



Mid Year Review of Performance 2014/15

October 2014

Introduction

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, putting residents first in the provision of over 500 services delivering more for less.

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

Our 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. In 2013/14 the Council completed significant reviews of management structures to divert spending to front line services.

At mid year the Council's reserves strategy remains effective, despite the current risk of a small overspend of £1.1m (0.4%) against a budget of £253.8m. This is the lowest figure ever reported for the Council at this stage in the financial year.

To support openness and transparency the report has three main sections, to provide background and context, and then ten supporting appendices 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 budget changes since the First Quarter Review.
- **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 Capital Budget Reductions.
- **Appendix 7** provides details of Treasury Management investments.
- **Appendix 8** lists requests for Allocation of Additional Grant Funding
- **Appendix 9** analyses the position on Outstanding Debt.
- **Appendix 10** lists details of Earmarked Reserves

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

Anyone wanting to comment can contact the Council at:

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2014/15 Outturn Forecast at Mid Year Review

Financial Position

2014/15 Mid Year 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	0.5	-0.2	0.3	Section 1 - Paragraphs 52 - 54
Adult Social Care	94.8	0.5	-	0.5	Section 1 - Paragraphs 85 - 88
Public Health and Wellbeing	2.2	0.1	-	0.1	Section 1 - Paragraphs 89 - 91
Environmental	29.4	0.4	-	0.4	Section 1 - Paragraphs 66 - 69
Highways	10.6	0.2	-0.1	0.1	Section 1 - Paragraphs 34 - 36
Communities	10.5	1.3	-0.7	0.6	Section 1 - Paragraphs 16 - 18
Economic Growth & Prosperity	14.8	0.2	-	0.2	Section 1 - Paragraphs 37 - 40
Chief Operating Officer	40.9	-1.1	-	-1.1	Section 1 - Paragraphs 95 - 99
Total Services Net Budget	257.5	2.1	-1.0	1.1	
CENTRAL BUDGETS					
Specific Grants	-18.3	0.5	-	0.5	Section 2 - Paragraphs 105 - 110
Capital Financing	12.5	-0.5	-	-0.5	Section 2 - Paragraphs 134 - 138
Contingencies	2.1	-	-	-	Section 2 - Paragraphs 139 - 140
Total Central Budgets	-3.7	0.0	0.0	0.0	
TOTAL NET BUDGET	253.8	2.1	-1.0	1.1	
	Planned Contribution 2014/15 £m	Forecast Variance Quarter 2 £m	Impact on reserves Quarter 2 Forecast £m		
Impact on Reserves	-5.8 *	-1.1	-6.9		
*Increased from -£5.3m by Council approved in-year transfers to earmarked reserves					
General Reserves Balance	2014/15 Budget £m	Quarter 2 Forecast £m			
	Estimated				
Opening Balance April 2014	19.3	Actual	19.8		
2014/15 Impact on Reserves (see above)	-5.3	Forecast	-6.9		
Closing Balance March 2015	14.0	Forecast	12.9		Section 2 - Paragraphs 145 -150

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.

1 ~ Our local communities are strong and supportive

- WW1 commemoration events have been held across the area
- Community Hub working groups established
- Collaborative working with Cheshire Neighbours Credit Union

2 ~ Cheshire East has a strong and resilient economy

- 7% increase in tourism numbers
- Crewe lifestyle centre construction progressing
- University Technical College application approved
- 35km of carriageway resurfaced
- Crewe Rail Exchange project completed
- M6 Junction 17 work has begun

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

- 6% improvement in learners achieving a Good Level of Development
- 721 children now benefitting from the free childcare offer to two years olds
- 99% pass rate for A levels (grades A-E)
- 40+ students now involved in the 'My World' project

4 ~ Cheshire East is a green and sustainable place

- Local Plan is mid-way through the examination process
- Over 900 Planning Applications determined in the quarter
- New waste strategy was endorsed through local consultation
- 35% energy reduction achieved in Council buildings
- Traffic Signals project completed leading to annual reduction in carbon emissions of 308 tonnes

5 ~ People live well and for longer

- Model developed to provide rapid response to people in need
- 569 preventative actions achieved to support vulnerable people by the end of the quarter
- Multi-agency "Under the Weather" event was well attended
- Public Health Transformation fund established
- Over 2,200 young people now trained on the bikeability scheme this year
- Numbers of permanent social workers increased by 10%

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 Mid Year the risk of a total forecast **overspend of £1.1m** is being reported compared to budget.
- The potential overspend represents only 0.4% of the Council's **net revenue budget of £253.8m**. This is considerably lower than previous years' forecasts at the Quarter 2 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 £1.1m 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 £48,000 higher than budget for Quarter 2. The average rate earned on investments (0.56%) 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 £1.1m is less than the original forecast risks. Further mitigation of the forecast outturn overspend is still expected to be achieved.
- The total 2014/15 **capital programme** stands at £148.2m. For monitoring purposes, the in-year capital budget for schemes committed or in progress is £124.9m, against which an underspend of £7.6m is currently forecast.
- Outstanding **Debt** (excluding local taxation) is £5.0m. This is a reduction of £0.8m from Quarter 1, and is an improved position from the same period last year. Only £2.4m (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:

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

2. 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 (see **Appendix 1**). 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.
3. This report reflects activity that has taken place mostly in the period July 2014 to September 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

4. Events have been taking place to commemorate the anniversary of the First World War during the second quarter of the year. George Osborne MP launched the 'Cheshire East Reflects' programme with a commemorative flame unveiled at Tatton Park, honouring the many lives lost from the Cheshire regiments throughout World War 1. The award of a silver gilt medal was given for an atmospheric and detailed view from soldiers serving in the trenches. This poignant and thoughtful garden design gave the visitors a reminder of the bravery and horrors suffered by the soldiers. Other events included the King Shilling Walk and Poppy Picnic at which over 500 walkers took part, and over 2,000 people attended the commemorate service.
5. For the fourth consecutive year, officers from the Trading Standards Investigations team have been visiting schools in the Borough giving their popular 'Knock Knock' presentations. This year, officers have been educating year 5 and 6 pupils in the Crewe, Nantwich and Middlewich area on the issues surrounding doorstep crime and doorstep safety in conjunction with an interactive website. Each year Trading Standards run a competition on the back of the presentations where pupils are encouraged to design and create posters demonstrating the main themes. The posters have been judged by members and Cheshire East staff, and the winning 36 entries make their way into a calendar. All pupils who submitted an entry receive a copy of the calendar with the idea to gift the calendar as a Christmas present to an elderly resident, neighbour or relative, spreading the message to the target audience. To date we have presented to over 1,000 pupils.

Communities

6. As a Residents First Council, grants totalling £327,287 have been paid to a total of 23 groups, which have included the development of community venues and the purchase of a vehicle to expand a very successful furniture re-use project. The second round of Community Grant funding in Quarter Two saw £53,613 awarded to 32 organisations which contributed to total project costs of £258,095. This now brings the total amount awarded to community, voluntary and faith organisations within this year to £92,691, contributing towards £922,119 worth of community projects.
7. In July, the Council announced a budget surplus of £0.9m for last year which it wanted to return to the people of Cheshire East through a series of grants to local community groups. This then saw the launch of the Cheshire East Giveback (Your Money Fund) grant scheme. The scheme invites applications from young people's sections of uniformed organisations, organisations which provide services and support to older people and faith organisations who are connecting with communities. A total of £214,407 has been awarded via this scheme so far.
8. So far Cheshire East Council has awarded grant funding totalling £634,385 to worthy voluntary, community and faith groups.
9. Community Hub Groups have been getting together during quarter 2. A working group has been established to oversee the development of the Community Hub concept in Macclesfield. Elements of this include a major infrastructure project involving the Hurdsfield Family Centre, establishment of a social enterprise relating to developing a community facility in South Park Pavilion, supporting projects to develop neighbourhood hubs in Upton Priory, Weston and Jasmine Park. In addition, the Partnerships Team is working with Cheshire Constabulary to establish a series of "drop down points" within neighbourhoods where Police Community Support Officers and Police Constables can base themselves to facilitate a more sustained and visible presence within their communities. A pilot involving a base at Ash Grove School is due to begin in October 2014
10. A working group has now been established to oversee the development of the Community Hub concept in Congleton. The Group's initial focus will include supporting community and voluntary groups established to develop community facilities at St John's Church Hall, Buglawton and Astbury Mere. A current priority is to secure a town centre venue from which the Youth Support Service can operate. A recent consultation has revealed the considerable value local groups place on the public meeting room at Congleton Library and this facility has now been retained for the foreseeable future. The working group will work closely with the Congleton Lifestyle Centre project, to ensure a consistent and complementary approach. The Lifestyle Centre may form a key part of the hub network in the town.
11. Positive engagement and assistance was in evidence at the Nantwich Food and Drink Festival. Volunteer organisers supported successful delivery of one of the biggest events that takes place in Cheshire East with over 30,000 visitors.
12. In response to concerns raised by local community groups over a proposal to make changes to the meeting room at Congleton library, meetings were held with a number of the groups to help us understand how important the existing meeting room is as a community facility and the vital role it plays in raising essential funds for local organisations and charities through weekly coffee mornings. As a result, the decision was taken to retain the meeting room in its present location and invest in improving the toilet, baby changing facilities and the meeting room kitchen in order that this important community facility may continue to thrive.
13. In line with our ambition to develop our libraries into community hubs, we have worked with the Cheshire Neighbours Credit Union to provide information and signposting, and also provide space for their volunteers in a number of our libraries to promote

their services and enrol new members. This has proven a great success for the Credit Union to raise their profile within our communities and reach new members, with two new members recently enrolling at Macclesfield Library and each investing several thousand pounds.

14. The 2014 Summer Reading Challenge run by Cheshire East Libraries resulted in another record breaking year in which the total number of children who started and completed the challenge exceeded every previous year. The libraries also recruited and trained more volunteers than ever, with the Summer Reading Challenge providing a great volunteering opportunity for younger people, with almost two-thirds of our volunteers aged 24 or younger.
15. Universal Credit, part of the government's welfare reforms designed to help people lift themselves out of poverty and make work pay, has started to be rolled out into Cheshire East. The Department of Work and Pensions has asked the Council to provide support to Cheshire East residents with the introduction of Universal Credit by helping claimants to get online and stay online, and providing personal budgeting support to help claimants develop the confidence and motivation to manage their finances, and understand the Universal Credit financial changes and what they mean to them in terms of managing their money. Working in partnership with the Citizen's Advice Bureau, the Council has implemented a range of local services to support residents with the transition to this new benefit and the increased responsibility in managing their money.

Civic Pride

16. Parking enforcement figures rose during the second quarter, with a September outturn result of 1,406 deployed hours ahead of our target of 1,330 hours. However, there is a forecasted pressure of £1m on car parking services. £0.4m of this relates to the Car Park Enforcement team, but proposals to set up an Enforcement Company are being reconsidered. A review of enforcement has

been completed but does not alleviate the budget pressure. There is also a pressure of £0.6m for car parking pay and display income. It should be noted that consultation on a pricing policy that reflects the needs of different areas is underway with local residents and businesses, and the financial pressure in the service is unlikely to be balanced by the end of the year, especially if the consultation on parking leads to lower prices.

17. There are underspends in Local Area Working of £0.1m due to delays in filling vacancies earlier in the year.
18. There is a £0.3m favourable variance in Local Community Services because of a predicted better than budgeted subsidy recovery on housing benefits.

2 ~ Cheshire East has a strong and resilient economy

Business and Visitor Economy

19. Cheshire East's visitor economy continues to go from strength to strength increasing in value by 7% in 2013, making it now worth £737m and delivering 10,000 jobs. A major new TV drama has started to film and will be based in Cheshire East. Tatton Park was awarded Green Flag and Green Heritage status to add to the 'Gold Award' received in May at the Visit England National Tourism Awards for excellence as best large visitor attraction in England (May 2014). The Visit England Annual Attraction Survey 2013 revealed that overall visits to attractions in England increased by 5% with Tatton Park climbing two places in the visitor rankings to be the 17th most visited paid for attraction in England.
20. The Crewe Lifestyle Centre project has successfully progressed into Stage 3 construction and the schedule has been realigned with the final contract delivery dates. Handover from the contractor is expected in February 2016. Services are working hard on business migration activity and redesign to ensure a

smooth transition of services before April 2016. Risks around unforeseen circumstances on site that may impact on cost are being reviewed.

Workforce

21. The Council continues to take a proactive approach to increasing the number of apprenticeships, and is awaiting up-to-date apprenticeship data from the Skills Funding Agency. The Department for Education (DfE) approved the Council's application for a new University Technical College (UTC) in August 2014. The UTC Trust and a Project Steering Group has been established and pre-opening activity well underway.
22. In July 2014 Adult Social Care services held a conference entitled 'Social Work in the 21st century'. Lynn Romeo Chief Social Worker from the Department of Health was the keynote speaker. The event was a celebration of Adult Social Care Social Work within Cheshire East with a focus on looking to the future to identify how we can improve and enhance skills even further. The focus of the event also covered the new Care Act 2014 and the impact this will have on Social work practice and ultimately the support local residents receive to improve their outcomes.
23. A new data release from NOMIS shows that the number of adults with NVQ3 qualifications has increased since 2012 to 58.8%.

Infrastructure

24. Cheshire East Highways carried out surfacing work on 35km of carriageway in the second quarter, achieving a cumulative total of 303km to date. This result has significantly exceeded the 200km target set to be achieved by March 2015.
25. Strong progress continues to be made on the Council's major transport schemes. The Crewe Rail Exchange scheme is now complete. Recent funding bids for both Poynton Relief Road (PRR) and Congleton Link Road (CLR) have proved a good

return on initial project development. Work is now progressing to work up a planning application for CLR and a revised preferred route for PRR will be made in November 2014.

26. Crewe Green Link Road is on site and on programme. Sydney Road Bridge remains on programme but there is upward pressure on the original cost estimate. Other delivery arrangements are now being explored.
27. The M6 Junction 17 Pinch Point scheme is now on site; and the Junction 16 scheme is on target to be complete by March 2015. Additionally, the Basford West Spine Road scheme has now started on site.
28. The Connecting Cheshire Project continues to be recognised for its excellent management, having passed several governance assurance reviews with flying colours, receiving further nominations in national awards. Over 40,000 homes and businesses have been provided with a superfast broadband service marking the half way point in the project. The project is on track to be completed by summer 2015. The project team is taking over 150 enquires from the public a month, it has one of the most visited project websites in the country and has over 5,000 followers on Twitter. When combined with local switch on events and demand stimulation activity the project is having a profound positive impact to residents and businesses of Cheshire. Furthermore Britain's most decorated female Paralympian, Dame Sarah Storey, helped celebrate the arrival of superfast broadband in two Cheshire East communities as Disley and Poynton became the latest areas to join Connecting Cheshire's fibre-optic fast lane.

Inward Investment

29. On the 16th September, Cabinet unanimously approved a £5m investment by the Council into a new Alderley Park Investment Fund. This matches investments of £5m from both Manchester Science Partnerships and AstraZeneca made earlier this year.

The Fund will provide essential venture capital funding for life science Small and Medium Enterprises and start-ups based at Alderley Park, and an independent report suggests that the Fund could contribute to the creation of around 2,600 new jobs on site. It is anticipated that the investment by the Council will help to attract further private sector investors, enabling the size of the Fund to increase. Work is now underway to create the Fund for a launch in Spring 2015.

30. As part of the Cheshire and Warrington Local Economic Partnership's (LEP) growth deal award, the Council has secured a total of £81.5m through the Local Growth Fund. In line with the priorities identified in the LEP's Strategic Economic Plan, funding has been secured for the Poynton Relief Road and Congleton Relief Road Highways schemes. In addition to this, the Council also received £10m towards the creation of a £40m Greater Manchester and Cheshire Life Science Investment Fund which was matched by a similar award to the Greater Manchester LEP. Work is now underway to develop the detailed business case for the Fund.
31. The Connecting Cheshire Business Support Programme continues to go from strength to strength with the introduction of new online diagnostics and intensive master class events. The team is currently pushing to get as many companies involved as possible with the objective of providing 12 hours support to 900 businesses by June 2015. The Connecting Cheshire Project has also been successful in securing £75,000 of funding to support the Women and Broadband challenge, and is in the process of procuring a partner to deliver the project, to be concluded in spring 2015.

Responsible Business

32. Our target, of 95% Regulation Service users being satisfied with the service they receive, remained on track in the second quarter, achieving 100% during Q2 and bringing the 2014/15 total to 98% overall.

33. The percentage of completed high risk food inspections remained consistent in the second quarter at 91%, with 260 inspections out of 287 (performance for the year to date is 461 inspections out of 505 – also 91%).
34. At the Mid Year Review the Highways Service are reporting a £158,000 budget pressure against a net budget of £10.5m excluding cost of investment budget. This reflects an adverse movement from the emerging issues forecast at first quarter (£64,000 overspend reported), the principal change being due to the forecast overspend against Street Lighting energy of £261,000.
35. The Highways Service currently has several capital projects running on street lighting linked to inventory improvements, switching to LED lighting and dimming, the revenue consequences of which are intended to reduce energy consumption over time. The 2014/15 Budget included a £180,000 saving through reduced consumption and charges in year. However, under-recording of the baseline has resulted in a net increase in the energy used despite the savings being made. Based on actual data to August, consumption is currently increasing on 2013/14 usage at a rate of 4.64% projecting a forecast overspend of £261,000.
36. Furthermore, a new income target for 2014/15 relating to costs recoverable from PATROL (Parking and Travel Regulations Outside London) are only forecast to be partly achieved projecting a £22,000 shortfall. Forecast improvements against other Highways Fees & Charges at MYR total £45,000 reducing in part the impact of some of the above pressures.
37. An overspend of £0.2m is projected against the Economic Growth & Prosperity net budget of £14.8m. This has not changed since the first quarter in overall terms. However there have been changes in the elements that make up this forecast.

38. The main variances include the Council's Planning function, which faces significant challenges in 2014/15. This is creating financial pressures for the Service, in the region of £1.2m in this financial year. Firstly the Local Plan has advanced to a critical stage with the start of examination hearings. This has necessitated the commissioning of additional research and advice, and has increased the costs of running and supporting the Examination process.
39. At the same time the planning teams are progressing with Neighbourhood Planning and Site Allocations and the Council has also faced a significant increase in the scale and volume of planning applications and appeals. Although this increases income, the desire to defend important planning appeals, and the 5 year supply of housing land, has led to enhanced costs of consultants, legal fees and other support staff. It had been hoped that a definitive position would have been reached on appeals earlier in the summer, but it now appears the appeals will continue.
40. It is anticipated that the above budget pressure in the Strategic and Economic Planning Service should mostly be mitigated from a favourable outturn projected across the following Services:
 - Investment Service (£0.3m underspend) - principally due to a delay in recruiting to vacant posts in the newly created Business Engagement & Inward Investment and Regeneration & Major Projects teams, and similarly in Strategic Housing together with a modest over achievement of income forecast from Roe Street Hostel
 - Assets (£0.4m underspend) - Farms Estate shared service £0.2m and a net favourable variance of £0.2m on employees budget
 - Strategic Infrastructure (£0.3m underspend) - in respect of Public Transport Support and Concessionary Fares reimbursement to operators

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

Securing the Best Start in Life

41. Quarter 2 provisional data returns show that 62% of all learners achieved a Good Level of Development (GLD) at the end of the Early Years Foundation Stage – this is a 6% improvement on last year and is above the national average. For those children accessing free school meals, this figure was 42%; up from 35% last year. 56% of learners living in the bottom 40% disadvantaged areas and 51% of learners living in the bottom 20% disadvantaged areas achieved a GLD which is an improvement on last year.
42. Work continues to ensure that all eligible children benefit from the free childcare offer for disadvantaged 2 year olds. As at mid September there were 721 individuals in two year old provision against a target of 644 by the end of the summer term.

Highest Achievements for All Learners

43. The Education Board has now evaluated its work last year and revised its priorities within the Raising Achievement Plan. Learner outcomes have improved across all phases of education in 2013/14 and this will be highlighted in the Annual Education report which currently is being prepared.
44. The percentage of learners achieving Level 4+ in Reading, Writing and Maths is 84% this year which is 3 percentage points above last year. This places the Authority equal first compared to its statistical Neighbour Authorities.
45. To date 98 of our schools have been inspected under the new tougher Ofsted regime. The Ofsted profile as at the end of Q2 shows that 87.9% of Schools in Cheshire East are good or Outstanding which is the highest it has ever been.

Achieve Aspirations

- 46. Post 16 Provisional results show that the A level A*-E pass rate for 2014 stands at 99% with 53.6% of learners achieving the highest grades of A*-B.
- 47. The Youth Service continues to work closely with the vulnerable individuals to support them into suitable education, employment and training. Supporting care leavers into education, employment and training remains a key priority and we have recently supported 2 individuals to establish their own business.
- 48. Building on the successful "My World" project in Knutsford, the concept is now being applied in Alsager. This aims to raise life and career aspirations of Year 6 students (particularly those from relatively underprivileged backgrounds) by introducing them to the world of work during their final year of primary education. The first cohort of participants in Alsager are the Year 6 students from Highfields Primary School. There are 40+ students involved, the largest cohort involved in "My World" to date. The project started in September 2014.

Inclusion

- 49. Significant work has been undertaken that is likely to close achievement gaps for vulnerable learners at Key Stage 4 (outcomes to be reported in Q3). Early Years data shows that more vulnerable learners have achieved a Good level of Development.
- 50. Based upon provisional data, 12% of Cared for Children in care for more than 12 months achieved 5 A*-C including English and Maths. This is at a time when the national rate for all learners has dropped significantly (national rate for cared for Children not yet known).

- 51. Service Users with a learning disability who use the Care4CE Macclesfield Lifestyle Centre and the Mayfield Centre have been supported as part of their own drama group, 'All dressed Up,' to take part in a joint initiative with Stafford College. The group uses their skills in drama in order to share their experiences through acting, to explain what it is like to live with a disability. The target audience was the college students, enhancing their learning and understanding.
- 52. Early Help and Protection - Two main pressures totalling £165,000 continue to be worked on to further improve the overall position. The first of these relates to the cost of placements for Looked after Children, with the Medium Term Financial Strategy continuing to anticipate year on year reductions. Whilst this is happening and there are further plans to enable this to continue beyond the current financial year, an increase in the numbers of this cohort during recent weeks has resulted in a small adverse variance compared to target. It is hoped this position will have improved in advance of Three Quarter Year Review (TQR).
- 53. The second issue remains the recruitment and retention of social workers with the consequent ongoing need to employ Agency Social Workers. This issue has been reported on a regular basis to Members and whilst recent intensive recruitment campaigns have produced some success there still remains the need for agency staff in order to cope with the level of demand. Again it is hoped that this position will have improved by the third quarter. At present, these pressures are offset by an anticipated underspend on one year budgets.
- 54. The pressure within Education is in relation to Special Education Needs (SEN) transport which has an inherent budget pressure of approx £0.6m. Procurement processes have been reviewed and improved and it is anticipated that this will generate £0.2m savings over 2014/15 and 2015/16. Savings on mainstream home to school transport have been generated as a result of a retendering exercise. These will be achieved from September 2014 with a full year effect being recognised in 2015/16. Looked

after children transport is in line with 2013/14 and an underspend of £125,000 is forecast. The service is reviewing the progress on the position in advance of TQR, to further understand the base budget need for SEN / Children's Transport. It is anticipated that this area will spend £75,000 from cost of investment leaving an unspent balance of £175,000.

4 ~ Cheshire East is a green and sustainable place

Development Management

- 55. The Local Plan process is currently mid way through the Examination with an adjournment to be taken in October to allow all the Inspector and all parties time to consider the unprecedented volume of statements and submission for the individual towns and strategic sites. It is expected to be reconvened in late November / early December.
- 56. Spatial and Economic Planning has brought together several significant work streams into a new integrated programme approach. Including the Local Plan Examination (and post Examination) the programmes brings together Appeals, Housing Land Supply, Site Allocations Development Plan, Community Infrastructure Levy, Neighbourhood Plans, Planning and Enforcement Improvement, S106 process reengineering and development of a Planning ASDV. Each of these represent significant policy or service milestones; all are interdependent in terms of delivering the Council's Core Strategy. A holistic approach brings clear management and performance and seeks economies of scale, recognising the interdependencies.
- 57. The overall number of applications determined for the quarter remains very high, at 907 planning applications. CEC continues to be in the top 10 most productive Local Planning Authority's in the country.

Waste Management

- 58. The Council is nearing completion of its new Waste Strategy which outlines the Council's objectives and aspirations in municipal waste management to 2030. The strategy received strong endorsement during the recent public consultation and is due to be considered at the October Cabinet meeting.
- 59. The Waste Service is now delivered through our alternative service delivery vehicle Ansa Environmental Services. The first six months of Ansa have gone well with the Council owned company set to meet its savings targets, deliver infrastructure improvements and new waste contracts to divert waste from landfill. This year sees the first stage in a move away from land filling of residual waste. An agreement with Staffordshire County Council has enabled residual waste from the north to be processed at the Stoke-on-Trent waste to energy plant following the closure of the Macclesfield landfill site in July 2014. This should result in approx 40% of our waste being diverted from landfill disposal. Based on the first two quarters performance our recycling rate is also likely to make a step increase. Continued high levels of public participation in our recycling schemes will be supplemented through the recycling of energy from waste ash into building materials.
- 60. Reuse of waste is also likely to increase this year. This is being assisted with a new venture with Christian Concern Crewe who now undertake all our bulky waste collections to assess if collected material can be reused for social benefit.

Carbon Management

- 61. Electricity & gas consumption by the Authority's buildings continues to fall and have achieved the revised 35% reduction target; whilst energy consumption for street lighting remains flat, with efficiency measures being balanced out by additions to schedules. The Highways Service currently has several street lighting capital projects in development linked to inventory

improvements, switching to LED lighting and dimming which, if implemented, will ensure the carbon reduction targets are achieved by 2016.

62. The two phases of the Traffic Signals project were completed during the summer of 2014, resulting in a total carbon reduction of 308 tonnes per annum.

Environmental Management

63. South East Cheshire Cycling Action Group, established by Congleton Local Area Partnership in 2012, continues to be involved in a number of initiatives aimed at increasing the use the bicycle as a viable mode of transport. Discussions between the Group and Cheshire East Council led directly to the first Cheshire East Cycling Seminar being held in July 2014. A range of groups and individuals interested in cycling attended, and the main outcome of that initial seminar was the appointment of Cllr Phillip Hoyland as the Council's "Cycling Champion". A second cycling seminar is planned for October.

Sustainable Energy

64. An Energy Company 'Steering Group' to help guide energy development has now been established. Following two meetings, a series of potential company models/structures are currently being considered, with an Options Paper planned for October. The Project is still on target to present to Cabinet in March 2015.
65. The potential for geothermal energy is being explored. Site selection and site investigation work to determine a suitable location in proximity to heat users has taken place. CEC delivered a presentation at the '4th UK Deep geothermal Conference' in partnership with Keele University, with the aim of sharing best practice and strengthening industry links.

66. Overall the Environmental Service is reporting a budget pressure of £436,000 against a net budget of £29.4m. This is partly includes a £77,000 under-spend against cost of Investment.
67. Environmental Operations are projecting an adverse variance of £252,000. Of this potential overspend £163,000 relates to one off costs (including VR) for staff displaced through the management review and who left the Council by 30 June, plus a £89,000 shortfall in funding for Client Team posts.
68. A forecast shortfall in income means the Bereavement Services budget is currently projecting an overall annual pressure of £179,000 against a net budget of £1.3m. The financial pressure is due to a combination of issues. There is a positive reduction in the death rate in Cheshire East during the first six months of the year which also mirrors national reductions. This year there has been an increase in competition to provide local bereavement services with the earlier than anticipated opening of a nearby private facility and there has also been a noticeable reduction in the number of other service requests to date. Orbitas Bereavement Services Ltd are working with Cheshire East staff to consider a range of potential mitigations that can be delivered in year.
69. Ansa & Orbitas Management Fee budgets required a funding adjustment to meet the revised pension uplift in the current service pension rate for the ASDV's. In total a further £82,000 pressure is reported at mid-year in relation to this issue.

5 ~ People live well and for longer

70. Facilitating people to live independent, healthier and more fulfilled lives
71. Given the demographics and the levels of complexity locally there is likely to be an increase in the admissions to residential care unless some significant action is taken. People often find

themselves in residential care following a hospital admission. Increased investment is planned in community based support to both prevent admissions to hospital and increase the interventions to prevent deterioration in health of frail older people. In Q2 Adult Social Care services together with health partners have developed an outline model of a service which will provide rapid response to people who need urgent assistance in the community but where a hospital admission is not required. This model will be developed further over the next 6 months leading to implementation in 2015/16.

72. The Accommodation Strategy was adopted in April 2014. There are now 8 project groups in place to take forward the actions outlined within the strategy. The overall strategy is monitored via a cross departmental oversight group. Affordable Housing Supply for the Authority is on target to complete 350 houses by year end, with 188 completed by the end of the second quarter.
73. The target to increase number of preventative actions taken in order to reduce levels of homelessness has been achieved with 569 actions by end of Quarter 2.

Early Intervention, Help and Prevention

74. The services for prevention, early intervention and physically and mental wellbeing have continued to be developed. In this quarter the range of such provision has been promoted to customers in a number of ways e.g. a market place event, brochures have been developed. Under the programme of work to implement the Care Act a work stream is on-going to improve the way that the public and customers get the information and support they need, for example by re-design of the relevant parts of the Council's website.
75. Development of the integration programmes - Caring Together and Connecting Care - has moved at pace in Q2 with the signing off of the strategic plans for delivery of whole system redesign across local health and social care services to deliver improved

experience and outcomes for residents and deliver a co-ordinated service across health and social care professionals.

76. Participation in the sub-regional alcohol harm reduction work programme continues. Progress has been made with the proposal to introduce the 'Cardiff Model' for data sharing in Macclesfield A&E and work is now under way to plan for implementation.
77. The Winter Wellbeing Group is continuing its preparations for winter 2014/15. A successful multi-agency "Under the Weather" Event was held in July 2014 to plan new approaches covering winter, summer and flooding. Q2 has seen detailed planning jointly with health partners to prepare for the winter period and ensure that services to people who fall ill over the winter period can be supported in a timely way. This planning has resulted in additional resources being allocated across the social care and health services to ensure sufficient staff will be available should the winter period result in a significant increase in illness and demand for services.

Accessible Services, Information and Advice

78. The Council's Bikeability scheme is doing well. Quarter 2 saw 2,209 young people trained against the annual target of 4,000. Performance is ahead of schedule with training completed across 60 schools and bookings confirmed for this new academic year. There was a drop off over summer as a result of school holidays although involvement in summer camps and the Young Carers Project help maintain uptake. September saw the busiest month to date with 600 attendances however autumn and winter months become weather dependent in terms of training taking place.
79. Leisure Services use is now monitored by a new single leisure management system which is more accurate. In accordance with the 'Everybody Sport & Recreation' contract, the revised baseline figures will be established this year for future comparison.

Public Protection and Safeguarding

80. 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 have been a real focus in Q2. The number of permanent social workers has increased by 10%, with the Macclesfield Team now only needing four Social Workers to be fully staffed. An assessment of Social Workers caseloads has identified a number of cases that can be stepped down to early help, consequently a pilot team has been established to facilitate the transfer of work and this is starting to impact positively. Additional Family Support Workers are being recruited to support Social Workers, where needed.
81. There has been an increase in the number of children being the subject of child protection plans and generally the volume of referrals has remained high which has impacted on the timeliness of assessments. However, the recruitment of more permanent Social Workers will lead to improved performance in this area.
82. Good progress is being made in increasing the number of children and young people not only participating in their child protection plan but all wider aspects of their lives. In the half year to date there is evidence to support an increasingly improving picture of children and young people's opinions being captured and heard as part of the Child Protection process, with 97% of cases showing good evidence of this as at August 2014.
83. November is Children's Rights Month and a range of activities are planned, giving the opportunity for children and young people to 'take control' of decisions around services. This includes a 'take over' of the Local Safeguarding Children Board (LSCB) in November. There will also be the launch of the revised Safeguarding Unit website, which is much more interactive and will allow direct feedback and opportunities for children and young people posting their thoughts. We are currently consulting with young people about child sexual exploitation in order to help us shape the services for the future.
84. The annual Looked After Children Sufficiency Statement was published in Q2. A corporate parenting strategy has been developed and will be presented to the Corporate Parenting Board in October for endorsement. Also in Q2, new supported accommodation for care leavers has been commissioned from the YMCA and Moving Up, thus meeting a particular need for accommodation in Macclesfield.
85. The projected overspend in Adults Social Care and Independent Living results from three main issues, all of which are being actively pursued as avenues for remedial action. The first relates to the ongoing funding for Complex Care, where the current assumption is that the sole funding from Health will be in respect of cases that convert to Continuing Health Care (CHC) status. There is currently a long backlog of cases, primarily Learning Disability service users, awaiting determination and the financial projection assumes 50% of these cases will convert and the Council will be reimbursed all care costs incurred in these cases in 2014/15. This means the projection includes an assumption that £2.6m of current costs will be reimbursed. Beyond this, when the criteria for CHC has been met (or not), the issue of funding of complex care is being pursued with Health partners.
86. The second issue within Individual Commissioning, centres on the progress to date with delivering the MTFS financial savings required for 2014/15. Additional pressures have occurred in year, including extra work as a result of the Deprivation of Liberties judgement and also, provider failure in the Residential & Nursing sector. These have contributed to the delays in delivering the required savings in respite and applying the care fund calculator to external packages of care with resultant reduction in costs. Remedial measures are now being undertaken including catching up with the implementation of care fund calculator work.

87. Finally, Care4CE is projected as being overspent by £200,000 after activities funded by S256 agreement monies (legal agreements with Health colleagues) have been excluded. This projection results primarily from undelivered MTFS savings targets. It includes shortfalls on some targets brought forward from previous years (such as Waking Nights), some cross cutting savings allocated for 2014/15 and some service specific reductions which need formal decisions making in order to be implemented.
88. A concerted group of remedial action measures have now been initiated with Care4CE working closely with Commissioners to minimise this position in the remainder of the financial year. In previous years Care4CE have successfully managed to alleviate pressures identified at First Quarter and Mid Year Review and as always, this will depend on factors such as occupancy levels and the need for additional hours (for example, covering staff sickness, supporting additional demands etc) through to the end of the financial year. The Third Quarter Review will outline progress with these remedial measures and also, will give an early indication of any increase in activity as winter begins to bite and demand traditionally rises.
89. Public Health has a ring-fenced budget allocation of £14.25m for 2014/15. Under the ring-fenced arrangements any non-allocated funds are re-apportioned via the Public Health reserve. This reserve is being used to support the transformation of public health activities and commissioned services in particular, through a Public Health Transformation Fund.
90. The Fund enables new approaches to the delivery of public health services to be considered. To date the Fund has received 35 bids which are being evaluated by a Member led panel. Further investment is planned through the re-tendering of key contracts including sexual health, drugs and alcohol, school nursing and the NHS Health Checks Programme to support the Council's Outcome 5 and local partnership and integration work-streams. This work, although in its infancy, will address key

public health outcomes identified in both national and local agendas and sources such as the Joint Strategic Needs Assessment and the mandated Director of Public Health's Annual Report.

91. A Leisure Services overspend of £85,000 is forecast due to additional Client staffing costs. Additional costs may arise from the closure of the Leisure accounts as at end of April 2014 but these are still being finalised.

6 ~ A Responsible, Effective and Efficient Organisation

92. Based on an assessment of economy, efficiency and effectiveness, external auditors Grant Thornton have given the Council an 'unqualified' Value for Money opinion and said the Council is to be commended for its improved arrangements for 2013/14. Presenting their report to the Authority's Audit and Governance Committee, the independent auditors highlighted that Cheshire East Council was in a strong financial position and was better placed than many local authorities around the country. The Council received praise for the way it has balanced its books, added to its reserves and notched up big savings. The report stated: "Our work highlights that the Council managed its finances effectively for 2013/14 within its revenue budget of £260m..."
93. The Authority produced its best ever performance for the Year 2013/14. It eliminated a £11.1m budget deficit, reduced borrowing by £6m, increased its reserves by £13.2m and also made a surplus of £0.9m, which is being given back to the community through investment in local schemes and groups.
94. A refresh of the Council's Strategic Asset Management and Delivery Plan has recently been commissioned to ensure the Council is making best use of its assets. This involves a comprehensive review of strategies, plans and priorities and a detailed assessment of asset performance information. The

Corporate Assets Team is undergoing a programme of transformation covering all aspects of business. The property agent appointed to accelerate the disposal of the Council's surplus assets has developed a pipeline of disposals. Furthermore, a programme of business improvement has been initiated to ensure the service is running effectively and efficiently.

outturn is currently forecast. A one-year budget of £316,000 will not be required in 2014/15.

95. Resources & Stewardship is forecasting a £500,000 underspend against a budget of £29m. This is due to staff vacancies across the service resulting in an underspend of £300,000, and £200,000 savings on energy costs within Facilities Management.
96. The Governance & Democratic service is forecasting a broadly balanced outturn, however there is pressure within the Coroners' budget and potential pressure within Democratic Services which is expected to be off-set by underspends elsewhere in the service.
97. The Monitoring Officer/Legal Service is forecasting a broadly balanced outturn but there are potential pressures as general fees and charges income is lower than last year due to the way the service has needed to organise its workload. Extra resources have also been required to undertake additional Inquiries work.
98. Organisational Development is forecasting a £150,000 underspend against a budget of £2.9m. The position is as a result of unspent budgets within Workforce Development due to staff vacancies (£100,000), and supplies and services (£50,000). A one-year budget of £230,000 will not be required in 2014/15.
99. No significant budget pressures have been identified for Communications at this stage of the year and a broadly balanced outturn is currently forecast.
100. No significant budget pressures have been identified for Strategic Commissioning at this stage of the year and, assuming all posts on the staffing structure are recruited into, a broadly balanced

2. Financial Stability

Introduction

101. Financial performance has continued to improve compared to previous financial years. Improvements in financial planning, governance and stewardship are having a clear impact on the Council's ability to manage its budget and create greater confidence in the medium term plans which is evidenced by improved estimates for the second quarter of 2014/15.
102. Applying the best fit approach towards commissioning means the Council now wholly owns several supplier companies as well as maintaining relationships with private sector suppliers, charitable trusts and voluntary sector organisations. The financial position of the wholly owned companies will have a direct effect on the financial performance of the Council over time, but to date no forecast profit or loss is being factored in to the outturn position for the Council.
103. **Table 1** provides a service summary of financial performance at Quarter 2. For further details please see Section 1 and the notes below the table. Changes to service net budgets since Original Budget are analysed in **Appendix 2**.

Table 1 - Service Revenue Outturn Forecasts

	Revised Net Budget	Emerging Pressures	Remedial Actions	Current Forecast Over / (Underspend)	Outcome Number 1 - 5
	£000	£000	£000	£000	
Early Help & Protection	39,460	184	-184	0	
Education Strategy	12,626	302	0	302	
Safeguarding	2,177	30	-30	0	
Children & Families	54,263	516	-214	302	3, 5
Adult Social Care & Independent Living	94,847	539	0	539	5
Public Health & Wellbeing	2,229	85	0	85	5
Environment	29,433	436	0	436	4
Highways	10,550	238	-80	158	4
Communities	10,522	1,306	-730	576	1, 2
Economic Growth & Prosperity	14,780	207	0	207	2
Chief Operating Officer	40,849	-1,196	0	-1,196	
TOTAL SERVICE OUTTURN	257,473	2,131	-1,024	1,107	

104. The impact of the projected service outturn position at this stage of the financial year could decrease balances by £1.1m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.

Government Grant Funding of Local Expenditure

105. 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.

106. 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 £271.1m. 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.
107. **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

	Revised Forecast FQR 2014/15 £m	Revised Forecast MYR 2014/15 £m	Change 2014/15 £m
SPECIFIC USE			
Held within Services	279.3	271.1	-8.2
GENERAL PURPOSE			
Central Funding	86.5	86.5	0.0
Service Funding			
Children & Families	1.1	1.5	0.4
Adult Social Care & Independent Living Environment	0.4	0.4	0.0
Communities	0.2	0.2	0.0
Economic Growth & Prosperity	3.2	3.2	0.0
Chief Operating Officer	0.8	0.9	0.1
Total Service Funding	12.1	11.7	-0.4
TOTAL GENERAL PURPOSE	17.8	17.8	0.0
TOTAL GRANT FUNDING	104.3	104.3	0.0

108. Specific use grants have decreased by £8.2m. This is mainly due to a reduction in pupil numbers and academy conversions
109. Additional general purpose grants have been received during the second quarter of 2014/15 totalling £0.5m. This includes £353,000 Youth Justice Grant, £60,000 additional Skills Funding Agency grant and £73,500 for Open Transparency. There has also been a reduction in the Education Services Grant of £496,000 due to academy conversions following the calculation of the grant entitlement.
110. Requests for the allocation of all the additional grants received are detailed in **Appendix 8**.

Collecting Local Taxes for Local Expenditure

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

Council Tax

112. 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.
113. 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.
114. 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

115. 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.
116. 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.
117. **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	98.4*
After 3 years	99.4	99.4*	**

* year to date

**data not yet available

118. The Council Tax in-year collection rate for 2014/15 is currently 48.6% compared to 48.7% for the same period in 2013/14. This represents a decrease in collection rate of 0.1% on last year and equates to a decrease in cash collection of £0.2m when set against the current net debit.
119. Council Tax support payments (incl. Police and Fire) were budgeted at £19.1m for 2014/15 and as at the end of the second 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 year than increased or new awards. The amount of negative adjustments is expected to reduce later in the year as the current increased workload due to Welfare Reform changes is cleared.
120. Council Tax discounts awarded are £18.6m which is broadly in line with the same period in 2013/14.
121. Council Tax exemptions currently awarded total £2.9m. This is lower than the same period in 2013/14 where the amount awarded totalled £3.3m.

National Non Domestic Rates (NNDR)

122. 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%.
123. 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.
124. 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 (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.

125. **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	98.6*
After 3 years	99.4	99.1*	**

* year to date

**data not yet available

126. The business rates in-year collection rate for 2014/15 is currently 47.6% compared to 51.2% for the same period in 2013/14. 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

127. Since reporting the Capital Programme for the First Quarter Review in September 2014 the overall forecast expenditure for the next three years has reduced by £6.1m as shown in **Table 6**.

Table 6 – Summary Capital Programme

	FQR Total Forecast Budget 2014/18 £m	Amendments to MYR Forecast Budget 2014/18 £m	Amended MYR Forecast Budget 2014/18 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2014/18 £m
Early Help & Protection	3.3	-1.0	2.3	0.0	0.0	2.3
Education Strategy	32.3	0.0	32.3	-0.1	0.0	32.2
Adult Social Care & Independent Living	3.4	0.0	3.4	0.0	0.0	3.4
Health & Wellbeing	32.1	0.0	32.1	-5.0	0.0	27.1
Environment	17.8	-0.1	17.6	-0.2	0.0	17.4
Highways	36.2	0.3	36.5	0.0	0.0	36.4
Communities	1.2	1.4	2.6	0.0	0.0	2.6
Economic Growth & Prosperity	251.1	0.0	251.1	-0.3	0.0	250.8
Chief Operating Officer	71.7	-0.4	71.3	-0.6	0.0	70.7
	449.1	0.1	449.3	-6.3	0.0	443.0

128. The programme has been revised to reflect Budget reductions of £6.3m contained in **Appendix 6**. There have also been a number of minor budget approvals since the First Quarter report of £0.1m that have increased the budget, primarily on Section 106 and Section 278 funded schemes.
129. 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

	FQR Total Forecast Budget £m	MYR Total Forecast Budget £m	Change £m
Grants	201.2	198.6	-2.6
External Contributions	41.6	44.1	2.5
Cheshire East Resources	206.4	200.4	-6.0
Total	449.1	443.0	-6.1

Capital Budget 2014/15

130. At the Mid Year review stage, the total in-year budget for 2014/15 has been revised from the First Quarter budget of £147.8m to £148.2m 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 and 6**.
131. 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. The in-year budget for these schemes is £124.9m. Forecast expenditure on these schemes in 2014/15 is £117.3m, as analysed in **Table 8**. The £7.6m underspend has been re-profiled to future years. Schemes will be monitored on their progress during the year and re-categorised quarterly.

Table 8 – Changes to the 2014/15 Capital Budget

	Revised FQR Budget £m	Revised MYR Budget £m	Forecast Exp £m	Current Forecast Over / Under Spend £m
Early Help & Protection	0.1	0.1	0.3	0.2
Education Strategy	10.5	10.3	10.1	-0.2
Adult Social Care & Independent Living	0.9	0.8	0.8	0.0
Public health & Wellbeing	8.5	8.5	5.6	-2.9
Environment	2.9	2.6	2.7	0.1
Highways	31.1	31.4	31.4	0.0
Communities	0.3	0.7	0.7	0.0
Economic Growth & Prosperity	25.5	26.2	26.2	0.0
Chief Operating Officer	44.3	44.3	39.6	-4.7
Total	124.1	124.9	117.3	-7.6

132. **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.
133. **Appendix 6** lists details of reductions of £6.2m 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 and Treasury Management

134. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These costs are partly offset by the interest the Council earns from temporary investment of its cash balances during the year. The capital financing budget of £12.5m accounts for 5% of the Council's net revenue budget.
135. Investment income to August 2014 is £181,000 which is higher than the budgeted income of £133,000 for the period. The level of cash balances have remained high and returns from the externally managed funds have improved in the last few months although given their below expectation performance over the previous 12 months, consideration is being given to withdrawing these funds in favour of different types of long term investment:
- The average lend position (the 'cash balance') including fund manager up to the end of August 2014 was £83.8m.
 - The average annualised interest rate received on in house investments up to the end of August 2014 was 0.58%.
 - The average annualised interest rate received on the externally managed pooled funds up to the end of August 2014 was 0.64%.
136. The Council's total average interest rate up to the end of August in 2014/15 was 0.56%. This is just higher than 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.
137. At Mid Year Review, the capital financing budget is forecast to be underspent by £0.5m, mainly due to the savings in external interest charges.

Table 9 – Interest Rate Comparison

Comparator	Average Rate Q2
Cheshire East	0.56%
LIBID 7 Day Rate	0.41%
LIBID 3 Month Rate	0.49%
Base Rate	0.50%

138. 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 7**.

Central Contingencies and Contributions

139. 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.
140. 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 Mid Year, it is forecast that spending will be in line with the budget.

Allocation of Additional Grant Funding

141. The Council's budget provides for the receipt of known specific grants. However where additional 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 8**.

Debt Management

142. The balance of outstanding debts has reduced slightly since quarter one. Balances remain within forecast levels and adequate provisions have been made. A summary of outstanding invoiced debt by Service is contained in **Appendix 9**.

Outturn Impact

143. The impact of the projected service outturn position could reduce balances by up to £1.1m as reported above (**para 104**).
144. Taken into account with the central budget items detailed above, the financial impact described in this report could reduce balances by up to £6.9m as summarised in **Table 10**.

Table 10 – Impact on Balances

	£m
Service Net Budget Outturn	-1.1
Central Budgets Outturn	0.0
Use of Reserves reported to Council	-5.8
Total	-6.9

Management of Council Reserves

145. 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.
146. The opening balance at 1st April 2014 on the Council's General Reserves is £19.8m, as shown in the published statement of accounts for 2013/14.

147. 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.
148. 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	-6.9
Forecast Closing Balance at March 2015	12.9

149. The projected balance of £12.9m 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 six months of the financial year. Overall the Council remains in a strong financial position given the major challenges across the public sector.
150. The Council also maintains Earmarked Revenue reserves for specific purposes. At 1 April 2014 balances on these reserves stood at £25.9m, excluding grants reserves and balances held by Schools. Council have approved the transfer of a further £5.8m from general reserves into earmarked reserves in 2014/15 to support investment in sustainability and communities. During 2014/15, an estimated net £12.6m will have been drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding. The majority of the funding will be applied from the reserves for Business Rates Retention (£5.1m), Communities Investment (£2.3m), Adult Social Care (£1.4m), and Service Manager carry forwards (£3.3m). A full list of earmarked reserves is contained in **Appendix 10**.

3. Workforce Development

151. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Workforce Development plans and changes to staffing levels.
152. A number of key workforce projects (eg Building Capacity and Engagement) continue to support the Council's 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. A work programme has been developed recognising that there are many factors which contribute to building an engaged workforce. A key area of focus is to ensure all employees understand, live and consistently experience the Council values as well as an effective communications strategy to allow upward, lateral and downward communication and engagement. The aim is to ensure all employees feel connected, valued and their comments on suggested improvements/problems are actioned. The work programme includes a range of local manager and corporate actions which are underway and ongoing, as well as a programme of further engagement activities planned over the next 12 months.
153. Following the recent launch of our Residents First values, a framework of behaviours defining our values in action has been developed for managers and staff to be used in a range of people processes, for example, performance development, performance management, recruitment and progression. To support the launch of the behaviours a series of behaviours and performance workshops are being run for managers, team leaders and supervisors to enable them to engage and explain to their teams.
154. The recently launched Making a Difference employee recognition scheme has got off to a great start. During the first two months we have had a very positive response to the nominations for employee

and team of the month. In addition, more than 50 “made my day” instant recognition acknowledgements are being sent to staff each month. Preparations are now underway for the celebratory event in December where employee, team and manager of the year will be announced, alongside a members' choice award.



155. A comprehensive learning, development and staff improvement annual programme continues for all employees comprising of statutory, mandatory, vocational and professional themes and topics. This ensures that Cheshire East creates a workforce who are safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses. In summary, over 2,200 delegates have attended statutory, mandatory and vocational training to date, with a further 150 undertaking management qualifications and workshops.
156. The workforce development team continues to work closely with numerous regulatory and professional bodies, and link into several local universities and colleges to ensure academia and research based theories are inherent in everything we do. As a recognised centre of excellence, our quality assurance measures ensure that all employees and apprentices receive up to date training and surpass expectations of external verification and examination boards and feel fully supported throughout all stages of their career. We are currently ahead of delivery targets and within budget with further work required to ensure good attendance rates are maintained. Eight children's social work trainees are currently being supported; the number will be increased by the new student sponsorship scheme. 40 newly qualified social workers (adults and children's) are registered on the Assessed and Supported Year in

Employment programme with a further 20 Children's Social Worker's undertaking the Progression Year 2 programme, PG Diploma and 40 accessing the Approved Mental Health Practitioner training programme and Best Interest Assessor training. The current cohort of Apprentices is 43, with 6 vacancies being advertised and/or in the recruitment process.

Staffing Changes

157. **Table 12** demonstrates that there has been an increase in Cheshire East's employee headcount of 1.29% between July and September 2014, albeit that the FTEs have decreased. The employee headcount in September 2014 was 4,011 – a reduction of 16.9% 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 July to September 2014

Directorate/ Service	Jul-14		Aug-14		Sep-14	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Children's Services	1,103	750	1,109	753	1,164	753
Adults Social Care & Independent Living	1,161	869	1,169	873	1,163	869
Public Health	19	16	19	16	19	16
Environmental and Highways (Commissioning and Client Support)	56	53	55	52	58	55
Communities	572	447	567	443	560	436
Economic Growth & Prosperity	373	292	379	298	377	298
Chief Operating Officer	658	493	660	496	649	489
Apprentices / Graduate Trainees	37	35	36	34	39	38
Cheshire East Council Total	3,960	2,957	3,976	2,966	4,011	2,955

Note: Employees with multiple assignments across services appear in the headcount figures for each service, but are counted only once in the total (CE) headcount figure.

158. **Table 13** demonstrates that over the second 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 Second Quarter of 2014/15 to the same period in 2013/14

	Jul	Aug	Sep
Q2 2014/15	3.79	4.63	5.58
Q2 2013/14	3.49	4.35	5.26

Whole Council excluding Schools – year to date cumulative effect; figures show cumulative calculated days lost to sickness absence per FTE employee

Voluntary Redundancies

159. 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.
160. Twelve people have left the Council under voluntary redundancy terms in Quarter 2, six of whom held posts within the management grades (Grade 10 or above). The total severance costs, for all twelve employees were £440,300, inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £2,775,630 (which is the combined accumulated costs of the deleted posts).

Appendices to Mid Year Review of Performance 2014/15

October 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 First Quarter Review

	FQR Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Other Virements £000	MYR Net Budget £000
Childrens & Families	54,264	389	-390		54,263
Adult Social Care & Independent Living	94,780		67		94,847
Public Health & Wellbeing	1,619		610		2,229
Environment	28,501		932		29,433
Highways	10,501		49		10,550
Communiites	10,497		25		10,522
Economic Growth & Prosperity	14,756	60	-25	-11	14,780
Chief Operating Officer	42,043	74	-1,268		40,849
TOTAL SERVICE BUDGET	256,961	523	0	-11	257,473
Central Budgets					
Specific Grants	-17,770	-523			-18,293
Capital Financing	12,500			11	12,511
Contingencies	1,143				1,143
Corporate Contributions	1,027				1,027
Contribution to/from Reserves	-40				-40
	-3,140	-523	0	11	-3,652
TOTAL BUDGET	253,821	0	0	0	253,821

Appendix 3 – Corporate Grants Register

Corporate Grants Register 2014/15 Mid Year Review		Revised Forecast FQR 2014/15 £000	Revised Forecast MYR 2014/2015 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
SPECIFIC USE (Held within Services)					
Schools					
Dedicated Schools Grant	1	167,729	160,722	-7,007	
Pupil Premium Grant	1	6,796	6,795	-1	
Sixth Forms Grant	1	5,579	4,408	-1,171	
Total Schools Grant		180,104	171,925	-8,179	
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		348	348	0	
TOTAL SPECIFIC USE		279,251	271,072	-8,179	
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	
Children & Families					
Troubled Families		130	130	0	
Troubled Families - Co-ordinator		100	100	0	
Extended Rights to Free Transport		153	153	0	

Corporate Grants Register 2014/15 Mid Year Review		Revised Forecast FQR 2014/15 £000	Revised Forecast MYR 2014/2015 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
GENERAL PURPOSE (Held Corporately)					
Children & Families					
Adoption Reform Grant (unringfenced element)		275	275	0	
Special Educational Needs Reform Grant		384	384	0	
Youth Detention - Looked After Children		27	27	0	
Youth Justice Grant		0	353	353	SRE
Staying Put Grant		0	36	36	SRE
Adult Social Care & Independent Living					
Local Reform and Community Voices Grant		262	262	0	
Care Bill Implementation Grant		125	125	0	
Environment					
Lead Local Flood Authorities		52	52	0	
Sustainable Drainage Systems Capability and Capacity		123	123	0	
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		57	57	0	
Economic Growth & Prosperity					
Skills Funding Agency		830	890	60	SRE
Neighbourhood Planning Grant		5	5	0	

Corporate Grants Register 2014/15 Mid Year Review		Revised Forecast FQR 2014/15 £000	Revised Forecast MYR 2014/2015 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
GENERAL PURPOSE (Held Corporately)					
Chief Operating Officer					
Education Services Grant		4,769	4,274	-496	From 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		129	129	0	
Council Tax Freeze Grant 2014/15		1,807	1,807	0	
Community Rights to Challenge		9	9	0	
Community Rights to Bid		8	8	0	
Individual Electoral Registration		117	117	0	
NNDR software changes - Retail Relief		8	8	0	
Open Data and Transparency Programme		0	74	74	SRE
Local Government Transparency Code 2014		0	0	0	
Total Service Funding		17,834	17,862	27	
TOTAL GENERAL PURPOSE		104,318	104,345	27	
TOTAL GRANT FUNDING		383,569	375,418	-8,152	

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
- 2 SRE - Supplementary Revenue Estimate requested by relevant service (see Appendix 8).

Appendix 4 – Summary Capital Programme and Funding

Commissioning Service	In-Year	SCE's	Budget	Revised	Forecast Expenditure		
	Budget	Virements	Realignment	In-Year			
	MYR	Reductions	MYR	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	131	0	0	131	285	206	206
Committed Schemes at Gate 1 Stage	1,147	0	-300	847	747	400	0
Medium Term and Rolling Programme	804	0	0	804	350	150	0
Education Strategy							
Committed Schemes - In Progress	10,479	-70	-130	10,279	10,121	1,010	698
Committed Schemes at Gate 1 Stage	3,428	50	130	3,608	1,659	3,123	393
Medium Term and Rolling Programme	3,658	-170	0	3,488	309	9,173	5,705
Adult Social Care and Independent Living							
Committed Schemes - In Progress	938	-121		817	817	0	0
Medium Term and Rolling Programme	750		0	750	750	1,059	800
Health & Wellbeing							
Committed Schemes - In Progress	8,526	-2	0	8,524	5,639	9,471	0
Longer Term Proposals	300	0	0	300	300	8,700	3,000
Environment							
Committed Schemes - In Progress	2,942	-206	-144	2,592	2,666	108	90
Medium Term and Rolling Programme	4,515	0	0	4,515	8,220	6,280	50
Highways							
Committed Schemes - In Progress	31,132	11	274	31,417	31,351	2,406	2,710

Commissioning Service	In-Year	SCE's	Budget	Revised	Forecast Expenditure		
	Budget	Virements	Realignment	In-Year			
	MYR	MYR	MYR	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	324	0	378	702	702	170	0
Committed Schemes at Gate 1 Stage	426	0	300	726	226	400	0
Medium Term and Rolling Programme	100	0	0	100	100	995	0
Economic Growth and Prosperity							
Committed Schemes - In Progress	25,523	676	0	26,199	26,201	13,636	3,889
Committed Schemes at Gate 1 Stage	2,018	0	0	2,018	1,323	7,298	300
Medium Term and Rolling Programme	3,395	-200	0	3,195	3,535	25,120	20,443
Longer Term Proposals	900	0	0	900	700	4,200	144,109
Chief Operating Officer							
Committed Schemes - In Progress	44,269	778	0	44,269	39,567	16,626	7,900
Committed Schemes at Gate 1 Stage	2,050	0	0	2,050	500	3,270	2,868
Committed Schemes - In Progress	124,264	1,066	378	124,930	117,349	43,633	15,493
Committed Schemes at Gate 1 Stage	9,069	50	130	9,249	4,455	14,491	3,561
Medium Term and Rolling Programme	13,222	-370	0	12,852	13,264	42,777	26,998
Longer Term Proposals	1,200	0	0	1,200	1,000	12,900	147,109
Total Net Position	147,755	746	508	148,231	136,068	113,801	193,161

Funding Sources	2014/15	2015/16	2015/16 and
	£000	£000	Future Years
			£000
Grants	68,035	23,949	106,576
External Contributions	14,315	10,770	18,970
Cheshire East Council Resources	53,718	79,083	67,615
Total	136,068	113,802	193,161

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		
Supplementary Capital Estimates		
Environmental		
ROWIP Cycle/Walking Schemes	13,170	The additional £13,170 has been received from Sustrans to cover the Leighton Hospital link scheme.
Total Supplementary Capital Estimates	13,170	
Capital Budget Virements		
Adults		
Community Capacity Grant	237,883	Residual grant from the completed scheme - Building Base Review, vired to the Community Capacity Grant for re-allocation.
Community Capacity Grant	20,543	Residual grant from the completed scheme - Careworks , vired to the Community Capacity Grant for re-allocation.
Education Strategy		
Basic Need Block	32,276	Residual grant from the completed scheme at Oakefield Primary School, vired to the Basic Needs Block for re-allocation.
St. Benedict's CPS Extension	223,026	This virement is for the St. Benedict's CPS Extension, approved at Gateway 1 and will be funded by the Basic Needs Grant.
Basic Need Block	21,000	Reduction in funding required for Leighton Academy School Project, vired back to the Basic Needs Block for re-allocation.
Leisure		
Pool Hoists and strobe lights	1,160	Due to the cost of three hoists coming in at well within budget the scope of this project has been extended to allow for the purchase of an additional pool hoist at Congleton Leisure Centre. There is a slight shortfall to be taken from the underspend on the Squash Court
Total Virements Approved	535,888	
Total Supplementary Capital Estimates and Virements	549,058	

Appendix 6 – Capital Budget Reductions

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Adults				
Building Base Review	794,598	777,746	-16,852	The Building Base Review project is completed and no further budget is required.
Education Strategy				
Capital Maintenance Grant	6,800,000	6,735,548	-64,452	Reduction in the anticipated funding from the Department of Education due to schools converting to Academies.
Oakefield Primary School - Basic Needs	854,247	853,132	-1,115	This project was completed during 2013/14 and the retention period for the works ended in August. This budget reduction is being undertaken as no further costs are now anticipated for this scheme.
School Maintenance Projects - Black Firs Primary School	3,701,502	3,694,804	-6,698	Reduction due to works being undertaken and funded by Black Firs Primary School
School Maintenance Projects - Wilmslow High School	3,694,804	3,685,304	-9,500	Reduction in funds required as to be funded by Wilmslow High School directly.
Highways				
Local Sustainable Transport Fund	1,273,000	1,253,000	-20,000	Budget reduction to reflect the amount to be claimed via the DfT.
Capacity enhancement A534 Nant Rd	85,000	72,892	-12,108	Scheme now complete and budget is no longer required.
Environmental				
Macclesfield New Cremators	806,787	801,672	-5,115	Scheme now complete and budget is no longer required.
Earl's Court, Earlsway, Macclesfield	128,203	126,203	-2,000	Scheme now complete and budget is no longer required.

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Environmental				
Milton Park Project	49,453	45,678	-3,775	The original analysis included the Wren offer of £24,057 towards the project based on an estimate of costs (pre tender). This original offer was later reduced by Wren to £19,029 as the winning tender price was less than that estimated. The budget is adjusted accordingly in line with the actual receipts.
Middlewood Way Viaduct Repair	544,535	457,462	-87,073	Middlewood Way Viaduct - A revised business case for the full amount to complete the work will be re-submitted.
Crematoria - Replacement Cremators	49,660	48,760	-900	Budget Reduction as no longer required.
Cemetery Road & Path improvements	100,000	95,493	-4,507	Budget Reduction as no longer required.
Cremators at Crewe	623,500	569,000	-54,500	This is mainly due to contributions from Planned Maintenance to undertake the fire alarm works and savings on the replacement loader trolleys.
Bollin Valley Infrastructure	115,000	53,621	-61,379	Seddons contribution to Countryside projects, to be moved into revenue reserves
Leisure				
Fitness Equip Nantwich Pool	23,525	21,374	-2,151	The project is now finished, the last equipment was installed and paid for in November 2013.
Congleton Lifestyle Centre	12,000,000	7,000,000	-5,000,000	Programme level re-prioritisation of budget allocations toward other strategic projects in Congleton has reduced the target budget for the lifestyle project to £7m. A feasibility study on the options for lifestyle centre is underway and following a better understanding of the project's funding requirements, future re-allocation of budget to the lifestyle project may take place.

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
COO				
Connecting Cheshire Phase 2	5,700,000	5,098,800	-601,200	Budget reduction to report in line with figures submitted to Cabinet. 29th April 2014.
Integrated Legal ICT System	60,000	46,771	-13,229	Any residual costs associated with this project will be funded from the Core System Stability project.
Economic Growth and Prosperity				
Housing Development	500,000	184,699	-315,301	Contracts have been awarded for three of the four projects awarded Housing Challenge funding. A decision has now been taken to withdraw the offer of funding for the fourth project and therefore the required capital requirement will be reduced resulting in an underspend on the programme.
Total Capital Budget Reductions	37,903,814	31,621,959	-6,281,855	

Appendix 7 – Treasury Management

Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and 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 a maximum value of £10m per fund and operationally 25% of total investments per fund although this will be reduced to 10% in line with updated guidance. 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. As at 31st August, one investment counterparty, Lloyds Bank, was temporarily in breach of our limits. Investments with this counterparty have now been brought back within the prescribed limits. Volatility in cash flows and the timing of fixed rate investments can sometimes cause unpredictable breaches of limits. However, a review of the process should avoid a repetition of this going forward.
3. 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. The Council currently holds Certificates of Deposits with Deutsche Bank.
4. In order to diversify investments over a broader range of counterparties, the Council is also investing with other Local Authorities and some unrated Building Societies on advice from our treasury advisors who are monitoring their financial standing in the absence of any normal credit rating. Investments have so far

been made with Vernon and Market Harborough Building Societies.

5. Banks credit ratings are kept under continual review. There have not been any significant changes in 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 31 st August 2014	
UK Banks					
Barclays Bank	10%	£10m	4%	£3.1m	
Lloyds TSB	10%	£10m	11%	£9.0m	
Santander (UK) plc	10%	£10m	6%	£5.1m	
Standard Chartered Bank	10%	£10m	2%	£2.0m	
Foreign Banks					
Deutsche Bank	10%	£10m	7%	£6.0m	
Building Societies	20%		10%		
Leeds Building Society	10%	£1m	1%	£1.0m	
Market Harborough Building Society	10%	£1m	1%	£1.0m	
Nationwide Building Society	10%	£10m	7%	£6.0m	
Vernon Building Society	10%	£1m	1%	£1.0m	
Other					
Lancashire County Council	10%		3%	£2.5m	
Money Market Funds	50%		32%		
Deutsche	25%	£10m	3%	£2.7m	
Ignis	25%	£10m	12%	£9.8m	
Federated Prime Rate	25%	£10m	5%	£4.3m	
Morgan Stanley	25%	£10m	4%	£3.2m	
Scottish Widows	25%	£10m	8%	£6.7m	
Pooled Funds – External Fund Manager	50%		25%	£20.4m	
					£83.8m

Table 2 – Types of Investments and Current Interest Rates

Instant Access Accounts	Avg rate %	£m
Instant Access Accounts	0.40%	5.2
Money Market Funds	0.46%	26.7

Fixed Term Deposits	Start	Maturity	Rate %	£m
Standard Chartered CD	26/11/2013	26/11/2014	0.69	2.0
Nationwide Building Society	15/01/2014	14/01/2015	0.81	2.0
Lloyds	14/04/2014	14/01/2015	0.80	3.0
Nationwide BS	15/04/2014	18/09/2014	0.52	2.0
Lloyds	15/04/2014	17/10/2014	0.70	2.0
Deutsche Bank CD	05/06/2014	04/06/2015	0.82	2.0
Vernon Building Society	11/07/2014	17/10/2014	0.44	1.0
Leeds Building Society	17/07/2014	24/10/2014	0.36	1.0
Deutsche Bank CD	17/07/2014	17/07/2015	0.92	4.0
Lancashire County Council	22/07/2014	22/01/2015	0.50	2.5
Market Harborough Building Soc.	28/07/2014	04/11/2014	0.45	1.0
Lloyds	05/08/2014	05/09/2014	0.43	2.0
Lloyds	05/08/2014	03/11/2014	0.57	2.0
Nationwide Building Society	21/08/2014	20/08/2015	0.96	2.0
Barclays	29/08/2014	28/08/2015	0.98	3.0

Externally Managed Funds	£m
Pooled Investments	20.4

Maturity Profile	£m
Instant Access	31.9
Maturing < 1 month	4.0
Maturing within 1 - 6 months	16.5
Maturing within 6 - 12 months	11.0
Externally Managed Funds	20.4
Total	83.8

Performance of Fund Manager

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

	STANDARD MODEL	DYNAMIC MODEL
April 2014	0.03%	0.02%
May 2014	0.13%	0.14%
June 2014	0.02%	-0.01%
July 2014	0.00%	0.04%
August 2014	0.08%	0.09%
Cumulative 2014/15	0.26%	0.28%
Value of Investment at 31/08/14	£10,267,737	£10,247,731
Fees (Total since start)	£82,829	£89,206
Average Annual Rate as at 31/08/14	0.57%	0.49%

7. The fund has made steady progress in 2014/15 with most recent gains arising from currency positions (particularly the US Dollar). Corporate credit holdings detracted from performance mostly as a result of hedging to protect against sharper losses.
8. Although some volatility is expected the general trend in performance of the fund, whilst delivering a steady return has been below expectations. The Council is intending to withdraw from this fund and is currently looking at alternative options for longer term investments including property funds and covered bonds where security is provided by a renewable source of underlying assets such as mortgages with relatively low loan to value ratios.

Appendix 8 – Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Children and Families	Staying Put Grant (General Purpose)	36	<p>The Children & Families Act 2014 introduced a new duty on local authorities to support young people to continue to live with their former foster carers once they turn 18. This duty came into force on 13th May 2014.</p> <p>The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them in respect of a young person aged 18 and their former foster carer to continue to live together in a 'Staying Put' arrangement. For the purposes of this grant, 'young person' means a former relevant child who was looked after immediately prior to their 18th birthday. This supported arrangement can continue until the young person's 21st birthday.</p>
Children and Families	Youth Justice Grant (General Purpose)	353	<p>The purpose of the Youth Justice Good Practice Grant is to develop good practice and commission research, with a view to achieving the following outcomes:</p> <ul style="list-style-type: none"> • Reduction in youth re-offending; • Reduction in the numbers of first time entrants to the justice system; • Reduction in the use of youth custody <p>The YJB issues the grant with terms and conditions. Failure to comply with these terms and conditions will enable the YJB to withhold or withdraw the grant at any time, and to require the repayment in whole or in part of any sums already paid.</p>
Economic Growth and Prosperity	Lifelong Learning (General Purpose)	60	£59,575 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.
Chief Operating Officer	Resources and Stewardship (General Purpose)	74	Funding from the department of business, innovation and skills of £73,500. This is for work aligned with the open data and transparency programme and will be used to contract development (undertaken by a company called POIRSM) on LGA Inform Plus software solution.
TOTAL	Total	523	

Appendix 9 – Debt Management

1. In addition to the collection of Council Tax and National Non-Domestic Rates the Council also issues invoices to organisations or individuals for certain key services. Performance related to Council Tax and Non-Domestic Rates is contained in Section 2 of this report.
2. 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 August 2014 was £6.2m. After allowing for £1.2m of debt still within the payment terms, outstanding debt stood at £5.0m. This is £0.8m lower than at 30th June.
4. The total amount of service debt over 6 months old is £2.4m which is broadly in line with the older debt reported at the end of June 2014.
5. Services have created debt provisions of £2.5m to cover this debt in the event that it needs to be written off.
6. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families	345	37	183
Adult Social Care	2,184	1,557	1,557
Public Health & Wellbeing	123	46	14
Environmental	466	199	199
Highways	322	332	332
Communities	29	29	29
Economic Growth and Prosperity	385	135	135
Chief Operating Officer	1,096	54	89
	4,950	2,389	2,538

Appendix 10 – Earmarked Reserves

Name of Reserve	Opening Balances 1 April 2014 £000	Forecast movement in 2014/15 £000	Estimated Balance 31 March 2015 £000	Purpose
Children & Families				
Long Term Sickness	213	0	213	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account
Education All Risks (EARS)	261	0	261	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
Children's Social Care	650	-650	0	To support implementation of Children's social care bill
Adult Social Care and Independent Living				
Extra Care Housing PFI	1,466	215	1,681	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009
Individual Commissioning	580	-580	0	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law
NHS Section 256	1,784	-784	1,000	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
Public Health	1,620	380	2,000	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.

Name of Reserve	Opening Balances 1 April 2014 £000	Forecast movement in 2014/15 £000	Estimated Balance 31 March 2015 £000	Purpose
Environmental & Leisure				
Crematoria	367	175	542	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.
Winter Weather	120	120	240	To provide for future adverse winter weather expenditure
Economic Growth & Prosperity				
Building Control	181	-151	30	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	241	0	241	Ring-fenced surplus on Tatton Park trading account
Economic Development	141	-71	70	Support for town centres and economic development initiatives
Communities				
Communities Investment <small>Note 1</small>	2,768	-2,330	438	Amalgamation of Promoting local delivery; Grant support; New initiatives and additional funding from outturn to support community investment
Emergency Assistance	400	0	400	Underspend on 2013/14 scheme

Name of Reserve	Opening Balances 1 April 2014 £000	Forecast movement in 2014/15 £000	Estimated Balance 31 March 2015 £000	Purpose
Chief Operating Officer				
Elections	486	0	486	To provide funds for Election costs every 4 years
Insurance & Risk	2,776	0	2,776	To settle insurance claims and manage excess costs.
Climate Change	67	-67	0	Renewable Energy project
Investment (Sustainability) <small>Note 2</small>	2,050	5,300	7,350	To support investment that can increase longer term financial independence and stability of the Council
Pension Contributions	150	0	150	To meet impact of reduced workforce on fixed contribution to Past Service Pensions deficit
Business Rates Retention Scheme	5,071	-5,071	0	To manage cash flow implications following changes from the 2012/13 NNDR system
Service Manager carry fwd	4,485	-3,298	1,187	Allocations for Costs of Investment or grant funded expenditure
TOTAL <small>Note 3</small>	25,877	-6,812	19,065	

Notes:

1. Previous communities reserves are now amalgamated under Communities Investment
2. £5.3m was approved by Council to be established from 1 April
3. Figures exclude:
 - Schools balances £8.810m (1 April 2014)
 - Grants Reserves £0.467m (1 April 2014)