



First Quarter Review of Performance 2014/15

September 2014

Introduction

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 'Residents First' outlook.

At first quarter review the Council's reserves strategy remains effective, despite the current risk of a small overspend of £1.7m (0.7%) being highlighted in the report against a budget of £253.8m. This is the lowest figure ever reported for the Council at this early stage in the financial year.

To support openness and transparency the report has three main sections, to provide background and context, and then eleven supporting annexes with detailed information about allocation and management of public money during 2014/15:

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 2014/15 is being funded, including the positions on overall service budgets, grants, council tax, and business rates, treasury management, centrally held budgets and the management of the Council's reserves.

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

- **Appendix 1** shows the Three Year Council Plan.
- **Appendix 2** explains changes since Original Budget.
- **Appendix 3** shows the latest position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists approved Supplementary Capital Estimates and Virements up to £250,000.
- **Appendix 6** lists Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 7** lists Supplementary Capital Estimates and Virements required to be approved by Council.
- **Appendix 8** lists Capital Budget Reductions.
- **Appendix 9** provides details of Treasury Management investments.
- **Appendix 10** lists requests for Allocation of Additional Grant Funding
- **Appendix 11** analyses the position on Outstanding Debt.

PJ Bates

Peter Bates CPFA CIPD MBA

Chief Operating Officer (Section 151 Officer)

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:

shapingourservices@cheshireeast.gov.uk

Contents

Introduction.....	- 1 -
2014/15 Revenue Forecast – First Quarter Review Summary	- 4 -
Overview	- 5 -
Section 1 Summary of Council Performance	- 7 -
Section 2 Financial Stability	- 20 -
Section 3 Workforce Development	- 28 -
Appendices	
Appendix 1 – The Three Year Council Plan	- 31 -
Appendix 2 – Changes to Revenue Budget 2014/15 since Original Budget	- 32 -
Appendix 3 – Corporate Grants Register	- 33 -
Appendix 4 – Summary Capital Programme and Funding.....	- 36 -
Appendix 5 – Approved Supplementary Capital Estimates and Virements up to £250,000	- 38 -
Appendix 6 – Request for Supplementary Capital Estimates and Virements over £250,000	- 40 -
Appendix 7 – Request for Supplementary Capital Estimates and Virements over £1m	- 42 -
Appendix 8 – Capital Budget Reductions	- 43 -
Appendix 9 – Treasury Management	- 44 -
Appendix 10 – Requests for Allocation of Additional Grant Funding	- 47 -
Appendix 11 – Debt Management	- 49 -

2014/15 Outturn Forecast at First Quarter Review

Financial Position

2014/15 First Quarter Review (GROSS Revenue Budget £638.3m)	Revised Budget (NET) £m	Emerging Pressures £m	Remedial Actions Identified to Date £m	Current Forecast Over / (Underspend) £m	For further information please see the following sections
Children & Families	54.3	0.3	-0.3	0.0	Section 1 - Paragraphs 59 - 66
Adult Social Care	94.8	1.5	-1.2	0.3	Section 1 - Paragraphs 109 - 115
Public Health and Wellbeing	1.6	0.1	0.0	0.1	Section 1 - Paragraphs 116 - 120
Environmental	28.5	0.4	0.0	0.4	Section 1 - Paragraphs 87 - 89
Highways	10.5	0.1	0.0	0.1	Section 1 - Paragraphs 46 - 49
Communities	10.5	1.2	-0.6	0.6	Section 1 - Paragraphs 18 - 20
Economic Growth & Prosperity	14.8	0.2	0.0	0.2	Section 1 - Paragraphs 42 - 45, 122
Chief Operating Officer	42.0	0.0	0.0	0.0	Section 1 - Paragraph 126
Total Services Net Budget	257.0	3.8	-2.1	1.7	
CENTRAL BUDGETS					
Specific Grants	-17.8			0.0	Section 2 - Paragraphs 133 - 137
Capital Financing	12.5			0.0	Section 2 - Paragraphs 164 - 165
Contingencies	2.1			0.0	Section 2 - Paragraph 169 - 170
Total Central Budgets	-3.2	0.0	0.0	0.0	
TOTAL NET BUDGET	253.8	3.8	-2.1	1.7	
	Planned Contribution	Forecast Variance	Impact on reserves		
	2014/15	Quarter 1	Quarter 1 Forecast		
	£m	£m	£m		
Impact on Reserves	-5.8 *	-1.7	-7.5		
*Increased from -£5.3m by Council approved in-year transfers to earmarked reserves					
General Reserves Balance	2014/15 Budget £m	Quarter 1 Forecast			
	Estimated				
Opening Balance April 2014	19.3	Actual	19.8		Section 2 - Paragraphs 175 - 179
2014/15 Impact on Reserves (see above)	-5.3	Forecast	-7.5		
Closing Balance March 2015	14.0	Forecast	12.3		

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.

The Council's 3 Year Plan 2013 to 2016 contains 5 Residents First Outcomes. Achievements against these outcomes are measured to provide an indication of progress. In the first quarter of 2014/15 there have been some significant areas of success. These are summarised by outcome below:

1 ~ Our local communities are strong and supportive

- Survey results show an increase in people feeling safe walking in our borough (over 90%)
- Entrants in to the youth justice system have reduced, exceeding target by 16%
- School attendance has increased and is 17% better than average
- More people are volunteering, almost 500 more hours being given in leisure services for example
- More people are engaging with the Council via social media and the website, with 2,000 more twitter followers and almost 400,000 more website hits

2 ~ Cheshire East has a strong and resilient economy

- Business survival rates have increased, to over 90%
- The value of the visitor economy has increased in value by 7%
- More adults are achieving NVQ3, now nearly 60%
- The Council's bid for a new University Technical College has been approved
- High speed broadband coverage is up to 86.7%, which is ahead of target
- Numbers of business births are ahead of forecast at nearly 2,000 in the year

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

- 56% of learners are achieving a good level of development
- Pupils achieving Level 4+ in reading, writing and maths are 5% above national averages
- 86% of schools are ranked 'Good' or 'Outstanding'
- Number of young people not in education, employment or training are at lowest ever levels of 3.5%

4 ~ Cheshire East is a green and sustainable place

- Targets to complete the Local Plan are on track
- Companies have been set-up for waste and bereavement services
- CO₂ emissions are 400 tonnes lower than the original forecast
- All air quality action plan targets are being met
- Satisfaction with country parks is now over 97%
- Green flags have been awarded to 7 locations
- Targets are being achieved to help residents through collective switching of energy suppliers

5 ~ People live well and for longer

- Numbers of home adaptations are above target by 18%
- Empty homes in Cheshire East is down to 1.18%, which is ahead of the targeted reduction
- 80.9% of community based service users are able to stay in their homes, the highest performance to date
- The number of preventative actions that reduce homelessness has increased in line with the target
- 18.86% of people are using outdoor space for exercise which improves the rank for Cheshire East compared to other areas
- Satisfaction with countryside events has increased to 85%
- Adoptions have exceeded targets
- Numbers of children participating in their protection plans is positive with performance at 16% above target

FINANCIAL STABILITY

Cheshire East Council is achieving outcomes based on sound financial management. In 2014/15 the Council will operate on an annual budget of more than £750m.

- At First Quarter the risk of a total forecast **overspend of £1.7m** is being reported compared to budget.
- The potential overspend represents only 0.7% of the Council's **net revenue budget of £253.8m**. This is considerably lower than previous years' forecasts at the Quarter 1 stage, which have tended to be reduced as the year progresses, from robust management action to mitigate the pressures before year end.
- **Service Budgets** – a forecast overspend of £1.7m is reported.
- **Central Budgets** – are currently forecast to be balanced at year end.
- 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 £28,000 higher than budget for Quarter 1. The average rate earned on investments (0.5%) is higher than the London Inter Bank 3 month rate.

- **General Reserves** The robust reserves strategy assesses risk at the beginning of the year, and protects the Council against potential overspending. At this time of year the potential overspend of £1.7m is less than the original forecast risks. Further mitigation of the forecast outturn overspend is still expected to be achieved.
- The original total **capital budget** of £161.2m for 2014/15 has been reduced to £147.8m to reflect revised forecasts and slippage following the 2013/14 outturn.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £124.3m and is in line with the current expenditure forecast.
- Outstanding **Debt** (excluding local taxation) is £5.8m. Only £2.3m (around 5% of total debt raised annually) 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 1,100km² for over 370,000 residents. The budget to deliver these services in the period April 2014 to March 2015 is over £750m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users. In terms of spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending:

2.

Spending Power per Head Comparisons 2014/15			
	Cheshire East	Rural East Riding of Yorkshire	Urban Liverpool
	£	£	£
Grants	316	389	896
Council Tax	450	386	251
Total	766	775	1,147

3. The Council's Three Year plan, which was agreed by Council on 28th February 2013, has five Residents First 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 2014/15 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 2014 to June 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

Mutual Respect & Personal Responsibility

5. Work around reducing first time entrants to the youth justice system continues to be successful; Cheshire East's Youth Engagement Service was shortlisted for a Howard League Reform Award in the first quarter for its programme of work to combat harmful sexual behaviour. The work of the Preventing Offending Panel (POP) has contributed to the reduction, through the use of preventative interventions. The Navigate Scheme brings together key partners, all of whom are focused on reducing re-offending by changing behaviour and lifestyle for the good. 87 prolific offenders are currently on the Navigate Scheme, only two of whom are on the priority and pursue strand of the scheme (actively targeted by police).
6. Two multi-agency 'Streetsafe Scheme' initiatives took place in the first quarter, engaging with residents to take preventative action and reduce their concerns regarding home safety, and work is now underway to implement resulting action plans.
7. Our early intervention work with young people means that 86% of young people receiving their first written warning do not come to the attention of the Anti-Social Behaviour (ASB) team again. ASB log books identify local problems early, enabling residents to take action themselves with the assistance of Safer Cheshire East Partnership. Referrals to the Council's "no secrets" high risk/self-neglect panel has resulted in positive outcomes, addressing complex issues earlier and avoiding the need for ASBO's.
8. A £5m Complex Dependency bid has been submitted by Cheshire for support to develop better ways of supporting victims

of domestic abuse and Troubled Families; results of the bid are anticipated during the next quarter.

9. Community Hub pilots were launched in 5 areas and community-led working groups are now progressing local initiatives.
10. There has been an increase in Community Grant funding to local groups, increasing added value from match funding. In the first quarter £39,078 was awarded to 31 community, voluntary and faith organisations which contributed towards total project costs of £664,024.

Communities

11. The Queen's Commonwealth Baton Relay provided an excellent opportunity for increased volunteer involvement in support of the day's activities at Congleton Park in May. It was attended by over 10,000 local residents.
12. Community Hub working groups in five pilot areas recruited over 70 volunteers.
13. 267 claims for Emergency Assistance have been agreed and £177,000 awarded. This has largely supported people in crisis to obtain furniture and white goods and provide rent deposits.
14. The Joint Cheshire Emergency Planning Team are working with partners from the Cheshire Resilience Forum (CRF) to increase public awareness in this important area. A key element of this year's Action Plan (linked to the CRF Public Awareness Raising Strategy 2014-17) is the deployment of Emergency Pocket Leaflets and display banners at major events such as the Cheshire Show as well as all 14 Fire Station Open Days across the wider Cheshire area. So far in Cheshire East these have taken place in Crewe and Middlewich, with Congleton, Macclesfield and Knutsford still to come. These events so far have seen several hundred leaflets handed out to residents,

helping them to prepare for, and respond safely to, major incidents such as severe weather and flooding.

Civic Pride

15. Cheshire East turnout for the European Elections in May 2014 stood at 32.6%, slightly below the North West figure of 33.48%.
16. Our target to increase number of Council website visits is ahead of target (1.39 million visits during the first quarter, ahead of our target of 1 million) and the ambition to make the customer experience better continues. The service has completed the National Customer Contact Association Global Standard Assessment and awaits the results.
17. At the end of the first quarter, @CheshireEast had over 7,600 Twitter followers, a 42% increase since our baseline in September 2013.
18. Overall, Communities are forecasting an overspend of £551,000 for the year.
19. There is a pressure of £938,000 on car parking services, of which £362,000 is for the Car Park Enforcement team. A review of enforcement is ongoing and is expected to deliver recommendations to address the pressure in the medium to long term. Subject to further analysis, there is a potential pressure of £545,000 for car parking pay and display income. A consultation on a pricing policy that reflects the needs of different areas is planned with local residents and businesses. It may be difficult to balance this pressure by the end of the year, especially if the consultation on parking leads to lower prices.
20. This pressure is partially mitigated by underspends in Local Community Services and Local Area Working of £396,000 due to delays in filling staffing vacancies and successfully recovering incorrectly overpaid benefit.

2 ~ Cheshire East has a strong and resilient economy

Business and Visitor Economy

21. Economic growth in Cheshire East is beginning to stabilise in line with the rest of the UK as the country starts to recover from the fiscal crisis. Projections remain as forecasted that Cheshire East economy will grow by £0.6bn from 2013/14 to 2015/16.
22. Infrastructure and regeneration investment plans are beginning to support economic growth and create new jobs, particularly high-skilled jobs, and build new homes. Major investment projects including Congleton Link Road, Poynton Bypass and Alderley Park investment fund have been approved and submitted by the Cheshire and Warrington Local Enterprise Partnership (LEP) to go forwards as priority projects for Local Growth Funding (LGF) from Government.
23. Masterplanning work for Crewe and Macclesfield is well underway, as is proactive work with our key service towns to support growth. This activity will help unlock the prosperity of our towns and reduce the number of vacant shops.
24. Our visitor economy continues to go from strength to strength with the team attracting a major new TV drama to film and be based in Cheshire East. A new visitor information point has opened at Crewe Station and Tatton Park won a 'Gold Award' in the Visit England National Tourism Awards for excellence as best large visitor attraction in England (May 2014). We also celebrated the launch of the Cheshire East Reflects website, commemorating the many lives lost from the Cheshire regiments throughout World War 1.
25. The Tatton Park Vision programme broadly remains on course to achieve its outcomes. Bewilderwood has been approved by the Secretary of State to continue and now moves into the next phase of the development process.

26. The Council's wholly owned development company, Cheshire East - Engine of the North, continues to make progress to maximise the Council's land assets for housing and employment opportunities. The sale of Parkgate and Remenham sites has been agreed, the marketing of Earl Road is taking place, and the development of the South Macclesfield Development Area and Handforth East schemes are underway.
27. The Crewe Lifestyle Centre passed a key milestone in the quarter with the achievement of formal planning permission. Work is programmed to start on site on 18th August 2014.

Workforce

28. The Council's revised bid for a new University Technical College was submitted to the Department for Education and interviews were held. The bid has recently been approved.
29. The Council has received a good Ofsted report for its Lifelong Learning team, highlighting the fantastic work the team is doing to further the 14+ skills agenda.

Infrastructure

30. In May the Secretary of State for Transport visited Crewe Station, giving the Council the opportunity to discuss and promote a station stop in Crewe as part of the new high-speed rail line 'HS2' proposals.
31. The Middlewich bypass now has the green light to move to the next stage of development, securing £4.1m from the Regional Growth Fund, with the Council contributing £2.5m towards the scheme. This investment will unlock growth around Middlewich, ease traffic congestion and support the joint scheme between Cheshire East Council and Cheshire West and Chester Council to develop a rural business hub called 'Cheshire Fresh'.

32. A much anticipated new car park and entrance for Crewe Station was unveiled in May providing extra capacity and better access to Crewe Station.
33. Work began on an £11.2m joint scheme between Cheshire East Council and the Highways Agency to improve the A500 near Crewe, with further good news that the Council has secured a £16m funding boost for the Crewe link road.
34. A consultation about the Poynton link road has commenced seeking the views of our local residents and businesses about the proposed route.
35. The 'Connecting Cheshire' broadband project has connected 30,000 homes and businesses with fibre broadband and is on course to achieve 96% coverage by March 2015. A number of 'switch on' events were held around the borough with Alderley Edge being one of the first major events.
36. Connecting Cheshire builds on the success of the iESE (Improvement and Efficiency Social Enterprise) Transforming Local Services Award received in March 2014 by becoming a finalist in the much-acclaimed Community Investor category of the Municipal Journal awards. Funding was approved by Cabinet in April 2014 to continue the project for a second phase to reach 99% of homes and businesses by April 2017. Preparation for the second phase of the project is underway, with the intention to procure a delivery partner later in the year.

Inward Investment

37. An independent evaluation of Connecting Cheshire Business Support Programme indicates the quality of the services to businesses is high, and is set to leave a positive lasting legacy when it concludes in 2015. There remains a challenge to attract eligible businesses to join the programme and every effort is being made to promote the opportunity of 12 hours paid for support to ensure targets are achieved.

38. In April a new Investment team was formed bringing together Major Projects, Regeneration, Skills, Housing, Business Engagement and Investment functions. The new team will support the growth of our businesses, delivery of major investment, infrastructure and regeneration, and develop our workforce. The team hosted a very successful business and investment event at the Cheshire Show as part of the Cheshire East stand.
39. A Business Science event held at Alderley Park, attended by over 200 Businesses, was heralded as a great success; promoting Alderley Park and Cheshire East. The Council has had further good coverage promoting the borough as a place to do business in a feature of Cheshire Business Life Magazine.

Responsible Business

40. 100% of businesses surveyed were satisfied with local authority regulation services during the first quarter.
41. 92% (201 out of 218) programmed inspections of A-C risk premises for food safety were completed in quarter one; shortfalls have been captured in the quarter two inspection programme. The service has changed its inspection programme to focus on those premises that are failing to meet the standard of 'broadly compliant'. The Service also achieved 78% (76 out of 98) of inspections programmed for low risk premises. 100% of all high risk inspections for food standards were completed.
42. At First Quarter Review the Economic Growth and Prosperity Directorate are reporting overall a potential budget pressure of £0.2m against a net budget of £14.8m. This is a relatively small variance against budget and at the next quarterly report it will be clearer if this pressure can be absorbed within the Directorate.
43. Strategic and Economic Planning Service are in the middle of an intense period of activity. This encompasses a strong push

towards improved performance across the Service, strengthening capacity in a number of key areas, including Planning Inquiries, and crucially for the Council, preparing to run examination in public of the Local Plan. The cost of additional capacity in 2014/15 (over and above Cost of Investment in the base budget) is estimated to be in the region of £0.5m, with a further £0.2m anticipated in 2015/16. Therefore the Service is anticipating a risk of overspending by £0.5m in 2014/15.

44. The Investment Service is projecting a favourable outturn in the region of £0.2m, principally as a result of vacancy management and delays in filling posts. However this resource may, in part if not all, be needed later in the financial year within the Directorate to support other project development costs.
45. Strategic Infrastructure has an estimated in-year budget pressure of £0.1m in respect of the Crewe High Growth business case, for which external funding is being sought but at this stage of reporting this is unconfirmed.
46. At First Quarter Review the Highways Service are reporting a small budget pressure of £64,000 against a net budget of £10.5m.
47. Cheshire East Highways in conjunction with the Highways Client Team are in the process of developing a new permit scheme under the New Roads & Street Works Act. The scheme was planned to go live in October 2014 and a part year funding from a new income stream is included in the 2014/15 budget. However, the scheme has still to be approved by the Department for Transport following amended scheme rules they have only recently announced. As a consequence it is unlikely to go-live until Feb 2015 at the earliest, deeming the new income target unachievable in year, and producing a £0.2m pressure.
48. Whilst the organisational shift towards a commissioning model is completed there is a potential £40,000 pay pressure whilst

funding for the new Highways Commissioning Manager post is identified from September 2014.

49. A forecast improvement against other Highways Fees & Charges of £87,000 combined with further underspends totalling £89,000 against the Cheshire Safe Roads Group Contributions and Speed Awareness Course income share and other small variances are reducing the impact of the above pressures to £64,000.

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

Securing the Best Start in Life

50. Work to ensure that pupils achieve a good level of development at the end of the Early Years Foundation Stage continues. The headlines from the initial unvalidated results for 2013/14 suggest that the percentage of children achieving a good level of development has increased by 6% from last year to 62%. The national picture at present is 60%. Furthermore, the picture of the percentage of more vulnerable children achieving a good level of development has improved; those accessing Free School Meals is at 42% (35.4% last year), cared for children results have increased to 40% (from 0%) and 56% of children living in the Borough's most deprived areas. A detailed analysis of all education performance data will be reported in quarter two.

Highest Achievements for All Learners

51. Priorities to achieve the highest achievement for all learners are being progressed through an Education Board. The Board undertook a full evaluation of its work in the first quarter and this will be reported in quarter two as part of the wider examination analysis for 2013/14.
52. During the first quarter, a detailed Peer to Peer Challenge took place to assess the local authority's progress in terms of a

potential Ofsted Inspection of its school improvement service. The outcomes from this process were very positive and highlighted the commitment to closing gaps in achievement for Cheshire East's most vulnerable learners. Early indications of achievement at primary and secondary level suggest an all-round improving picture.

53. During the first quarter, the overall Ofsted profile for Cheshire East schools has improved in terms of the number of schools judged Good or Outstanding. As of the end of June, the overall judgement for all schools was 87.9% Good or Outstanding.

Achieve Aspirations

54. The number of care leavers in education, employment and training is an improving picture. First quarter data shows that this remains at the lowest levels ever seen in Cheshire East and reflects the continued proactive approach to ensuring the best outcomes for our young people.

Inclusion

55. In terms of supporting our disadvantaged pupils who are eligible for Pupil Premium funding, significant work has taken place over the last 12 months to work with our secondary schools where the biggest gaps are seen. Predicted data supplied by schools shows that the gap for 2013/14 has the potential to reduce by close to 10% compared to last year. Full analysis will occur during quarter two when data from the Department for Education will be available on all secondary school performance.
56. The Council is continuing to review the range of special school provision available. A needs analysis has been developed and work is currently underway on an options appraisal for the type and number of specialist provision to be developed.
57. Significant work has been undertaken to ensure that the new arrangements for children and young people with Special

Educational Needs (SEN), set out in the Children & Families Act, are implemented in September 2014.

58. The Life Course Review Programme Board is well underway. This aims to redesign health and social care services to people with a Learning Disability from birth to old age. In quarter 1 the programme was extended to include access to universal health and social care provision, in order that the needs of people with a Learning Disability are fully included in the redesign of generic community health and social care services within the Connecting Care and Caring Together whole system change programmes.
59. The Children's Service is anticipating to deliver a balanced budget during 2014/15 and this is a reflection of the accelerated delivery of policy proposals in 2013/14 and also the effective planning of the service to prepare and deliver 2014/15 policy options. The service have completed an annual needs led budget exercise to ensure that resources are allocated within the service to reflect business requirements.
60. The service are tasked with delivering over £3m of savings at a time when they are also implementing the Children's Social Care Act (including a care assessment system) and senior managers are reviewing the ability to deliver savings against performance. Senior managers will continue to review the budget position and will alert the Director of Children's Services of any significant performance and budget pressures or of any issues with delivering services.
61. An intensive recruitment exercise to attract social workers has recently been completed and it is anticipated that this will reduce the reliance on agency social workers and this should improve the continuity of support for vulnerable children. Until staff are in post there continues to be a risk of budget pressures due to the reliance on agency staff to deliver statutory services.
62. There is an emerging budget pressure of £0.3m linked to the transport related savings.

- 63. The service is continuing to make positive progress with reviewing Children's Social Care Packages, in particular reviewing contributions from health partners.
- 64. A review is currently underway of Children's commissioning support to ensure that commissioning activity is targeted to the priority areas.
- 65. The service is also working with Public Health colleagues to understand the opportunities for collectively commissioning services, to improve the delivery of services to customers and also to maximise value for money for the Council.
- 66. Temporary funding of £0.15m has been made available to invest in new Domestic Abuse support services and this reflects the Council's commitment to improving community life.

Dedicated Schools Grant

- 67. The Individual Schools Budget (ISB) is assumed to balance as actual spend has to equal budget, with schools retaining in full any carry forward of either an over or under spend, up to the de minimis level (8% in primary, 5% in secondary). Any balances held over those thresholds are carried forward and added to the Schools block in the following year. During 2013/14 schools generally under spent their budgets by approximately £8m, decreased from approximately £12m in the previous year. The latest estimate is that schools will continue to underspend their available allocations for 2014/15, but at a reduced level, as pressure continues to be felt in schools budgets from the funding reforms implemented nationally in 2013/14.
- 68. Centrally retained DSG was not fully spent in 2013/14, allowing budget of £5.9m to be carried forward, due in part to pro active management of SEN placements both in Cheshire East schools, and in out of borough placements, but mainly due to the late allocation from the Education Funding agency of £3.6m to correct previous underfunding of post 16 SEN. This carry forward has

meant that the service has been able to earmark budget for the Autism Spectrum Condition special school due to open this financial year; further investment has been made in Resource Provision; and investment in Narrowing the Gap activity across the borough. Any underspend at year end will be carried forward to 2015/16 to continue investing in and improving education across Cheshire East.

4 ~ Cheshire East is a green and sustainable place

Development Management

- 69. With thanks to a huge effort from our Strategic and Economic Planning Team, Cheshire East's Local Plan was submitted to the Secretary of State marking a signification milestone to secure an approved Local Plan. The Examination is scheduled for September 2014.
- 70. The number of planning applications and level of appeals remains at an all time high and the planning team are making every effort to complete normal day to day operations, whilst at the same time supporting the development of the Local Plan securing the future of the borough. The number of major applications determined (50) is one of the highest nationwide. Minor applications decided were 244; with 565 'other' applications decided.
- 71. Our Building Control team were commended by their industry for the excellent work over the last 12 months, receiving several awards at the Building Control Excellence Awards in April 2014.

Waste Management

- 72. The Waste Strategy is ahead of schedule working to a revised timetable for agreement by Cabinet in October 2014. The service is currently out to public consultation in which initial results indicate a positive endorsement of the Council's high level

strategy objectives. The consultation will conclude with two public focus groups and a session with Scrutiny on the 4th September prior to the Strategy going to Cabinet on the 14th October 2014.

- 73. Citizens' Panel survey results indicate that overall customer satisfaction with the waste collection service stands at 75%.
- 74. The Waste Service Efficiency Review is on track to deliver required savings through Ansa Environmental Services Alternative Service Delivery Vehicle (ASDV).

Carbon Management

- 75. New Carbon Index research, issued by Eunomia Research & Consulting for 2012/13, ranks the Council 2nd (out of 11) authorities in the North West in a Carbon Index, and classified Cheshire East as a 'Good Performer' in the English Recycling Carbon Index.
- 76. Cheshire East Highways continue to work towards delivering a 25% reduction in CO2 emissions from street lighting and unmetered supplies by March 2016. Although savings have fallen behind what was anticipated by this stage, Highways are working on further proposals that, subject to funding being made available, will still deliver the target by 2016.

Environmental Management

- 77. Seven Green Flag Awards have been achieved in 2014 (Tatton Park, Congleton Park, Bollington Recreation Ground, The Moor at Knutsford, Tegg's Nose Country Park, Brereton Heath Country Park and Sandbach Cemetery).
- 78. Orbitas ASDV has been operational from 1st April 2014. The company provides a dignified bereavement service and is responsible for two crematoria sited at Macclesfield and Crewe, and eleven cemeteries (135 acres) located across Cheshire East. There were a total of 767 burials and cremations undertaken

during the first quarter, compared to 799 in the same period last year, a decrease of 4%. This decrease is matched by national trends with information from the Office of National Statistics showing that, for the months of April and May, the number of deaths registered in England and Wales was 80,757, representing a decrease of 11,052 (12%) deaths in comparison to the same months in 2013.

- 79. The number of fly tips stood at 577 at the end of the first quarter. This has increased year-on-year principally because we have introduced a new Customer Relationship Management (CRM) system which better captures the number of incidents. Ansa will continue to carry out Waste Prevention work which will seek to educate people to improve behaviours, however it has limited control over public behaviour. It will continue to respond to fly tipping reports promptly to reduce risk of the problem escalating.
- 80. 100% of scheduled pollution control inspections to protect the Cheshire East environment were completed during the first quarter. A further inspection has been deferred due to its seasonal requirements. We have also undertaken 8 Petrol Vapour Recovery inspections as part of routine Petroleum Premises Inspections.

Sustainable Energy

- 81. Early indications are positive with regard to the Council's work on Geothermal energy. An open day was attended by 57 people from across the industry, seeking to consult and develop a dialogue to move the initiative forwards.
- 82. Significant progress has been made with delivering viability studies assessing the heat network, site investigations and risk modelling all these studies will de-risk the delivery of the Geothermal project.

83. A grant application has been submitted for further feasibility money from the Heat Network Delivery Unit with the outcome known in Summer 2014.
84. The Council has formed an energy advisory board to provide expert advice on a range of topics to secure a better energy deal for our local residents. We are progressing the appointment of an energy supply partner to tackle fuel poverty within the Borough and are currently out to the market.
85. Work to increase the total waste sent for energy recovery by 2016 is on track. An interim collaborative agreement with Staffordshire County Council will deliver 40% to energy recovery 2014/15 and 2015/16. Further increases will require additional procurement from 2016.
86. Latest data on the percentage of households in fuel poverty indicate an improved position. Data is lagged, but a reduction from 11.6% in 2011 to 9.5% in 2012 has resulted in an improved national ranking (from 99 to 59), moving Cheshire East from 'significantly worse' than the England average to 'significantly better' than the England average.
87. At First Quarter Review the Environment Service are reporting overall a potential budget pressure of £0.4m against a net budget of £27.7m. This is a relatively small variance against budget and at the next quarterly report it will be clearer if this pressure can be absorbed within the Service.
88. Environmental Operations are projecting an adverse overall variance of £375,000 against net budget of £27.8m. £252,000 of this relates to potential expenditure in the Client Team while the organisational shift towards a commissioning council continues. £163,000 relates to one off costs for staff displaced through the management review and have since left CEC in the first quarter to 30 June. £108,000 of this relates to voluntary redundancy costs, and the £52,000 remaining budget shortfall (permanent) relates to further currently unfunded client posts.

89. Bereavement Services are projecting an adverse variance of £58,000 against a net income budget of (£1.3m), although further analysis of spending in the service provider will not be reported until the second quarter of operations.

5 ~ People live well and for longer

Facilitating people to live independent, healthier and more fulfilled lives

90. The Council continues to increase the support to people who need adaptations to their home. We have actioned this by improving our performance of the allocation of Disabled Facilities Grant and being able to respond to requests for minor adaptations. We have achieved 503 adaptations in quarter 1 against a target of 425.
91. The Council continues to develop new ways of working to support people to remain in their own homes or return there after admission to hospital. The planned changes are:
 - Improved access to information and advice at an early stage to detail what help is available.
 - Development of integrated health and social care community services within the Caring Together and Connecting Care programmes.
 - Development of integrated urgent care and rapid response services for people to receive care at home in a crisis where this is possible.

All these three areas of work are well underway and the design stages are almost complete with staged implementation to commence later this year.

92. The impact of seeking to make best use of prevention and early intervention services and to work with individuals to look at the support options available to them in their own communities is having positive results in long-term support for people to stay at home. In quarter 1 the performance result for community based services users able to stay in their own home was 80.9%; an increase in performance and the highest to date.

Early Intervention, Help and Prevention

93. Additional care and support services were commissioned in April 2014. These services are being provided by the voluntary sector and continue to add to the range of existing provision. Monitoring of these services will evidence delivery against key Council outcomes which focus on residents being able to access help at an early stage, and ensure the right help at the right time for them.
94. Mental Health Reablement services continue to support people through periods of mental ill health and crises. In the first quarter 493 service users completed a mental health reablement programme. 80% of these service users needed no ongoing help at the end of the six week reablement period.
95. Work is continuing on improving our Early Help offer. Whilst the number of multi-agency early help assessments is increasing, an exercise is being undertaken to audit the quality of these plans and to ensure that they result in a reduction of referrals to Children's Social Care.

Accessible Services, Information and Advice

96. Public health drug and alcohol services have been re-commissioned and the new service is expected to be operational by end of October 2014.
97. The new service will have a greater focus on supporting alcohol misuse and on early help, harm reduction and recovery support.

Participation in the sub-regional alcohol harm reduction work programme continues. Health promotion talks took place in May with Police talking to vulnerable pupils in 2 schools in Crewe on the consumption of alcohol and the harmful effect on their health.

98. The Winter Wellbeing Group is continuing its preparations for winter 2014/15. A multi-organisation "Under the Weather" Event was held in July 2014 to plan new approaches covering winter, summer and flooding.
99. A Public Health Transformation Fund has been created to enable Cheshire East residents to access, and benefit from, innovative approaches to health and wellbeing not previously available to them. This includes an opportunity to develop sustainable initiatives which provide a greater focus around prevention and early intervention. Approval from Cabinet for the Fund was gained in July 2014.
100. The Council's Leisure facilities and leisure development team transferred to the new Everybody Sport & Recreation Trust on the 1st May. Excellent continuity of service for users has been maintained in the first few months of trading. The trust will now be looking to further develop and improve the leisure and health offer to local residents.
101. The Council is working to increase delivery of 'Bikeability' Level 2 or 3 cycle training to young people aged 8-18 years across the Borough, from 3,800 in 2013/14 to 4,000 in 2014/15. Performance is well on track and ahead of target at the end of the first quarter with 1,103 young people trained across 40 schools and bookings confirmed for the next academic year.

Public Protection and Safeguarding

102. Safeguarding children and young people is a key priority for the Council. The Council has continued to work with Ofsted on piloting its improvement framework. Monthly reports from Ofsted suggest significant improvements in safeguarding quality of

- practice. Plans to increase the number of high quality Social Workers are supporting these improvements and the focus for quarter two is on implementing a number of strategies to reduce Social Worker caseloads to enable them to spend more time with children and families.
103. Ensuring that children and young people participate in decisions that affect their lives is an essential part of the Council's ambition to being a good and outstanding authority. It is particularly important for those most vulnerable children and young people. To this end, there continues to be an increase in the number of children and young people who are participating in their child protection plan. Efforts to find different approaches to make this participation more meaningful for these young people are ongoing.
 104. The 'Have you Heard' Conference was a key success in celebrating the voice of children and young people during the first quarter. The conference was held in June by the Safeguarding Children in Education and Settings team. Planned, researched and organised by young people themselves, the conference for frontline practitioners focussed on issues that young people identified as important to them in relation to safeguarding, including domestic abuse, child sexual exploitation and e-safety. The high profile event was opened by the Leader of the Council, with a keynote speech from Edward Timpson MP and closing speech from the Portfolio Holder for Children and Families.
 105. The annual Looked After Children Sufficiency Statement was revised in quarter one and will be published in the next quarter. This includes an action plan that sets out how the Council will continue to increase the number of children placed locally. A corporate parenting strategy will also be published in quarter two that will set out how the Council intends to improve outcomes for all children in care.
 106. The Council's adoption recruitment strategy is proving very successful. 12 adopters have already been recruited against the annual target of 35.
 107. Cheshire East Council has been chosen to be part of a national pilot scheme that will help find homes faster for vulnerable children who end up in care. The pilot will allow approved adopters to learn more about the children who are waiting for a loving, stable home. They will be able to find out about their hobbies, likes and dislikes and hear them speak and laugh in videos and pictures.
 108. Cheshire East Council will also benefit from funding worth £1,900 per pupil, which will help to close the attainment gap between adopted children and their peers. The 'pupil premium' money will help schools provide tailored support to raise the attainment of all adopted children from this September, such as additional catch-up sessions or specialist training for staff working with children adopted from care.
 109. The Adults Service is currently predicting a small overspend at First Quarter Review for 2014/15. This overspend of £300,000 on a net budget of £92.6m represents a variance of 0.3%. The service continues to operate in a very challenging climate financially with demand continuing to rise through the increasingly elderly (and frail) population and the complexity of service users coming through transition to adulthood from Children's Services. Negotiations are underway with health colleagues around the ongoing funding of these costs arising from very complex needs and this issue dominates financial forecasts at this time.
 110. In addition, future financial risks continue to grow and are being recorded in outturn forecasting and future years Medium Term Financial Strategy (MTFS) plans as they become able to be quantified with confidence. These include risks around the Care Act where detailed financial modelling has commenced in order

to project whether the monies allocated by central government in future years will match the costs being locally on the ground.

111. Progress is being assessed against current years MTFS target savings and actions such as individual review / reassessments of service users using tools such as the Care Fund Calculator is underway. Papers have recently considered by Cabinet which will allow actions to be delivered to contribute towards these savings. Early projections, for example, around income levels remain buoyant and give cause for optimism at this point. In addition, new pressures such as the recent changes in respect of the approach around Deprivation of Liberties following the Court judgement in March 2014 are being managed and training / resources being targeted appropriately.
112. It should be noted that additional pressures may come forward as the year progresses, for example, those that arise in this sector during the winter period. Colleagues in Health are already gearing up for these potential pressures, which may in turn result in additional pressures on Adults Social Care.
113. The service has successfully recruited additional Social Workers to assist with both current pressures outlined above and also, those that will inevitably arise of the Care Bill in future years (such as further assessments to determine eligibility under the act and in turn, progress toward the care cap introduced under the act).
114. The service is also working with Public Health colleagues to understand the opportunities for collectively commissioning services, to improve the delivery of services to customers and also to maximise value for money for the Council.
115. At this point the overall projection is one of producing a balanced outturn (to follow on from the underspend position reported in 2013/14, which was first for the service during the existence of Cheshire East Council) against a backdrop of increased demand and therefore further pressure on every pound spent. Mid Year

Review will contain an update around the funding of very complex cases which as stated at the outset is key to the overall financial position of the service.

116. The Public Health budget for 2014/15, fully funded directly by government grant, is £14.2m. This budget has and will continue to be subjected to ring fencing arrangements through to the end of 2015/16 at the earliest. At the end of 2013/14 £1.6m was placed into the Public Health Earmarked Reserve which is allowable under the regulations that transferred this service into the local authority.
117. This reserve and further funds from within the existing 2014/15 allocation are proposed to be utilised in improving Public Health / Council Outcomes, for example, Outcome 5 "People Live Well and for Longer". Public Health have launched their Innovation Fund and it is envisaged that the first allocations from the fund will be agreed during August 2014.
118. It is possible that given the proportion of the year that has elapsed to date, and the potential time delay in setting up projects that the Earmarked Reserve will further increase at the end of 2014/15 (a range of £2.5m to £3.0m is flagged at this point) in order that projects are able to be supported for a sufficient period to evidence their success before being considered for mainstream recurrent funding.
119. The quarterly reviews will contain updates about the Innovation Fund and the potential impact on the Earmarked Reserve and the reserve itself will be fully backed by a detailed list of ongoing commitments at year end.
120. There is a risk of potential overspending in Leisure client services (of up to £85,000) while the structure of client services is reviewed across the Council. Additional costs may arise from the closure of the Leisure accounts as at end of April 2014 but these are still being finalised and will be fully reported at mid –year.

A Responsible, Effective and Efficient Organisation

Efficient Use of Assets

121. A property agent has been appointed to work with the Council to accelerate the disposal of surplus assets. This will generate capital receipts and achieve revenue savings targets. Business Improvement work has begun to review the operational performance of the Assets team to develop a fit for purpose team as part of the Commissioning Council model. A review and refresh of the Council's Strategic Asset Management Plan is underway to ensure operational activities remain aligned to the Council's outcomes.
122. The Assets Service at this stage in the financial year are assuming a balanced budget with the exception of the Farms Estate, which based on previous financial year-end outturns, is likely to achieve a favourable variance in the region of £0.2m.

Effective Processes

123. During the first quarter, the Council has continued to develop a suite of local performance indicators to help measure delivery of 'a responsible, effective and efficient organisation'. We are currently working to define, baseline and monitor these measures to track performance and identify areas for improvement throughout 2014/15 and beyond.

Engaging Our People

124. The Council has set a 2014/15 target to reduce the number of average working days per employee (full time equivalent) lost through sickness absence to 11 days (excluding schools). First quarter cumulative performance stood at 2.91 days.

Enhance Leadership and Governance

125. 82% of agreed internal audit report recommendations were implemented in 2013/14, and the Council has set a target of 90% for 2014/15. Work is underway define, baseline and monitor similar measures relating to external audit recommendations and agreed third party inspection report recommendations.

Effective Financial Control

126. No significant Chief Operating Officer budget pressures have been identified at this early stage of the year and a broadly balanced outturn is currently forecast.

2. Financial Stability

Introduction

127. Financial performance in terms of estimates at Quarter 1 of 2014/15 has continued to improve compared to previous financial years. Improvements in financial planning, governance and stewardship are having a clear impact on the Council's ability to manage its budget and create greater confidence in the medium term plans.
128. The best fit approach towards commissioning means the Council now wholly owns several supplier companies. The financial position of these companies, and how this affects the financial performance of the Council, will be analysed and reported in more detail at the mid-year point.
129. **Table 1** provides a service summary of financial performance at Quarter 1. For further details please see Section 1 and the notes below the table. Changes to service net budgets since Original Budget are analysed in **Appendix 2**.

Table 1 Service Revenue Outturn Forecasts

	Revised Net Budget	Emerging Pressures	Remedial Actions	Current Forecast Over / (Under spend) £000	Outcome Number 1-5
	£000	£000	£000	£000	
Children & Families	54,264	307	-250	57	3,5
Adult Social Care & Independent Living	94,780	1,500	-1,200	300	5
Public Health & Wellbeing	1,619	85	0	85	5
Environment	28,501	433	0	433	4
Highways	10,501	64	0	64	4
Communities	10,497	1,235	-684	551	1,2
Economic Growth & Prosperity	14,756	206	0	206	2
Chief Operating Officer	42,043	0	0	0	
TOTAL SERVICE OUTTURN	256,961	3,830	-2,134	1,696	

130. The impact of the projected service outturn position at this early stage of the financial year is to decrease balances by £1.7m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.
131. The Council has made considerable improvements in the way it manages its major change programmes. This has included extensive training, a refreshed methodology, the setting up of new monitoring and reporting arrangements and monthly reporting. In April 2013 the Council launched a corporate project and programme management framework to support achievement of the Three Year Plan. The framework focuses on capital or revenue projects or programmes where the total value exceeds £250,000, or poses significant risk to the Council. Progress is reviewed by a Member-led governance group, called the Executive Monitoring Board

(EMB), which is supported by a Technical Enabler Group (TEG) and the Programme Management Office (PMO).

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

Government Grant Funding of Local Expenditure

133. 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 2014/15 was £387.4m.
134. In 2014/15 Cheshire East Council's specific use grants held within the services was budgeted to be £283.6m based on Government announcements to February 2014. Further announcements have revised this figure to £279.3m. 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 £103.9m based on Government announcements to February 2014. Further announcements have revised this figure to £104.3m.
135. **Table 2** is a summary of the budgeted and updated position for all grants in 2014/15. A full list is provided at **Appendix 3**.

Table 2 – Summary of Grants to date

	Original Budget	Revised Forecast FQR	Change
	2014/15 £m	2014/15 £m	2014/15 £m
SPECIFIC USE			
Held within Services	283.6	279.3	-4.3
GENERAL PURPOSE			
Central Funding	86.5	86.5	0.0
Service Funding			
Children & Families	1.0	1.1	0.1
Adult Social Care & Independent Living Environment	0.3	0.4	0.1
Communities	0.1	0.2	0.1
Economic Growth & Prosperity	3.2	3.2	0.0
Chief Operating Officer	0.8	0.8	0.0
Total Service Funding	12.0	12.1	0.1
TOTAL GENERAL PURPOSE	17.4	17.8	0.4
TOTAL GRANT FUNDING	103.9	104.3	0.4
	387.4	383.5	-3.9

136. Specific use grants have decreased by £4.3m. This is mainly due to a reduction in pupil numbers.
137. General purpose grants have increased by £0.4m. This includes various small grants received during the first quarter of 2014/15 that were not budgeted for, including £123,000 for Sustainable Drainage Systems Capability and Capacity Building, and £125,000 for Care Bill Implementation funding. Requests for the allocation of all the additional grants received are detailed in **Appendix 9**.

Collecting Local Taxes for Local Expenditure

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

Council Tax

139. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2014/15 at £1,216.34 for a Band D property. This is applied to the taxbase.
140. 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 2014/15 was agreed at 137,548.53 which, when multiplied by the Band D charge, means that the expected income for the year is £167.3m.
141. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 3** shows these amounts separately, giving a total budgeted collectable amount of £202.7m.

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

	£m
Cheshire East Council	167.3
Cheshire Police & Crime Commissioner	21.1
Cheshire Fire Authority	9.5
Town & Parish Councils	4.8
Total	202.7

142. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue

100% collection, however, to allow for non-collection the actual amount billed will therefore be more than the budget.

143. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £206.2m.
144. **Table 4** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within this period.

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

Financial Year	CEC Cumulative		
	2011/12 %	2012/13 %	2013/14 %
After 1 year	97.7	98.2	98.1
After 2 years	99.1	99.3	*
After 3 years	99.4	*	*

*data not yet available

145. The Council Tax in-year collection rate for 2014/15 is currently 30.1% compared to 30.0% for the same period in 2013/14. This represents an increase in collection rate of 0.1% on last year and equates to an increase in cash collection of £0.2m when set against the current net debit.
146. Council Tax support payments (incl. Police and Fire) were budgeted at £19.1m for 2014/15 and as at the end of the first quarter the total benefit awarded totalled £16.8m. The Council Tax Support caseload has reduced since April 2014 and there have been more reductions in the Council Tax Support awards in the first quarter than increased or new awards. The amount of negative adjustments will reduce later in the year as the current increased workload due to Welfare Reform changes is cleared.

147. Council Tax discounts awarded as at the end of the first quarter are £18.4m which is broadly in line with the same period in 2013/14.

148. Council Tax exemptions awarded at the end of the first quarter totalled £3m. This is lower than the same period in 2013/14 where the amount awarded totalled £3.4m.

National Non Domestic Rates (NNDR)

149. NNDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief. This year the multiplier was capped by the Government at 2%.

150. The small business multiplier applied to businesses which qualify for the small business relief has been set at 47.1p in 2014/15. The non-domestic multiplier has been set at 48.2p in the pound for 2014/15.

151. 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 valuation appeals). This baseline is subject to an inflationary increase each year (also capped at 2% for this year) therefore for 2014/15 this level will be £135.1m. Current estimates forecast that rates income should be in line with this baseline level.

152. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

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

Financial Year	CEC Cumulative		
	2011/12 %	2012/13 %	2013/14 %
After 1 year	98.1	98.0	98.2
After 2 years	99.1	98.8	*
After 3 years	99.4	*	

*data not yet available

153. The business rates in-year collection rate for 2014/15 is currently 28.7% compared to 33.4% for the same period in 2013/14. This would equate to a shortfall of £6.6m if set against the current net debit, however, more than £5m of this relates to rate payments subsequently settled by Cheshire East Council in relation to schools and other properties. In addition, over 16% of ratepayers, including some larger business property owners have now taken the opportunity to pay over 12 instalments instead of 10. This has the effect of reducing cash collection in the first 10 months of the year compared to previous years.

Capital Programme 2014/18

154. Since reporting the Capital Programme for the Budget Report in February 2014 the overall forecast expenditure for the next three years has increased by £10.1m as shown in **Table 6**.

Table 6 – Summary Capital Programme

	Original Total Forecast Budget 2014/18 £m	Amendments to FQR Forecast Budget 2014/18 £m	Amended FQR Forecast Budget 2014/18 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2014/18 £m
Early Help & Protection	2.5	0.8	3.3	0.0	0.0	3.3
Education Strategy	32.4	-0.3	32.1	-0.7	0.8	32.3
Adult Social Care & Independent Living	3.5	-0.1	3.4	0.0	0.0	3.4
Public Health	0.0		0.0	0.0	0.0	0.0
Leisure	31.6	0.5	32.1	0.0	0.0	32.1
Environment	16.0	1.7	17.8	0.0	0.0	17.8
Highways	34.0	-0.9	33.1	0.0	3.1	36.2
Communities	1.0	0.2	1.2	0.0	0.0	1.2
Economic Growth & Prosperity	252.3	6.8	259.1	-8.0	0.0	251.1
Chief Operating Officer	65.6	5.8	71.4	0.0	0.3	71.7
	439.1	14.5	453.6	-8.7	4.2	449.1

155. The amendment since the budget was set at Council on 27th February 2014 is due to slippage from the 2013/14 capital programme and subsequently approved budget changes totalling £14.5m. Significant slippage was due to factors beyond the Council's control, and deliberate delays to maximise funding. The slippage has now been included in the forecasts for this financial year as well as future years.
156. The programme has also been revised to reflect Budget reductions of £8.7m and Supplementary Capital Estimates of £4.2m contained in **Appendices 5 to 7**.
157. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

Table 7 – Capital Funding Sources

	Original Total Forecast Budget £m	FQR Total Forecast Budget £m	Change £m
Grants	196.6	201.2	4.6
External Contributions	43.3	41.6	-1.8
Cheshire East Resources	199.2	206.4	7.2
Total	439.1	449.1	-10.0

Capital Budget 2014/15

158. At the First Quarter review stage, the total in-year budget for 2014/15 has been revised from the original budget of £161.2m to £147.8m as shown in **Appendix 4**. This includes the net impact in 2014/15 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 8**.
159. The capital programme is now reported by the stages in the approval process. For in –year monitoring and reporting purposes, only schemes that are noted as committed and in progress will have slippage monitored against them during the year, as these schemes should have commenced prior to or during 2014/15 and a detailed forecast expenditure plan should be in place. Forecast expenditure on these schemes in 2014/15 is £124.3m, as analysed in **Table 8** below. Schemes will be monitored on their progress during the year and re-categorised quarterly.

Table 8 – Changes to the 2014/15 Capital Budget

	Original Budget	Revised FQR Budget	Forecast Exp	Current Forecast Over / Under Spend
	£m	£m	£m	£m
Early Help & Protection	0.2	0.1	0.1	0.0
Education Strategy	7.8	10.5	10.5	0.0
Adult Social Care & Independent Living	1.2	0.9	0.9	0.0
Public health & Wellbeing	6.0	8.5	8.5	0.0
Environment	1.0	2.9	2.9	0.0
Highways	29.0	31.1	31.1	0.0
Communities	0.2	0.3	0.3	0.0
Economic Growth & Prosperity	30.5	25.5	25.5	0.0
Chief Operating Officer	41.1	44.3	44.3	0.0
Total	117.0	124.3	124.3	0.0

160. **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.
161. **Appendix 6** lists requests for supplementary capital estimates and virements above £250,000 up to £1,000,000 to be approved by Cabinet.
162. **Appendix 7** lists a request for a supplementary estimate of £3.1m in respect of additional grants received from the Department of Transport to the Highways Improvement Programme for approval by Council. £1.9m has been received in respect of Pot Hole repairs and £1.2m to help repair the highways network due to the severe weather earlier this year.

163. **Appendix 8** lists details of reductions of £8.7m in Approved Budgets where schemes are completed, will not be monitored as part of the Council's capital programme and can now be removed. These are for noting purposes only.

Central Adjustments

Capital Financing Costs

164. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These budgeted costs are partly offset by the interest the Council anticipates earning from temporary investment of its cash balances during the year. The capital financing budget of £12.5m accounts for 5% of the Council's net revenue budget.
165. At First Quarter Review, the capital financing budget is forecast to be broadly balanced.

Treasury Management

166. Investment income for Quarter 1 is £108,000 which is higher than the budgeted income of £80,000 for the period. The level of cash balances have remained high and returns from the externally managed funds have improved in May although given their lack lustre performance over the previous 12 months and in June 2014, consideration is being given to withdrawing these funds:
- The average lend position (the 'cash balance') including fund manager up to the end of Quarter 1 was £89.8m.
 - The average annualised interest rate received on in house investments up to the end of Quarter 1 was 0.51%.

- The average annualised interest rate received on the externally managed pooled funds up to the end of Quarter 1 was 0.66%.

167. The Council's total average interest rate up to the end of Quarter 1 in 2014/15 was 0.54%. This is on a par with Base Rates and higher than the London Inter-bank Bid Rate for 7 days at 0.39%. The base rate remained at 0.50% for the quarter.

Table 9 – Interest Rate Comparison

Comparator	Average Rate Q1
Cheshire East	0.54%
LIBID 7 Day Rate	0.39%
LIBID 3 Month Rate	0.48%
Base Rate	0.50%

168. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 27th February 2014. Further details of counterparty limits and current investments are given in **Appendix 9**.

Central Contingencies and Contributions

169. A provision of £1.1m was included in the 2014/15 budget to meet ongoing actuarial charges relating to Voluntary Redundancies. Spending in-year is forecast to be in line with the provision.
170. Following transfers from services, a budget of £1.0m is also held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. At First Quarter, it is forecast that spending will be in line with the budget.

Allocation of Additional Grant Funding

171. The Council's budget provides for the receipt of known specific grants. However where additional unbudgeted non-ringfenced grant funding is received, services wishing to increase their expenditure

budgets are required by Finance Procedure Rules to seek approval to use this additional funding. This report seeks approval to services' requests to incur additional expenditure in 2014/15 fully funded by additional grant. Details of the allocations are contained in **Appendix 9**.

Debt

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

Outturn Impact

173. The impact of the projected service outturn position could reduce balances by up to £1.7m as reported above (**para 130**).
174. Taken into account with the central budget items detailed above, the financial impact described in this report could reduce balances by up to £7.5m as summarised in **Table 10**.

Table 10 – Impact on Balances

	£m
Service Net Budget Outturn	-1.7
Central Budgets Outturn	0.0
Use of Reserves reported to Council	-5.8
Total	-7.5

Management of Council Reserves

175. The Council's Reserves Strategy 2014/17 stated that the Council would maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is likely to remain at £14.0m throughout the medium term.
176. The opening balance at 1st April 2014 on the Council's General Reserves is expected to be confirmed at £19.8m. This reflects figures published in the draft statement of accounts for 2013/14.

177. Council have approved the use of £5.8m of general reserves in 2014/15, to support investment in sustainability and communities, at their meetings in February and July 2014.
178. The overall impact of service budgets, central budgets and Council decisions is identified in **Table 10** above. **Table 11** shows how this impacts on the forecast closing balance of general reserves.

Table 11 – Change in Reserves Position

	£m
Opening Balance at 1 April 2014	19.8
Quarter 1 Outturn Impacts	-7.5
Forecast Closing Balance at March 2015	12.3

179. The projected balance of £12.3m reflects the current forecast that risks associated with budget achievement in 2014/15 may actually materialise and this is within the range provided in the Reserves Strategy. Options to mitigate the current risk will continue to be explored in the remaining nine months of the financial year. Overall the Council remains in a strong financial position given the major challenges across the public sector.

3. Workforce Development

180. This section sets out the Council's activities in relation to HR, Organisational Development, Workforce Development plans and changes to staffing levels.
181. The Council has a number of key workforce projects underway to support the Council's continued transformation. In order to understand the levels of staff engagement and morale an employee survey was run earlier this year. The results highlighted some key strengths as well as some areas for improvement – providing a baseline from which to build. Managers are leading discussions within teams across the Council to explore the results in more detail and agree actions that can be taken at a local level or corporately to continually improve.
182. Recognising the very different organisation we are and will become, a comprehensive review of our core organisational values and associated behaviours has been completed to ensure our core values reflect what matters most and provide a strong and enduring foundation for future success. Our revised values start with "Putting Residents First". This is our promise to the residents and communities of Cheshire East, which we will deliver by consistently living our five core values. Work is now underway to align our values with other processes and embed them in all that we do.
183. In conjunction with the review of our core values we have also reviewed the Council's employee recognition scheme. Drawing on feedback from colleagues across the Council, the Cheshire East "Making a Difference" scheme was launched on 1st July. This revised approach includes:
- 'Made my Day' Instant Recognition
 - 'Making a Difference' Employee / Team of the month
 - 'Making a Difference' Employee / Manager / Team of the year

184. Recognising that the world of work is complex, constantly changing and placing increasingly tough demands on all employees, leaders and managers who need a broad portfolio of management and leadership tools and techniques to do their job effectively. Coaching is a particularly powerful tool that has proven to be a highly effective way of developing individual and organisational performance by unlocking capability, building confidence and increasing ownership. A "Coaching for innovation, change and performance" development programme has recently been piloted involving a mix of managers from senior managers through to team leaders. Feedback from the pilot has been very encouraging and early indications are showing that taking a coaching approach is having a positive impact in terms of increased ownership, making breakthroughs on issues and releasing potential.



Staffing Changes

185. **Table 12** below demonstrates that there has been a reduction in headcount of 10% between April and June 2014. The employee headcount in June 2014 was 3,960 – a reduction of 18% from March 2014, predominantly as a result of employees transferring to ANSA and Orbitas on 1st April 2014, and to ESAR and CoSocius on 1st May 2014.

Table 12: Headcount and FTE figures for April to June 2014

	April		May		June	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Childrens & Families	1,100	751.0	1,102	752.7	1,105	752.0
Adults	1,289	984.1	1,285	981.2	1,299	995.3
Former Places	1,466	1,002.9	1,122	818.9	1,106	807.8
Finance	244	225.7	248	226.4	248	225.8
Legal & Democratic	121	79.5	121	79.5	122	80.5
HR & Organisational						
Development	42	36.0	40	35.1	40	35.1
Shared Services	113	105.4	15	13.9	16	14.7
Apprentices	49	49.1	46	44.2	42	41.4
Total	4,424	3,233.7	3,979	2,951.9	3,978	2,952.6

186. **Table 13** demonstrates that over the first quarter in 2014/15 the cumulative average days lost to sickness was slightly higher than the previous financial year. Management of sickness absence levels during this financial year will focus on developing greater resilience and addressing stress and a detailed action plan to address this has been developed.

Table 13: Comparison of average days lost to sickness in the First Quarter of 2014/15 to the same period in 2013/14

	Apr	May	Jun
Q1 2014/15	1.02	1.62	2.91
Q1 2013/14	0.93	1.80	2.59

Whole Council excluding Schools – year to date cumulative effect

Voluntary Redundancies

187. 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.

188. Ten people have left the Council under voluntary redundancy terms in Quarter 1, five of whom held posts within the management grades (Grade 10 or above). The total severance costs, for all ten employees were £475,072, inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £495,500 (which is the combined accumulated costs of the deleted posts).

Appendices to First Quarter Review of Performance 2014/15

September 2014

Appendix 1 – The Three Year Council Plan



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

Appendix 2 – Changes to Revenue Budget 2014/15 since Original Budget

	Budget Book Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Other Virements £000	FQR Net Budget £000
Childrens & Families	54,534	27	-297		54,264
Adult Social Care & Independent Living	94,655	125	0		94,780
Public Health & Wellbeing	1,619	0	0		1,619
Environment	28,475	123	-97		28,501
Highways	10,501	0	0		10,501
Communiites	10,207	57	233		10,497
Economic Growth & Prosperity	14,608	50	98		14,756
Chief Operating Officer	41,971	9	63		42,043
TOTAL SERVICE BUDGET	256,570	391	0	0	256,961
Central Budgets					
Specific Grants	-17,379	-391			-17,770
Capital Financing	12,500				12,500
Contingencies	1,143				1,143
Corporate Contributions	1,027				1,027
Contribution to/from Reserves	-40				-40
	-2,749	-391	0	0	-3,140
TOTAL BUDGET	253,821	0	0	0	253,821

Appendix 3 – Corporate Grants Register

Corporate Grants Register 2014/15 First Quarter Review		Original Budget 2014/15 £000	Revised Forecast 2014/15 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
SPECIFIC USE (Held within Services)					
Schools					
Dedicated Schools Grant	1	171,759	167,729	(4,030)	
Pupil Premium Grant	1	7,489	6,796	(693)	
Sixth Forms Grant	1	5,512	5,579	67	
Total Schools Grant		184,760	180,104	(4,656)	
Housing Benefit Subsidy		84,518	84,518	0	
Public Health Funding		14,274	14,274	0	
Restorative Justice Development Grant		8	8	0	
Bus Services Operators Grant		0	348	348	SRE
TOTAL SPECIFIC USE		283,560	279,251	(4,308)	
GENERAL PURPOSE (Held Corporately)					
Central Funding					
Revenue Support Grant		48,601	48,601	0	
Business Rates Retention Scheme		37,883	37,883	0	
Total Central Funding		86,484	86,484	0	

Corporate Grants Register 2014/15 First Quarter Review		Original Budget 2014/15 £000	Revised Forecast 2014/15 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
GENERAL PURPOSE (Held Corporately)					
Children & Families					
Troubled Families		130	130	0	
Troubled Families - Co-ordinator		100	100	0	
Extended Rights to Free Transport		153	153	0	
Adoption Reform Grant (unringfenced element)		275	275	0	
Special Educational Needs Reform Grant		384	384	0	
Youth Detention - Looked After Children		0	27	27	SRE
Adult Social Care & Independent Living					
Local Reform and Community Voices Grant		262	262	0	
Care Bill Implementation Grant		0	125	125	SRE
Environment					
Lead Local Flood Authorities		52	52	0	
Sustainable Drainage Systems Capability and Capacity Building		0	123	123	SRE
Communities					
Housing Benefit and Council Tax Administration		1,760	1,760	0	
NNDR Administration Grant		562	562	0	
Social Fund - Programme funding		612	612	0	
Social Fund - Administration funding		119	119	0	
Council Tax - New Burden		135	135	0	
Implementing Welfare Reform Changes		0	57	57	SRE

Corporate Grants Register 2014/15 First Quarter Review		Original Budget 2014/15 £000	Revised Forecast 2014/15 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
GENERAL PURPOSE (Held Corporately)					
Economic Growth & Prosperity					
Skills Funding Agency		785	830	45	SRE
Neighbourhood Planning Grant		0	5	5	SRE
Chief Operating Officer					
Education Services Grant		4,700	4,769	69	Balances
New Homes Bonus 2011/12		870	870	0	
New Homes Bonus 2012/13		1,844	1,844	0	
New Homes Bonus 2013/14		1,037	1,037	0	
New Homes Bonus 2014/15		1,358	1,358	0	
Affordable Homes 2012/13		85	85	0	
Affordable Homes 2013/14		82	82	0	
New Homes Bonus 2013/14 - return of topslice		132	129	(3)	Balances
Council Tax Freeze Grant 2014/15		1,816	1,807	(10)	Balances
Community Rights to Challenge		9	9	0	
Community Rights to Bid		8	8	0	
Individual Electoral Registration		108	117	9	SRE
NNDR software changes - Retail Relief		0	8	8	Balances
Local Government Transparency Code 2014		0	0	0	
Total Service Funding		17,379	17,834	455	
TOTAL GENERAL PURPOSE		103,863	104,318	455	
TOTAL GRANT FUNDING		387,422	383,569	(3,853)	

Notes

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

Appendix 4 – Summary Capital Programme and Funding

Commissioning Service	In-Year	SCE's	Budget	Revised	Forecast Expenditure		
	Budget	Virements	Realignment	In-Year			
	FQR	Reductions	FQR	Budget			
	2014/15	2014/15	2014/15	2014/15	2014/15	2015/16	2015/16 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Early Help and Protection							
Committed Schemes - In Progress	175	0	-44	131	131	0	0
Committed Schemes at Gate 1 Stage	397	750	0	1,147	1,147	0	0
Medium Term and Rolling Programme	760	0	44	804	804	1,051	206
Education Strategy							
Committed Schemes - In Progress	7,762	-627	3,344	10,479	10,479	684	698
Committed Schemes at Gate 1 Stage	4,649	2,129	-3,350	3,428	3,428	1,001	393
Medium Term and Rolling Programme	5,900	-2,615	373	3,658	3,658	5,597	6,337
Adult Social Care and Independent Living							
Committed Schemes - In Progress	1,191	0	-253	938	938	155	0
Medium Term and Rolling Programme	750	0	0	750	750	800	800
Leisure							
Committed Schemes - In Progress	5,969	0	2,557	8,526	8,526	6,586	0
Longer Term Proposals	500	0	-200	300	300	8,700	8,000
Environment							
Committed Schemes - In Progress	995	0	1,947	2,942	2,942	26	0
Medium Term and Rolling Programme	6,015	0	-1,500	4,515	4,515	6,595	3,690
Highways							
Committed Schemes - In Progress	29,044	2,892	-804	31,132	31,132	2,340	2,710

Commissioning Service	In-Year	SCE's	Budget	Revised	Forecast Expenditure		
	Budget	Virements	Realignment	In-Year			
	FQR	FQR	FQR	Budget			
	2014/15	2014/15	2014/15	2014/15	2014/15	2015/16	2015/16 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Communities							
Committed Schemes - In Progress	180	0	144	324	324	170	0
Committed Schemes at Gate 1 Stage	500	0	-74	426	426	200	0
Medium Term and Rolling Programme	100	0	0	100	100	0	0
Economic Growth and Prosperity							
Committed Schemes - In Progress	30,529	-1,063	-3,943	25,523	25,523	17,089	1,397
Committed Schemes at Gate 1 Stage	1,235	23	760	2,018	2,018	643	0
Medium Term and Rolling Programme	20,908	-7,600	-9,913	3,395	3,395	24,243	21,459
Longer Term Proposals	850	0	50	900	900	11,000	143,400
Chief Operating Officer							
Committed Schemes - In Progress	41,137	778	2,354	44,269	44,269	13,175	8,180
Committed Schemes at Gate 1 Stage	1,650	0	400	2,050	2,050	2,600	1,450
Committed Schemes - In Progress	116,982	1,980	5,302	124,264	124,264	40,225	12,985
Committed Schemes at Gate 1 Stage	8,431	2,902	-2,264	9,069	9,069	4,444	1,843
Medium Term and Rolling Programme	34,433	-10,215	-10,996	13,222	13,222	38,286	32,492
Longer Term Proposals	1,350	0	-150	1,200	1,200	19,700	151,400
Total Net Position	161,196	-5,333	-8,108	147,755	147,755	102,655	198,720

Funding Sources	2014/15	2015/16	2015/16 and
	£000	£000	Future Years
			£000
Grants	76,817	18,675	105,678
External Contributions	14,073	14,869	12,642
Cheshire East Council Resources	56,865	69,111	80,400
Total	147,755	102,655	198,720

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

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000 by delegated powers provided to Portfolio Holders		
Supplementary Capital Estimates		
Education Strategy		
Devolved Formula Capital	15,439	} Fully Funded by Grant - The original budgets for these projects were based on estimated grant allocations. The Department for Education has now confirmed the actual grants for 2014/15 and these budgets have been matched to include the higher allocations.
Capital Maintenance Central Allocation	9,662	
Manor Park - Basic Needs	113,180	
Cap Maintenance Grant Block	60,000	
Re-organisation/Co-location of Services	100,000	
Economic Growth and Prosperity		
Tatton Vision	11,200	Fully Funded by Budgeted Contribution - Revenue contribution for continuous and ongoing development work on the facilities at the Gardener's Cottage to enhance both the Visitors and Operators ability to provide a first class catering establishment.
Total Supplementary Capital Estimates	309,481	

Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000 by delegated powers provided to Portfolio Holders		
Capital Budget Virements		
Education Strategy		
Capital Maintenance Grant Block Provision	20,013	Surplus grant from the completed scheme at Alsager High School, vired to the Capital Maintenance Block for re-allocation.
Highways		
Poynton Revitalisation	200,000	Virement of funds from Bridge Maintenance Minor Works programme budget for continuing remedial works on site.
Economic Growth and Prosperity		
Housing Innovation Fund	72,936	Fully Funded by Housing Grant - originally being used to fund the 2007/08 Affordable Housing Initiatives (S106 Holly Lodge) project. This project is no longer progressing. This amount has been transferred to the newly formed Housing Innovation Fund for affordable housing projects within the Borough.
Total Virements Approved	292,949	
Total Supplementary Capital Estimates and Virements	602,430	

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

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
Supplementary Capital Estimates		
Education Strategy		
School Maintenance Projects	536,242	Fully funded by contributions from schools delegated budgets towards works being undertaken to improve sites.
Chief Operating Officer		
Electronic Vehicle rapid style chargepoints	278,000	Fully funded by grant of £222,000 from the Office for Low Emission Vehicles and external contributions of £56,000.
Total Supplementary Capital Estimates Requested	814,242	
Capital Budget Virements		
Education Strategy		
School Maintenance Projects	371,949	Fully funded by contributions from schools Devolved Formula Capital Allocations towards works being undertaken to improve sites.
Free Early Years Education for 2 Year Olds	750,000	Fully funded by virements from Capital Maintenance central allocation to provide additional places to support the 2 year old offer within schools.
Disley Primary School – Replacement of Mobile Classroom and Suitability Improvements	380,000	Fully funded by virement from Block Allocation for Mobile Replacement and Maintenance projects as scheme now exceeds £250,000.

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
Economic Growth and Prosperity		
Crewe Transformation Phase 2	823,115	Fully funded by virement from Crewe Transformation Project (Phase 1) to rationalise the programme and roll up the budget to streamline the reporting of the project as a whole.
Chief Operating Officer		
Minor Works	403,703	Fully funded by virement from Office Accommodation Strategy to roll up the budgets for more streamlined reporting.
Assets	500,000	Fully funded by allocation of Capital Maintenance grant from Education Strategy to fund condition work on the schools portfolio.
Total Virements Requested	3,228,767	
Total Virements and Supplementary Capital Estimates	4,043,009	

Appendix 7 – Request for Council to approve Supplementary Capital Estimates and Virements above £1m

Capital Scheme	Amount Requested £	Reason and Funding Source
Council is asked to approve Supplementary Capital Estimates and Virements above £1m		
Highways		
Highway Investment Programme	1,862,407	Fully Funded by Grant - Additional Highways Maintenance Funding in 2014/15 for the fixing of Pot Holes within Cheshire East.
	1,249,785	Fully Funded by Grant - Additional Highways Maintenance Funding in 2014/15 to help repair the damage caused by the Severe Weather and flooding earlier in the year.
Total Supplementary Capital Estimates Requested	3,112,192	

Appendix 8 – Capital Budget Reductions

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Education Strategy				
Basic Need Block	7,657,425	7,160,124	-497,301	Reduction in funding being provided, by the Department of Education, towards expanding the number of places within schools.
Capital Maintenance Grant	7,000,000	6,800,000	-200,000	Reduction in the anticipated funded from the Department of Education due to schools converting to Academies.
Highways				
Air Quality Action Plan	42,215	22,215	-20,000	£20,000 of the Local Transport Partnership funding against Air Quality is being used to fund the newly approved "Electronic Vehicle Recharge" project, which has been included in the £278,000 Supplementary Capital Estimate request on Appendix 6
Economic Growth and Prosperity				
Basford West Spine Road	7,600,000	0	-7,600,000	Take out of the programme as we will pay the money (£2.9m Pinch Point Funding) over to the developer or back to the DfT
Earl Road Handforth Feasibility	130,000	24,886	-105,114	Budget for this feasibility work no longer required, balance to go back into the feasibility pot so that it can be allocated elsewhere.
Tatton Cash Receipting System	250,000	200,000	-50,000	Contract price refined since the original proposals approved.
Affordable Housing Initiatives (Section 106 Holly Lodge)	869,733	637,468	-232,265	Migrated project from 2007/08 - scheme under review.
Total Capital Budget Reductions	23,549,373	14,844,693	-8,704,680	

Appendix 9 – Treasury Management

Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and credit rated building societies this has 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. Due to their smaller size, unrated Building Societies have a limit of £1m each.
2. Our approved counterparties list also includes a number of foreign banks. As the limits applicable to all organisations have been reduced the Council is looking to invest in selected highly rated foreign institutions. On 5th June 2014 a 1 year Certificate of Deposit (CD) was purchased from Deutsche Bank and has since been followed with a further CD on 17th July.
3. In order to diversify investments over a broader range of counterparties, the Council is also looking at a range of unrated Building Societies on advice from our treasury advisors who are monitoring their financial standing in the absence of any formal credit rating. Although no investments were made in Quarter 1, the first investment was placed with Vernon Building Society in July.
4. Banks credit ratings are kept under continual review. There have not been any significant changes in Quarter 1 of 2014/15. In addition to ratings, other credit indicators, such as Swap rates are also monitored.

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

Table 1 – Current Investments and Limits

Counterparties	Limits		Investments as at 30 th June 2014	
UK Banks				
Barclays Bank	10%	£10m	7%	£5.6m
Close Brothers	10%	£10m	6%	£5.0m
HSBC Bank	10%	£10m	-	-
Lloyds TSB	10%	£10m	10%	£8.0m
Santander (UK) plc	10%	£10m	6%	£4.5m
Standard Chartered Bank	10%	£10m	2%	£2.0m
Foreign Banks				
Deutsche Bank	10%	£10m	2%	£2.0m
Building Societies				
Leeds Building Society	10%	£1m	1%	£1.0m
Nationwide Building Society	10%	£10m	10%	£8.0m
Money Market Funds		50%	31%	
Deutsche	25%	£10m	4%	£3.3m
Ignis	25%	£10m	7%	£6.0m
Federated Prime Rate	25%	£10m	10%	£8.0m
Morgan Stanley	25%	£10m	6%	£4.2m
Scottish Widows	25%	£10m	4%	£3.5m
Pooled Funds – External Fund Manager	50%		25%	£20.4m
				£81.5m

Table 2 – Types of Investments and Current Interest Rates

Instant Access Accounts	Avg rate %	£m
Instant Access Accounts	0.36%	5
Money Market Funds	0.40%	25

Fixed Term Deposits	Start	Maturity	Rate %	£m
Leeds Building Society	08/04/2014	17/07/2014	0.41	1
Nationwide BS	14/04/2014	18/07/2014	0.47	2
Close Bros	23/04/2014	31/07/2014	0.65	5
Lloyds TSB	05/02/2014	05/08/2014	0.70	3
Nationwide BS	09/04/2014	18/08/2014	0.50	2
Barclays	28/08/2013	28/08/2014	0.85	5
Nationwide BS	15/04/2014	18/09/2014	0.52	2
Lloyds TSB	15/04/2014	17/10/2014	0.70	2
Nationwide BS	15/01/2014	14/01/2015	0.81	2
Lloyds TSB	14/04/2014	14/01/2015	0.80	3
Standard Chartered CD	26/11/2013	26/11/2014	0.69	2
Deutsche CD	05/06/2014	04/06/2015	0.82	2

Externally Managed Funds	£m
Pooled Investments	20.4

Maturity Profile	£m
Instant Access	30.1
Maturing < 1 month	8.0
Maturing within 1 - 6 months	16.0
Maturing within 6 - 12 months	7.0
Externally Managed Funds	20.4
Total	81.5

Performance of Fund Manager

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

	STANDARD MODEL	DYNAMIC MODEL
April 2014	0.03%	0.02%
May 2014	0.13%	0.14%
June 2014	0.02%	-0.01%
Cumulative 2014/15	0.17%	0.15%
Value of Investment at 30/06/14	£10,254,846	£10,230,168
Fees (Total since start)	£78,472	£84,511
Average Annual Rate as at 30/06/14	0.59%	0.49%

6. Strong performance in May was overshadowed by poor results in April and June. Whilst the fund manager hedges investments to protect against sharp losses it also dampens down returns and the fund has suffered from this. Emerging market debt and foreign currency were the areas that added most value in May.
7. Although some volatility is expected the general trend in performance of the fund has been below expectations. The Council is considering withdrawing from this fund and looking at alternative options for longer term investments. Advice is being taken on the timing of any withdrawal.

Appendix 10 – Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Economic Growth and Prosperity	Bus Services Operators Grant (Specific Use - Ringfenced)	348	<p>Following a review of the payment of Bus Service Operator Grant (BSOG) the Department for Transport (DfT) has decided to devolve payment of BSOG for Council support bus services to Transport Authorities with effect from 1 January 2014.</p> <p>These revisions will lead to monies previously paid directly to transport operators by DfT being devolved to the Council and a reduction in the revenue received by transport operators.</p> <p>This change, initiated by the DfT to give more local control over public transport funding, is welcomed by Cheshire East Council. It is likely that over time, this will allow for greater investment in rural bus services as it will give the Council control over a greater pool of funding.</p>
Children & Families	Youth Detention – Looked After Children (General Purpose)	27	<p>The Legal Aid, Sentencing & Punishment of Offenders Act (LASPO) was issued in May 2012 with implementation from December 2012.</p> <p>The LASPO Act 2012 devolves greater financial responsibility for secure & custodial remands to Local Authorities and all Children and Young People who are remanded in youth detention accommodation will be given Looked After Children status. The grant is to cover the costs of this new responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice.</p>
Adult Social Care and Independent Living	Care Bill Implementation Grant (General Purpose)	125	<p>The purpose of this grant is to provide Council with a contribution to the costs of creating the capacity needed to lead and manage this change programme. The Council is also expected to respond to three national stocktake exercises on the progress of implementation of the Social Care Act.</p>
Environment	Sustainable Drainage Systems Capability and Capacity Building (General Purpose)	123	<p>Lead Local Flood Authority New Duty following implementation of Flood and Water Management Act 2010 Schedule 3 - Defra grant to support setting up of Sustainable Urban Drainage Systems Approval Body grant to cover a range of activities such as new staffing and resource, training, new IT development and specialist software and systems for design, analysis and adoption of flood risk management drainage systems.</p>

Service	Type of Grant	£000	Details
Economic Growth and Prosperity	Neighbourhood Planning Grant (General Purpose)	5	A grant of £5,000 is provided to the Council by the Department for Communities and Local Government for each Neighbourhood Area that is designated. This is to support these local communities to prepare a neighbourhood plan. This is the second designation this financial year. The grant is not ring fenced to Neighbourhood Planning so can be used to support the wider Spatial Planning function.
Economic Growth and Prosperity	Lifelong Learning (General Purpose)	45	£45,213 for learners attending Skills Funding Agency courses. The funding contributes towards the Council priority area of responding to the changing education and learning environment. The grant is in part awarded subject to achievement of performance measures stipulated in the grant conditions and therefore partial repayment of the grant may be required for underperformance.
Governance and Democratic	Individual Electoral Registration (General Purpose)	9	The Cabinet Office has provided an original grant of £108,000 for the implementation of Individual Electoral Registration (IER). A further top up has now been received from Central Government to cover the costs of the introduction of A3 forms to be used for IER. The total grant amount is £116,597 which includes the original grant.
Communities	Implementing Welfare Reform Changes (General Purpose)	57	The funding is intended to meet "New Burdens" incurred by local authorities as a result of the implementation of the following areas of welfare reform: <ul style="list-style-type: none"> • implementation of changes to Local Housing Allowance (including the move to an annual uprating cycle and changes to the Shared Accommodation Rate) • implementation of the Removal of the Spare Bedroom Subsidy (formerly Social Sector Size Criteria) • introduction of the overall benefit cap (phased introduction, starting in April 2013) • net impact of implementing Universal Credit.
TOTAL	Specific Use	348	
TOTAL	General Purpose	391	
TOTAL	Total	739	

Appendix 11 – Debt Management

1. In addition to the collection of Council Tax and National Non-Domestic Rates the Council also issues invoices to organisations or individuals for certain key services. Performance related to Council Tax and Non-Domestic Rates is contained in Section 2 of this report.
2. Annually, the Council raises invoices with a total value of around £50m. This includes around £25m in Adult Social Care relating to client contributions towards care packages and income from Health on pooled budget and partnership arrangements.
3. Total Invoiced Debt at the end of June 2014 was £10.6m. After allowing for £4.9m of debt still within the payment terms, outstanding debt stood at £5.8m. This is £1.6m lower than at 31st March, mainly due to settlement of debt relating to the Learning Disability Pooled Budget in Adults.
4. The total amount of service debt over 6 months old is £2.3m which is broadly in line with the older debt reported at the end of 2013/14.
5. Services have created debt provisions of £2.3m 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.

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families	125	37	183
Adult Social Care	3,277	1,532	1,406
Public Health & Wellbeing	88	15	15
Environmental	1,339	202	202
Highways	408	282	282
Communities	75	27	27
Economic Growth and Prosperity	310	131	131
Chief Operating Officer	139	88	89
	5,761	2,315	2,335