Care4CE	210	
	COI	Assessment Care System	272	
	Other	NHS S256 funding	52	
Environmental Protection & Enhancement	Grant	Flood Management	310	901
	COI	Countryside Biosecurity	10	
	COI	Environmental Operations Programme	265	
	COI	Bereavement Orbitas	66	
	COI	Highways & Transport - NRSWA Permit	100	
	Other	Highways Contract	150	
Economic Growth & Prosperity	Grant	Heat Networks	198	861
	Other	Energy Manager contract	57	
	Other	Tatton park - RHS Subsidy	75	
	Other	Planning Appeals	350	
	Other	CBL partner contributions	49	
	Other	WW1 Commemoration - Cultural	94	
	Other	Young Persons Advice Officers / Nightstop	38	
Public Protection & Enforcement	COI	Leisure Services	35	35
Chief Operating Officer	COI	Workforce Development	40	624
	COI	Organisational Change	84	
	Other	PSN provision	500	
GRAND TOTAL				4,485

### 3. Workforce Development

171. This section sets out the Council's activities in relation to HR, OD, Workforce Development plans and changes to staffing levels.

#### Workforce Development Projects

172. The Council has a number of key workforce development projects underway to support the Council's continued transformation. Under the major change project 8.2, which is specifically about building capability and engaging the workforce, a workforce engagement survey was run earlier this year and the results will provide a baseline for the Council regarding staff engagement and morale and, importantly, enable the development of focused action plans to build on strengths and make improvements in key areas where necessary.
173. An extensive series of staff road shows, led by the Leader of the Council and Chief Executive, took place in January and February 2014. Entitled "one direction, many pathways." the roadshows sought to keep staff informed on the direction, priorities and successes of the Council and build momentum behind our ambitious plans for the future.
174. Recognising the very different organisation we are and will become, a review of our core organisational values, associated behaviours and employee recognition scheme is nearing completion to ensure our core values reflect what matters most and provide a strong and enduring foundation for future success. At the recent series of staff road shows, more than 800 staff and managers were invited to discuss and share their thoughts on how our core organisational values may need to change. A number of different perspectives emerged and recognising the extent of change underway, further work is now progressing to review our values base and associated behaviours so that they resonate strongly and provide a key lever for change.
175. A series of conferences took place during March specifically for middle managers, recognising their crucial role in helping to deliver the Council's ambitious change agenda. Led by the Leader of the Council, Chief Executive and Executive Director of Strategic Commissioning, the objectives were to share and discuss the future direction and priorities of the Council, and to explore the crucial role of middle managers in achieving and sustaining success.
176. Recognising that working in local government is complex and constantly changing with increasingly tough demands on all employees, leaders and managers, the Council is working to develop a broad portfolio of management and leadership tools and techniques, including coaching and mentoring which are particularly powerful tools and have been proven to be a highly effective way of developing individual and organisational performance, by unlocking capability, building confidence and increasing ownership.
177. A third cohort of managers has successfully completed the Cheshire and Warrington Collaborative Leadership Programme, which the Council runs in partnership with Cheshire West and Chester Council, Warrington Council 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 has been run in conjunction with North West Employers.
178. Work continues 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.
179. 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 has not been required in 2013/14. Work will continue to develop a

comprehensive Reward Strategy to take the Council forward for which funding has been provided in 2014/15.

180. In terms of the Major Change Project 8.1b, Flexible and Agile working, this is to be amalgamated with the larger Location Independent Working project, led by ICT. In doing this, the projects and inter-dependent streams of work will be pulled together to ensure maximum benefits are realised.

### Senior Management Review

181. The senior management review, Major Change Project 7.1, concluded on the 31st March 2014 and will achieve full savings of £5m in 2014/15. Further restructures and service redesigns will continue to take place but these are outside the scope of the project and will be in line with usual Council policies and procedures.

### Staffing Changes

182. **Table 14** below demonstrates that there has been a reduction in headcount of over 1.1% between January and March 2014. The headcount figure in March 2014 was 4,828 (a reduction over the financial year of 275). This is attributed in the main part to a number of resignations, voluntary redundancies and retirements. Staff transferring to CoSocius, ANSA and Orbitas on 1st April 2014 are included in the March 2014 headcount/FTE figures.

**Table 14: Headcount and FTE figures for January to March 2014**

	Jan-14		Feb-14		Mar-14	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Former Places	1,901	1,400.9	1,890	1,391.5	1,869	1,380.1
Adults	1,299	993.5	1,293	988.6	1,304	995.6
Childrens	1,118	765.1	1,114	763.0	1,104	754.3
Finance	249	230.7	248	229.8	246	227.9
Shared Services	120	112.6	118	110.6	113	107.0
Legal / Dem	119	80.2	116	79.2	120	79.3
Apprentices	51	49.0	49	47.0	47	45.0
HR & OD	49	42.9	48	42.3	48	42.3
<b>Total</b>	<b>4,883</b>	<b>3,675.0</b>	<b>4,853</b>	<b>3,652.1</b>	<b>4,828</b>	<b>3,631.4</b>

**Table 15: Comparison of average days lost to sickness in the Fourth Quarter of 2013/14 to the same period in 2012/13**

	January	February	March
<b>Q4 2013/14</b>	9.53	10.53	11.33
<b>Q4 2012/13</b>	10.00	10.95	12.03

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

183. **Table 15** (above) demonstrates that there continued to be an overall reduction in the average number of days lost to sickness absence in the 2013/14 financial year in comparison to 2012/13.

## **Voluntary Redundancies**

184. 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.
185. 37 people have left the Council under voluntary redundancy terms in Quarter 4, 18 of who held posts within the management grades (grade 10 or above, including Soulbury staff). The total severance costs for all thirty-seven employees was £1.2m, inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £6.6m (which is the combined accumulated costs of the deleted posts).

# **Appendices to Final Outturn Review of Performance 2013/14**

**July 2014**

# Appendix 1 – The Three Year Council Plan



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# 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 2013/14 since TQR

	TQR Net Budget	Additional Grant Funding	Allocations from Balances & Contingencies	Restructuring & Realignments	Other Virements	Final Outturn Net Budget
	£000	£000	£000	£000	£000	£000
<b>Commissioning Services</b>						
Children & Families	57,874	-554		-199	-492	<b>56,629</b>
Adult Social Care	96,534	-5,192		1,793	194	<b>93,329</b>
Public Health	0					<b>0</b>
Environmental Protection & Enhancement	38,007			435	-373	<b>38,069</b>
Public Protection & Enforcement	-240			-175		<b>-415</b>
Economic Growth & Prosperity	6,975			6,322	-74	<b>13,223</b>
Communities	18,449			-6,496	-156	<b>11,797</b>
<b>Chief Operating Officer</b>						
Assets	17,965				-25	<b>17,940</b>
Commercial Strategy, Business Improvement & Performance	21,622			-1,719	-353	<b>19,550</b>
Organisational Development	4,517			-37	-33	<b>4,447</b>
Monitoring Officer	1,683			41	-17	<b>1,707</b>
Governance & Democratic Services	4,110			-1	-22	<b>4,087</b>
Cross Cutting Items	0					<b>0</b>
<b>TOTAL SERVICE BUDGET</b>	<b>267,496</b>	<b>-5,746</b>	<b>0</b>	<b>-36</b>	<b>-1,351</b>	<b>260,363</b>
Central Budgets						
Specific Grants	-22,041	5,746				<b>-16,295</b>
Capital Financing	11,919				39	<b>11,958</b>
Contingencies	4,194			36	1,312	<b>5,542</b>
Contribution to/from Reserves	-1,514					<b>-1,514</b>
Invest to Save Reserve	-253					<b>-253</b>
	-7,695	5,746	0	36	1,351	-562
<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 2013/14 - Outturn	Original Budget	Revised Forecast TQR	Final Outturn	Change from TQR	Impact
	2013/14 £000	2013/14 £000	2013/14 £000	2013/14 £000	
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	182,401	184,649	180,131	-4,518	
Pupil Premium Grant	5,228	5,427	5,778	351	
Sixth Forms Grant	6,722	6,406	6,326	-80	
<b>Total Schools Grant</b>	<b>194,351</b>	<b>196,482</b>	<b>192,235</b>	<b>-4,247</b>	
Housing Benefit Subsidy	84,518	84,518	84,518	0	
Public Health	12,726	13,762	13,762	0	
Local Enterprise Partnership	0	526	526	0	
Adoption Improvement Grant	0	350	350	0	
Restorative Justice Development Grant	0	1	1	0	
<b>TOTAL SPECIFIC USE</b>	<b>291,595</b>	<b>295,639</b>	<b>291,392</b>	<b>-4,247</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant	55,855	55,855	55,855	0	
Business Rates Retention Scheme	37,159	37,159	37,159	0	
<b>Total Central Funding</b>	<b>93,014</b>	<b>93,015</b>	<b>93,015</b>	<b>0</b>	

Corporate Grants Register 2013/14 - Outturn	Original Budget	Revised Forecast TQR	Final Outturn	Change from TQR	Impact
	2013/14 £000	2013/14 £000	2013/14 £000	2013/14 £000	
<b>GENERAL PURPOSE (Held by Services)</b>					
<b>Children &amp; Families</b>					
Skills Funding Agency	847	952	953	1	
Youth Offending Service Grant	0	353	353	0	
Troubled Families	586	586	586	0	
Troubled Families - Co-ordinator	100	100	100	0	
Remand Funding - New Burden	64	47	47	0	
Sector Led Improvement Grant	0	3	3	0	
Adoption Improvement Grant	0	554	554	0	
Extended Rights to Free Transport	0	284	283	-0	
Special Educational Needs Reform Grant	0	75	75	0	
<b>Adults</b>					
NHS S256 Reablement Funding	5,192	5,192	0	-5,192	Transferred to Service
Local Reform and Community Voices Grant (inc Deprivation of Liberties: £33k, Healthwatch: £100k and Mental Health: £121k)	254	254	256	2	
Adult Social Care Data Collection - New Burden		60	60	0	
<b>Environmental Protection &amp; Enhancement</b>					
Lead Local Flood Authorities	52	52	52	0	
<b>Economic Growth &amp; Prosperity</b>					
Neighbourhood Planning Grant	0	10	10	0	
Heat Networks Funding Stream	0	198	198	0	
Town Teams Partnerships - RIA	0	0	10	10	Balances
<b>Monitoring Officer</b>					
Individual Electoral Registration	0	13	13	-0	
Maximising Electoral Registration	0	0	18	18	Balances

Corporate Grants Register 2013/14 - Outturn	Original Budget 2013/14 £000	Revised Forecast TQR 2013/14 £000	Final Outturn 2013/14 £000	Change from TQR 2013/14 £000	Impact
<b>Communities</b>					
Housing Benefit and Council Tax Administration	2,000	2,000	2,000	0	
NNDR Administration Grant	562	562	562	0	
Social Fund - programme funding	612	612	612	0	
Social Fund - administration funding	129	129	129	-0	
Council Tax - New Burden	148	148	148	0	
<b>Chief Operating Officer</b>					
Education Services Grant	4,385	5,349	4,975	-374 Balances	
KS2 Moderation grant removed from ESG above - (transfer to services)	0	0	-21	-21 Balances	
New Homes Bonus 2011/12	870	870	870	0	
New Homes Bonus 2012/13	1,844	1,844	1,844	-0	
New Homes Bonus 2013/14	1,037	1,037	1,037	-0	
Affordable Homes 2012/13	85	85	85	-0	
Affordable Homes 2013/14	82	82	82	0	
New Homes Bonus 2013/14 - return of topslice	315	315	315	0	
Council Tax Freeze Grant 2013/14	1,794	1,805	1,805	0	
Community Rights to Challenge - New Burden	9	9	9	0	
Community Rights to Bid - New Burden	8	8	8	-0	
				0	
Small Business Rate Relief New Burden	0	0	1,879	1,879 Balances	
Capitalisation Provision Redistribution Grant	0	0	294	294 Balances	
<b>Total Services</b>	<b>20,975</b>	<b>23,589</b>	<b>20,205</b>	<b>-3,384</b>	
<b>TOTAL GENERAL PURPOSE</b>	<b>113,989</b>	<b>116,604</b>	<b>113,220</b>	<b>-3,384</b>	
<b>TOTAL GRANT FUNDING</b>	<b>405,584</b>	<b>412,242</b>	<b>404,611</b>	<b>-7,631</b>	

## Appendix 4 – Summary Capital Programme and Funding

	TQR In-Year Budget	SCE's/ Virements/ Reductions Outturn	Revised Outturn In-Year Budget	Actual Expenditure	Forecast Expenditure		
	2013/14 £'000	2013/14 £'000	2013/14 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Post 2015/16 £'000
<b>Children &amp; Families</b>							
2013/14 New Starts	1,990	216	2,206	1,970	9,386	428	0
Ongoing Schemes	5,709	-14	5,695	5,096	3,768	600	0
<b>Early Help &amp; Intervention</b>							
2013/14 New Starts	0	0	0	0	397	0	0
Ongoing Schemes	456	0	456	394	238	0	0
<b>Adult Social Care</b>							
2013/14 New Starts	611	0	611	791	767	0	0
Ongoing Schemes	538	19	557	475	325	0	0
<b>Environmental Protection &amp; Enhancement</b>							
2013/14 New Starts	22,890	674	23,564	23,081	12,799	57	0
Ongoing Schemes	9,465	-222	9,243	8,740	15,250	62	0
<b>Public Protection &amp; Enforcement</b>							
2013/14 New Starts	1,150	110	1,260	927	8,411	6,586	0
Ongoing Schemes	1,565	0	1,565	1,285	330	0	0
<b>Economic Growth &amp; Prosperity</b>							
2013/14 New Starts	6,379	15	6,394	1,872	9,790	1,143	0
Ongoing Schemes	10,197	-74	10,123	9,038	27,362	10,099	1,409
<b>Communities</b>							
2013/14 New Starts	665	-7	658	611	481	200	0
Ongoing Schemes	79	18	97	-6	369	0	0

	TQR In-Year Budget	SCE's/ Virements/ Reductions Outturn	Revised Outturn In-Year Budget	Actual Expenditure	Forecast Expenditure		
	2013/14 £'000	2013/14 £'000	2013/14 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Post 2015/16 £'000
<b>Commercial Strategy &amp; Business Innovation</b>							
2013/14 New Starts	430	-362	68	1	49	0	0
Ongoing Schemes	16,190	-140	16,050	11,335	44,060	9,252	0
Total New Starts	34,115	646	34,761	29,253	42,080	8,414	0
Total Ongoing schemes	44,199	-413	43,786	36,357	91,702	20,013	1,409
<b>Total Capital Expenditure</b>	<b>78,314</b>	<b>233</b>	<b>78,547</b>	<b>65,610</b>	<b>133,782</b>	<b>28,427</b>	<b>1,409</b>

Funding Source	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Grants	34,886	65,522	1,760	0
External Contributions	2,579	10,955	9,406	150
Cheshire East Resources	28,145	57,305	17,261	1,259
<b>Total</b>	<b>65,610</b>	<b>133,782</b>	<b>28,427</b>	<b>1,409</b>

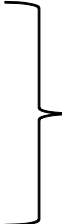
# Appendix 5 – Approved Supplementary Capital Estimates and Virements up to £250,000 (note the figures are shown in £'s to assist the approval process)

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Members are asked to note SCE and Virements up to and including £250,000</b>		
<b>SUPPLEMENTARY CAPITAL ESTIMATES</b>		
<b>Adult Services</b>		
Building Base Review	5,067	Alteration and Refurbishment works at The Dean Row Centre and The Redesmere Centre. Agreed Revenue contribution for compliance items, works include decoration, flooring, electrical maintenance works, works to existing mechanical extract system etc.
<b>Children's Services</b>		
Styal Primary School	990	Additional funding provided from schools towards the works being undertaken to improve sites.
Suitability/Minor Works/Accessibility Block Provision		
Underwood West Primary School	200,000	
Wyche Primary School	6,000	
The Berkeley Primary School	48,000	
Acton CofE Primary School	764	
Haslington Primary School	1,603	
Little Bollington CofE Primary School	703	
St Johns Wood	12,787	
The Dingle Primary School	1,546	
Oakefield Primary School - Basic Needs 11-12	4,000	
Springfield Special School (School Funded Project)	156,000	
Elworth Primary School	94,000	

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Chief Operating Officer</b>		
Minor Works	17,685	Revenue contribution from Countryside to enable Assets to progress the relocation of the Rangers to Nelson Pit.
<b>Economic Growth &amp; Prosperity</b>		
Tatton Vision	24,800	Revenue contribution towards additional construction/refurbishment work at Tatton Park's Gardeners Cottage. This involved the building of a new dry storage facility and toilet within the grounds of the Cottage.
Tatton Park - Conservatory	13,999	Revenue contribution to cover additional expenditure to the original scope.
<b>Environmental Protection &amp; Enhancement Section 278s</b>		
S278 Aldi Knutsford	5,000	Funded by S278 Developer Contributions
S278 Waitrose, Knutsford	15	Funded by S278 Developer Contributions
S278 Hall Lane, Hankelow Houses	24	Funded by S278 Developer Contributions
S278 George & Dragon, Wilmslow	35	Funded by S278 Developer Contributions
S278 A534 Nantwich Road	20	Funded by S278 Developer Contributions
S278 Land, Mill Street, Congleton	14,000	Funded by S278 Developer Contributions
S278 Co-op Lawton Road	5,000	Funded by S278 Developer Contributions
S278 Parkers Road Crewe	5,000	Funded by S278 Developer Contributions
Brook Lane, Alderley Edge	5,000	Funded by S278 Developer Contributions
S278 Basford West Spine Road	170,000	Funded by S278 Developer Contributions
Bombardier, Crewe	30,000	Funded by S278 Developer Contributions
S278 Bombardier, Dunwoody Way	12,000	Funded by S278 Developer Contributions
Forge Lane, Congleton	5,000	Funded by S278 Developer Contributions

Capital Scheme	Amount Requested £	Reason and Funding Source
S278 Winlowe Court, Macclesfield	4,000	Funded by S278 Developer Contributions
Millfields, Blagg Avenue, Nantwich	3,000	Funded by S278 Developer Contributions
Warmingham Lane, Middlewich	25,000	Funded by S278 Developer Contributions
Local Development Framework Transport Infrastructure	2,500	Funded by a Revenue Contribution
Road Safety Schemes Minor Works	290	Funded by S106 Developer Contributions
Local Area Programme	63,441	Funded by S106 Developer Contributions
Elworth s106 Footpath Works	42,000	To provide additional play equipment to enhance the play area at Congleton park. Funded by a grant award from WREN (Waste Recycling Environmental Ltd)
Congleton Park Improvements	135,000	Funded by S106 Developer Contributions
Stanley Hall & Meriton Park	15,465	To supply play equipment at Meriton Road play area. Funded by S106 contributions
Stallard Way Play Area	61,000	To undertake a refurbishment of Stallard Way Play Area. Funded via section 106 developer contributions and grant funding.
<b>Public Protection &amp; Enforcement</b>		
Lifestyle Centre Crewe	70,000	Contribution towards creating Public Health related benefits within the new lifestyle centre within Crewe.
Squash Court Refurbishment	110,000	To refurbish Squash Court's across the borough. 50% of the cost of this project is be funded via a grant award from the English Squash and Racketball Association.
<b>Communities</b>		
Customer Relationship Management & Telephone System	16,502	Revenue contribution to cover additional costs.
Customer Access	12,500	Revenue contribution to cover additional costs.
<b>Total SCE's Requested</b>	<b>1,399,738</b>	



Capital Scheme	Amount Requested £	Reason and Funding Source
<b><u>CAPITAL BUDGET VIREMENTS</u></b>		
<b>Adult Services</b>		
Building Base Review	16,852	Alteration and Refurbishment works at The Dean Row Centre and The Redesmere Centre. Agreed virement from the AMS Block funded by Prudential Borrowing, works include decoration, flooring, electrical maintenance works, works to existing mechanical extract system etc.
Lifestyle Centre Refurbishment - Macclesfield	744	Virement from Wilmslow Lifestyle Centre Refurbishment project to fund overspend of similar works at the Macclesfield Lifestyle Centre.
<b>Children's Services</b>		
Virement to be applied to eleven projects. A full breakdown of this adjustment can be obtained from Corporate Finance.	31,026	Virement from Capital Maintenance Grant Block Provision to cover the costs of Asset Management Fees incurred during December to March.
Pebblebrook Primary School - Expansion to increase pupil capacity - Phase 1	723	Virement of Grant from the Department of Education for second phase of works at Pebblebrook primary.
Alsager Secondary School	3,773	 Virement of Capital Maintenance Grant block to cover small overspends.
Minor Works / Accessibility	1,486	
The Quinta Primary School	5,491	
Goostrey Primary School	1,106	
Lostock Hall Primary School	2,184	
Capital Maintenance Grant Block Provision	21,858	Unused grant from completed schemes, at Egerton, Leighton, Pikemere and Cranberry Primary Schools, to the Capital Maintenance Block.

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Economic Growth &amp; Prosperity</b>		
Regeneration & Development Prog	62,727	Virement from the Parkgate - Regeneration budget. The Parkgate site has now been sold.
Nantwich Schemes	20,000	Virement within the Engine of the North capital programme, for the purposes of monitoring individual sites. This is to come from the Parkgate project as the site has been sold.
Poynton Relief Road	50,000	Virement from the A6 SEMMS project.
Crewe Town Squares - Lyceum Square	33,515	Virement from Taylor Drive, Nantwich project which is now complete. LTP funded
<b>Environmental Protection &amp; Enhancement</b>		
The Carrs Multi User Route	14,044	Transfer from Public Rights of Way and Cycling Investment budget for path surface improvements in the Carrs park in Wilmslow.
Shell House, Station Road, Wilmslow	5,099	Virement from The Blue Lamp Carrs Park, also funded by S106. These two projects are inter-related work taking places in the same place using two pots of S106 funds. Therefore the overspend on Shell House, Station Road, Wilmslow was offset by the underspend on the The Blue Lamp Carrs Park.
Road Safety Schemes Minor Works	989	Virement from Taylor Drive, Nantwich project which is now complete. Funded from LTP Grant.
Macon Way Cycle Improvements	2,688	Virement from Taylor Drive, Nantwich project which is now complete. Funded from LTP Grant.
Bentley Road Safety Project S106	2,716	Virement from Taylor Drive, Nantwich project which is now complete. Funded from LTP Grant.
Countryside Capital Projects	19,876	Virement funded by offsetting underspend on Programme Management. Funded from LTP grant.
Local Development Framework Transport Infrastructure	16,685	Virement funded by offsetting underspend on Programme Management. Funded from LTP grant.
De-Trunked Roads - A523 Bosley	42	Virement funded by offsetting underspend on Programme Management. Funded from LTP grant.
Local Area Programme	99,067	Virement funded by the Highways Maintenance Minor works project.

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Communities</b>		
Customer Access	74,000	Virement from the Sustainable Libraries budget, funded by Prudential borrowing.
Customer Relationship Management & Telephone System	1,356	The Website and Telephony project is now complete the remaining budget is being vired to the Customer Relationship Management & Telephone System.
Customer Access	6,085	Virement from the Radio Frequency ID (RFID) budget. The self service machines for Poynton will now be funded from the Customer Access budget.
<b>Total Virements Requested</b>	494,132	
<b>Total SCE's and Virements</b>	1,893,870	

## Appendix 6 – Request for Supplementary Capital Estimates above £250,000 (note the figures are shown in £'s to assist the approval process)

Capital Scheme	Amount Requested £	Reason and Funding Source
<p>Cabinet are asked to approve the Virement above £250,000 up to and including £1,000,000</p> <p><b>CAPITAL BUDGET VIREMENTS</b></p> <p>Chief Operating Officer Core System Stability</p>	549,457	Virement from Location Independent Workforce and Enabled Citizens and Businesses projects.
<b>Total Virements Requested</b>	549,457	
<p><b>SUPPLEMENTARY CAPITAL ESTIMATES</b></p> <p>Environmental Protection &amp; Enhancement Closed Landfill Sites</p>	611,000	Creation of a provision in the accounts as at 31st March 2014 to cover future liabilities on the closed landfill sites. To be funded by Prudential Borrowing and Revenue Contributions (£271k and £340k respectively).
<b>Total SCE's Requested</b>	611,000	
<b>Total Virements &amp; SCE's</b>	<b>1,160,457</b>	

## Appendix 7 – Capital Budget Reductions (note the figures are shown in £'s to assist the approval process)

Scheme	Approved Budget	Revised Approval	Reduction	Reason
	£	£	£	
<b>Cabinet are asked to note the reductions in Approved Budgets</b>				
<b>Adult Services</b>				
Lifestyle Centre Refurbishment - Wilmslow	772,679	769,935	-2,744	Project completed and closed.
<b>Children's Services</b>				
Tytherington High School	2,795,475	2,688,620	-106,855	Works to improve and expand the teaching accommodation, for sixth form pupils, at Tytherington High School have now been completed.
Accessibility Works on Schools	87,514	85,609	-1,905	Project completed and closed.
Leighton Primary School	411,111	408,164	-2,947	Project completed and closed.
Suitability Works on Schools	388,784	388,144	-640	Project completed and closed.
<b>Economic Growth &amp; Prosperity</b>				
SMDA - Strategic Acquisition	450,000	444,880	-5,120	Acquisition completed.
Town Regeneration & Development	600,000	565,000	-35,000	The necessary changes to the S106 agreement have not been successful at this point, so it can not be used as funding.
Arighi Bianchi Feasibility	60,000	50,000	-10,000	Revised programme agreed for handover of completed studies due to additional highway considerations. Further pre-implementation feasibility may be required in the future.
Congleton Link Road	3,606,000	3,306,000	-300,000	Budget correction to remove double counting
Housing Grants - Ex MBC - S106	964,700	949,300	-15,400	This project is now complete, therefore the S106 funding can be released to be used against other projects.

Scheme	Approved Budget	Revised Approval	Reduction	Reason
	£	£	£	
<b>Section 278 Agreements</b>				
S278 Newton Hall Farm	4,144	4,000	-144	Funded by developer contributions.
S278 Rope Lane Apps.	854	406	-448	Funded by developer contributions.
S278 New Access Bulkeley Rd	2,500	567	-1,933	Funded by developer contributions.
S278 Brookland House, Wis'ton	3,000	1,129	-1,871	Funded by developer contributions.
S278 New Street / Lowe Avenue, Congleton	2,500	1,461	-1,039	Funded by developer contributions.
S278 Junc Fallibroome, Meg Lane	3,500	3,401	-99	Funded by developer contributions.
S278 Chapel Street, Sandbach, Seddon	12,400	11,962	-438	Funded by developer contributions.
S278 Cookesmere Lane	1,363	1,343	-20	Funded by developer contributions.
S278 Maplewood, Macclesfield	2,500	2,444	-56	Funded by developer contributions.
S278 Waitrose, Poynton	23,897	23,475	-422	Funded by developer contributions.
S278 Charter Way, Macclesfield	2,500	684	-1,816	Funded by developer contributions.
S278 Station Road, Wilmslow	3,000	727	-2,273	Funded by developer contributions.
S278 Tesco, Hibel Road, Macclesfield	100,756	766	-99,990	Funded by developer contributions.
S278 Stafford St, Crewe	5,000	3,379	-1,621	Funded by developer contributions.
S278 B5071 Gresty Road	15,190	15,000	-190	Funded by developer contributions.
Congleton Footpath No.10 S106	9,034	5,911	-3,123	Project completed and closed.
The Carrs Multi User Route	162,500	162,100	-400	The actual grant receipt from Paths 4 Communities was £400 less than the SCE request basis.
Malkins Bank Play Area	56,000	53,686	-2,314	The original WREN offer of £15,000 was based on estimated cost for the project. When the tenders were received they came in under estimate so the WREN offer was reduced accordingly.
Materials Transfer Facility	702,743	700,653	-2,090	Project completed and closed.
Keepers Close / Mill Close	18,434	18,233	-201	Project completed and closed.

Scheme	Approved Budget	Revised Approval	Reduction	Reason
	£	£	£	
<b>Chief Operating Officer</b>				
Feasibility Studies 2013/14	380,398	0	-380,398	} Removal of prior year budgets, replaced by 2014-15 allocation
Feasibility Studies 2011/12	174,619	163,223	-11,396	
Compliance	362,894	296,131	-66,763	Expenditure against this project now funded from Revenue.
Energy Consumption	280,000	234,364	-45,636	Project now complete.
<b>Totals</b>	<b>12,465,989</b>	<b>11,360,697</b>	<b>-1,105,292</b>	

# Appendix 8 – Treasury Management

## Counterparty Limits and Investment Strategy

1. Due to on-going changes in the banking sector, to reduce risk, all maximum limits that can be invested in any one organisation were lowered in the Treasury Management Strategy approved in February 2014. For named UK banks and building societies this had been set at 10% of our total investments subject to a maximum value of £10m. These limits apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at 25% of total investments subject to a maximum value of £10m. There is also a maximum that can be invested in all Money Market Funds at any one time of 50% of the value of all investments.
2. Our approved counterparties list also includes a number of foreign banks although as at 31<sup>st</sup> March 2014, none have been used. The reduction to maximum limits will lead to some highly rated foreign banks being used in 2014/15. The limits applicable to foreign banks are the same as those applied to UK banks.
3. Banks credit ratings are kept under continual review. There have been changes in 2013/14 resulting in some organisations being considered unsuitable or to limit the duration of any investments. In addition to ratings, other credit indicators, such as Swap rates are also monitored.
4. **Table 1** shows the current investments and limits with each counterparty. A full analysis of the types of investment and current interest rates achieved is given in **Table 2**.

**Table 1 – Current Investments and Limits**

Counterparties	Limits		Investments as at 31/03/14	
<b>UK BANKS</b>				
Barclays Bank	10%	£10m	9%	£5m
Co-operative Bank:	10%	£10m	-	-
Close Bros	10%	£10m	5%	£3m
HSBC Bank	10%	£10m	-	-
Lloyds TSB	10%	£10m	5%	£3m
Royal Bank of Scotland	10%	£10m	-	-
Santander (UK) plc	10%	£10m	9%	£5.3m
Standard Chartered Bank	10%	£10m	3%	£2m
<b>BUILDING SOCIETIES</b>				
Nationwide Building Society	10%	£10m	3%	£2m
<b>Money Market Funds</b>	50%		33%	
Deutsche	25%	£10m	1%	£0.9m
Ignis	25%	£10m	13%	£7.6m
Federated Prime Rate	25%	£10m	10%	£5.9m
Morgan Stanley	25%	£10m	7%	£4.5m
Scottish Widows	25%	£10m	2%	£1.5m
Pooled Funds - External Fund Manager	50%		33%	£20.4m
				<b>£61.1m</b>



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

<b>Instant Access Accounts</b>	<b>Avg rate %</b>	<b>£'000's</b>
Instant Access Accounts	0.40%	5,325
Money Market Funds	0.42%	20,433

<b>Notice Accounts</b>	<b>Avg rate %</b>	<b>£'000's</b>
Notice Accounts (up to 100 days)	-	0

<b>Fixed Term Deposits</b>	<b>Start</b>	<b>Maturity</b>	<b>Rate %</b>	<b>£'000's</b>
Close Bros	17/03/2014	25/06/2014	0.62	3,000
Lloyds TSB	05/02/2014	05/08/2014	0.70	3,000
Barclays	28/08/2013	28/08/2014	0.85	5,000
Nationwide Building Society	15/01/2014	14/01/2015	0.81	2,000
Standard Chartered – CD	26/11/2013	26/11/2014	0.69	2,000

<b>Externally Managed Funds</b>	<b>£'000's</b>
Pooled Investments	20,347

<b>Maturity Profile</b>	<b>£'000's</b>
Instant Access	25,758
Maturing < 1 month	0
Maturing within 1 - 6 months	11,000
Maturing within 6 - 12 months	4,000
Externally Managed Funds	20,347
<b>Total</b>	<b>61,105</b>

5. Benchmarking of investment returns is notoriously difficult as the level of returns is related to the level of risk and different Local Authorities take different views on risk. The Council's performance is slightly below average compared to other local authorities, partly influenced by lower than expected returns on the externally managed pooled funds. Returns could be increased by using lower credit rated counterparties or increasing the duration of investments. Many authorities with lower risk but higher returns than Cheshire East Council have longer investment horizons due to stability of long term cash resources or have lower and less volatile daily cash balances. Higher cash balance means spreading the risk among counterparties even if the rate paid by some counterparties is relatively low.

#### **Performance of Fund Manager**

6. The table 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>January 2014</b>	0.06%	0.02%
<b>February 2014</b>	0.06%	0.06%
<b>March 2014</b>	0.03%	0.06%
<b>Cumulative 2013/14</b>	0.19%	0.18%
<b>Value of Investment at 31/03/14</b>	£10,230,563	£10,207,666
<b>Fees (since start)</b>	£72,088	£77,632
<b>Average Annual Rate as at 31/03/14</b>	0.56%	0.46%

7. The nature of these funds is that performance can be volatile although there has been no significant value achieved since October. A general slowdown in emerging market economies and effects on the bond markets of changes in US policy affected performance in November and December with only marginal improvement since then.
8. Overall the performance of the funds in 2013/14 has been disappointing generating considerably less income than expected. The likelihood is that the Council will withdraw these funds in 2014/15 and manage the investments in house.

## Appendix 9 – Requests for Establishment of Earmarked Reserves

The table below includes all earmarked reserves, with highlighted items requiring approval.

Name of Reserve	Opening Balances 1 April 2013 £000	Movement in 2013/14 £000	Balance at 31 March 2014 £000	Purpose
<b>Children &amp; Families</b>				
Long Term Sickness	150	63	213	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account
Education All Risks (EARS)	160	101	261	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
Children's Social Care	0	650	650	To support implementation of Children's social care bill
<b>Adult Social Care and Independent Living</b>				
Extra Care Housing PFI	1,128	338	1,466	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009
Individual Commissioning	0	580	580	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law
NHS Section 256	0	1,784	1,784	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
<b>Public Health</b>	0	1,620	1,620	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.

Name of Reserve	Opening Balances 1 April 2013 £000	Movement in 2013/14 £000	Balance at 31 March 2014 £000	Purpose
<b>Environmental &amp; Leisure</b>				
Crematoria	367	0	367	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.
Winter Weather	0	120	120	To provide for future adverse winter weather expenditure
<b>Economic Growth &amp; Prosperity</b>				
Building Control	181	0	181	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	238	3	241	Ring-fenced surplus on Tatton Park trading account
Economic Development	223	-82	141	Support for town centres and economic development initiatives
<b>Communities</b>				
Communities Investment <small>Note 1</small>	457	2,311	2,768	Amalgamation of Promoting local delivery; Grant support; New initiatives and additional funding from outturn to support community investment
Emergency Assistance	0	400	400	Underspend on Benefits to be used to extend the life of the Emergency Assistance scheme to provide funding to the most vulnerable beyond 2014/15 when the funding ceases
<b>Chief Operating Officer</b>				
Invest to Save	255	-255	0	Central reserve to support invest-to-save projects
Elections	0	486	486	To provide funds for Election costs every 4 years
Insurance & Risk	3,712	-936	2,776	To settle insurance claims and manage excess costs.
Climate Change	67	0	67	Renewable Energy project

Name of Reserve	Opening Balances 1 April 2013 £000	Movement in 2013/14 £000	Balance at 31 March 2014 £000	Purpose
Investment (Sustainability) <small>Note 2</small>	0	2,050	2,050	To support investment that can increase longer term financial independence and stability of the Council
Pension Contributions	0	150	150	To meet impact of reduced workforce on fixed contribution to Past Service Pensions deficit
Business Rates Retention Scheme	0	5,071	5,071	To manage cash flow implications following changes from the 2012/13 NNDR system
Service Manager carry fwd	1,623	2,862	4,485	See Table 13 in main report
<b>TOTAL</b> <small>Note 3</small>	<b>8,561</b>	<b>17,316</b>	<b>25,877</b>	

Notes:

- Existing communities reserves now amalgamated under Communities Investment
- Additional to Investment reserve of £5.300m approved to be established from 1 April
- Figures exclude:
  - Schools balances £8.810m
  - Grants Reserves £0.467m
- Proposed earmarked reserves to be created at March 2014 are highlighted

## 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. As shown in **Table 1**, Total Invoiced Debt at the end of March 2014 was £14.1m. After allowing for £6.7m of debt still within the payment terms, outstanding debt stood at £7.4m. This is £2.4m higher than at 30th December 2013, mainly due to year end invoices raised within Adult Social Care.
4. The total amount of service debt over 6 months old is £2.4m which is slightly less than the older debt reported at the TQR.
5. Services have created debt provisions of £2.5m 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.

**Table 1 – Outstanding Debt at 31<sup>st</sup> March 2014**

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
<b>Commissioning</b>			
Children and Families	252	50	184
Adult Social Care and Independent Living	5,095	1,373	1,373
Environmental Protection and Enhancement	960	497	462
Public Protection and Enforcement	94	60	60
Economic Growth and Prosperity	807	303	306
Communities	4	3	3
<b>Total Commissioning</b>	<b>7,212</b>	<b>2,286</b>	<b>2,388</b>
<b>Chief Operating Officer</b>			
COO - Assets	117	96	87
Commercial Strategy, Business Improvement and Performance	21	18	8
Organisational Development	6	3	3
Monitoring Officer	22	1	2
Governance and Democratic Services	0	0	0
<b>Total Chief Operating Officer</b>	<b>166</b>	<b>118</b>	<b>100</b>
<b>TOTAL</b>	<b>7,378</b>	<b>2,404</b>	<b>2,488</b>