



# **Third Quarter Review of Performance 2014/15**

**February 2015**

# 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 Quarter 3, the Council's reserves strategy remains effective, with a forecast underspend of £0.2m (0.1%) against a budget of £253.8m. This is the nearest forecast position to budget 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 eleven 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 Residents First 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 Mid-Year 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 approved Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 7** lists Capital Budget reductions.
- **Appendix 8** provides details of Treasury Management investments.
- **Appendix 9** lists requests for allocation of additional Grant funding.
- **Appendix 10** analyses the position on outstanding debt.
- **Appendix 11** lists details of Earmarked Reserves.

*PJ Bates*

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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 Third Quarter Review

### Financial Position

2014/15 Third Quarter Review (GROSS Revenue Budget £638.3m)	Revised Budget (NET)  £m	Emerging Pressures  £m	Remedial Actions Identified to Date £m	Current Forecast Over / (Underspend) £m	For further information please see the following sections
Children & Families	46.1	0.0	-	0.0	Section 1 - Paragraphs 69 - 73
Adult Social Care & Independent Living	94.4	0.1	-	0.1	Section 1 - Paragraphs 120 - 123
Public Health and Wellbeing	2.2	0.1	-	0.1	Section 1 - Paragraphs 124 - 126
Environmental	28.3	0.6	-	0.6	Section 1 - Paragraphs 93 - 95
Highways	10.7	0.3	-	0.3	Section 1 - Paragraphs 46 - 47
Communities	10.1	1.3	-0.8	0.5	Section 1 - Paragraphs 13, 20 - 22
Economic Growth & Prosperity	24.7	0.6	-	0.6	Section 1 - Paragraphs 55 - 57, 79 - 81
Chief Operating Officer	41.3	-1.4	-	-1.4	Section 1 - Paragraphs 127 - 132
<b>Total Services Net Budget</b>	<b>257.8</b>	<b>1.6</b>	<b>-0.8</b>	<b>0.8</b>	
<b>CENTRAL BUDGETS</b>					
Specific Grants	-18.6	0.5		0.5	Section 2 - Paragraphs 139 - 143
Capital Financing	12.5	-0.5		-0.5	Section 2 - Paragraphs 170 - 175
Contingencies	2.1	-1.0		-1.0	Section 2 - Paragraphs 176 - 178
<b>Total Central Budgets</b>	<b>-4.0</b>	<b>-1.0</b>	<b>0.0</b>	<b>-1.0</b>	
<b>TOTAL NET BUDGET</b>	<b>253.8</b>	<b>0.6</b>	<b>-0.8</b>	<b>-0.2</b>	
	Planned Contribution	Forecast Variance	Impact on reserves		
	2014/15	Quarter 3	Quarter 3 Forecast		
	£m	£m	£m		
Impact on Reserves	-5.8 *	0.2	-5.6		
*Increased from -£5.3m by Council approved in-year transfers to earmarked reserves					
General Reserves Balance	2014/15 Budget £m	Quarter 3 Forecast			
	Estimated	Actual	Forecast		
Opening Balance April 2014	19.3	Actual	19.8		} Section 2 - Paragraphs 183 - 187
2014/15 Impact on Reserves (see above)	-5.3	Forecast	-5.6		
Closing Balance March 2015	14.0	Forecast	14.2		

# 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.

Cheshire East has again been recognised as the Best Place to Live in the Northwest

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

- A new strategy is underway on the best use of new enforcement powers
- Prosecutions continue to be successful, including a case against taxi driver as well as cases against fraudsters involved in blue badges, benefits and counterfeit goods
- Provided free town centre parking to support local trade in December
- Contributed grants towards over £3.5m of community driven schemes

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

- New shop front improvement scheme underway
- Support provided to the Alderley Park Task Force
- Tatton Park announced as Large Visitor Attraction of the year again
- 91% coverage achieved for connecting superfast broadband, with 52,000 now able to upgrade to this scheme
- Highways related insurance claims are down 37% following significant investment in the road condition by the Council

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

- The Early Language Development Programme has been highly commended
- 93.6% of Schools are now recognised by Ofsted as good or outstanding
- Numbers of NEETS are down and numbers of local apprenticeships have increased
- Benchmarking shows GCSE and A-Level results are improving

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

- A Local Plan task force has been established
- The volume of waste sent for landfill continues to decrease
- LED light installations in traffic signals are now contributing to carbon reductions of 308 tonnes per year
- The Cheshire East Energy Development Company business plan has been prepared for analysis

### 5 ~ People live well and for longer

- Numbers of home adaptations have increased to support local elderly and disabled residents to stay in their own homes
- Multi-agency early help assessments have increased
- A new quality assurance function has been established within the Council to monitor and raise standards in the provision of local care
- Foster Care services have received a further award at the Children & Young People Now Awards

## 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 **Quarter 3** a total forecast **underspend of £0.2m** is being reported compared to budget.
- The **potential** underspend represents only 0.1% of the Council's **net revenue budget of £253.8m**. This is the nearest forecast to budget ever reported for the Council at the Third Quarter stage, demonstrating robust management action to mitigate the pressures before year end.
- **Service Budgets** – a forecast overspend of £0.8m is reported.
- **Central Budgets** – are currently forecast to be underspent by £1.0m 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 £113,000 higher than budget at Quarter 3. The average rate earned on investments (0.64%) 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. Underspending on the budget will have the effect of increasing general reserves above the risk assessed level by the end of the year at £14.2m.
- **Capital spending is forecast at £102.6m** for 2014/15. This level of spending is within budget and the Council has again forecast that there will be no requirement for additional external borrowing this financial year.
- Outstanding **Debt** (excluding local taxation) is £3.7m. This is a reduction of £1.2m from Quarter 2, and similarly much improved on the position from the same period last year. Debt over 6 months old has reduced to only £2.1m (around 4% of total debt raised annually) and this is completely covered by provisions to meet potential write-offs.

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 370,000 residents. The budget to deliver these services in the period April 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 October 2014 to December 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. As an enforcing Council we want to be tough on those that are selfish and cause harm to others. We have been given new powers by the Government to tackle anti-social behaviour and crime in our communities. Work is underway to look at how these powers can best be used by us for the benefit of local people. As an example, we will be given powers to tackle dangerous dogs and we have run a very successful workshop with frontline staff about how to handle such dogs and be safe. Plans are underway to roll this out to local schools to protect children.
5. During the third quarter, the Council received international press after successfully seeking to prosecute a taxi driver who refused a fare to a blind woman and her guide dog in April 2014 without reasonable cause. The prosecution resulted in a landmark order to pay £785 in fines, victim's surcharge and prosecution costs.
6. Residents have told us that they sometimes feel intimidated by charity collectors in our High Streets. We have worked with our Town and Parish Councils and the national Public Fund Raising Association to draw up an agreement to regulate when charity collectors can be in the area and how to avoid local people being intimidated.
7. We continue to successfully detect benefit fraud and prosecute. For example, one individual was ordered to pay back £30,000 and another was jailed over a £60,000 claims scam.



8. We have stepped up our campaign to ensure that only people who have a right to use a Blue Badge do so. For example, we have successfully fined a motorist who used a Blue Badge of someone who has sadly deceased.
9. A well-known Loan Shark in the area was successfully arrested. Two-year Anti-Social Behaviour Orders (ASBO) have also been imposed on three young men after a spate of incidents in Wilmslow. These have caused real distress to people in the area and the conditions of the ASBO will be monitored closely to ensure that no further incidents occur.
10. We embarked on a joint operation with the police called Operation Lynx. As a result of this, we seized a large quantity of counterfeit car accessories and parts. It is believed that the goods, including brand names, were being sold as genuine on the internet. A person has been arrested as a result and the goods seized. Counterfeiters are not concerned with the safety of the goods they produce, and it is estimated that the sale of counterfeit goods costs the legitimate economy £11 billion per year. Profits are used by organised crime groups to fund other criminal activity. As a Council we are committed to the prevention of this.
11. The Council continues to meet parking enforcement targets of 95% of deployed hours being met, with 1,542 hours in November 2014 alone. We have also been fixing those areas where people park illegally on roads which are a danger to other road users and where we cannot enforce due to worn away lines and out of date signs. We continue to shift the focus of parking enforcement in line with our enforcing Council approach to targeting those that park in disabled bays who should not be there and are parked in ways that pose a danger to others.
12. Car parking was offered free in all Council car parks on the three Saturdays before Christmas. Part of this was to recognise the need to support small businesses as part of a national campaign, but also the recognition that we need to re-invigorate our town centres. We have also decided to commission a Car Parking Strategy for Cheshire East by July 2015 that reflects the needs of our towns. Part of this will be assessing whether our pricing policy is effective and proportionate. At this point, prices remain the same.
13. There is a £0.8m overall budget pressure on car parking services. A review of enforcement has been completed but does not alleviate the £0.4m pressure in this area. There is also a pressure of £0.4m for car parking pay and display income.
14. The dog warden service has now completed a tendering exercise for the provision of dog kennelling for stray dogs collected within the Borough. A new contract has been awarded from 1<sup>st</sup> January 2015 which provides a saving against previous costs to provide the service. In addition, work is underway to develop a Facebook page to help reunite lost dogs with their owners and also a system to facilitate online payments to speed up the return process.
15. The Council is to launch new initiatives to tackle problem gambling, which has a hugely detrimental impact on individuals, families and communities. In December, Cabinet endorsed Cheshire East joining a nationwide campaign to ask the Government to limit the stakes on fixed-odds betting terminals to £2 per spin. Having already led the way by becoming the first local authority to block payday lending sites, the Council has also decided to block access to online gambling websites from all of the Authority's public computers, including those in libraries. These initiatives including the national campaign will work towards ensuring that gambling occurs in safer, regulated environments.
16. Cheshire East was nominated for the Youth Justice Award for our Harmful Sexual Behaviour Partnership at the Children and Young People Now Awards in Quarter 3.

## Communities

17. Putting residents first has seen us award grants to a large number of groups across Cheshire East. We have now contributed towards over £3.5m worth of community activity this year. Examples of grants are:
  - development of a mental health unit at the premises of an organisation that supports homeless war veterans into accommodation and jobs;
  - development of a two-year netball mentoring programme with the aim of providing coaching and umpiring training to 20 volunteers over a two-year period which will increase fitness and wellbeing;
  - creating a community garden at a church involving local volunteers which will reduce social isolation and increase wellbeing;
  - making a contribution towards creating a new multi-purpose building to improve the services to the local community from a local church. The new facility will be available for use by many community groups within the area and act as community hub.
18. Our World War 1 commemoration events continued in Quarter 3 with moving Remembrance Sunday services held throughout Cheshire East. We also commemorated the centenary of British troops entering Basra in 1914. Crewe's Municipal Square was renamed 'Memorial Square' as a permanent tribute to the fallen. A giant marble poppy memorial was unveiled by the Leader with the Royal British Legion, and local school children have designed and buried a time capsule there.
19. A Veteran of World War I went on parade in Sandbach and a wreath was laid in tribute by the Council and local communities to commemorate the Battle of Ypres.
20. There is an underspend of £0.2m in Local Area Working due to delays in filling vacancies earlier in the year and small savings in supplies and services.

21. There is a £0.3m favourable variance in Local Community Services mainly because of increased subsidy recovery on housing benefits. The underspend has been reduced by £140,000 for the creation of an earmarked reserve to fund one off budgets in 2015/16 for ongoing Local Community Services projects.
22. Incorporating the pressure on car parking services, there is an overall net pressure forecast for Communities of £0.5m.

## Civic Pride

23. The Youth Council members met the Leader and members of his Cabinet for a one-hour "summit" in October, and were invited to submit ideas for the Council's 2015/16 budget. The Youth Council put forward a number of ideas to the Leader and discussed progress they had made as a representative body since being formed in March 2014.
24. A new Town Council for Macclesfield was approved in October 2014 following on from a consultation with local residents, which will further enable locally led decision making and service delivery. Cheshire East Councillors will continue to represent individuals and groups in their wards and influence officers' actions with the support and advice of the Town Council.
25. The number of compliments and suggestions processed by the Compliance and Customer Relations Team has risen for the third consecutive year; by the end of the third quarter just over 1,100 had been received, compared to 903 by December 2013 and 891 by December 2012.

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

### **Business and Visitor Economy**

26. A Regeneration Delivery Framework has been developed for Crewe Town Centre, to provide the basis for further investment and policy decisions to support the town centre.
27. Work on the Heritage and Culture Strategy for Macclesfield is well underway, and a draft summary was presented at Cabinet in December 2014. Funding has been committed by Cheshire East Council and the Make it Macclesfield Forum for a dedicated post to deliver the objectives in the Strategy, which will help to raise the profile of Macclesfield, enhance its strong cultural identity and consequently boost the visitor economy in the area.
28. Phase 1 of the Shop Front Improvement Scheme has begun along Chestergate and Marketplace in Macclesfield, which involves working with local retailers and landlords to enhance the existing shop fronts in the historic market quarter in line with a heritage approved colour scheme. 33 independent retailers on Chestergate and Marketplace have signed up to the Scheme, which will improve and enhance the distinctive identity of the area. Plans for Phase 2 of the Scheme are already underway, which will enable the improvements to be rolled out in other areas across Macclesfield town centre.
29. The Council has supported the work of the Alderley Park Taskforce in securing a sale of the Alderley Park site. This will deliver between 5,000 and 7,000 jobs over the next ten years.
30. The business engagement and inward investment service has made a significant impact on engaging with existing companies and promoting the funding and business support opportunities available. This has resulted in the submission of funding applications with the potential to leverage over £20 million of private sector investment. Over the period forty small and

medium size enterprises (SMEs) have taken up business support programmes to improve their growth and performance.

31. The service supported Bentley Automotive with its investment and expansion programme. On 4th December Bentley announced its commitment to Crewe and its intention to build a new engineering, research and development centre as part of a £840m UK site expansion. The new £40m centre will see the creation of 300 additional jobs at the Crewe site.
32. To date, the Tatton Vision programme of investment has resulted in a more sustainable income base, and forecast budget savings of over £0.5m per annum by the end of 2014/15. There has been further industry recognition for Tatton Park in November with the award for Large Visitor Attraction of the Year 2014 at Marketing Cheshire's annual awards ceremony. A successful Christmas programme in terms of visitor numbers to the themed attractions and events has resulted in increased income to the Stableyard retail and catering outlets.
33. Hotel occupancy for Cheshire East has increased from 71% in 2013 to 74.5% in 2014, with the average room rate paid increasing from £52.78 in 2013 to £56.49 in 2014.

### **Workforce**

34. Figures released in December indicate that the proportion of Cheshire East's 18-24 year-olds claiming Jobseeker's Allowance has more than halved to 1.9% since November 2013, when it stood at 4.3%.
35. Pre-opening activity for the University Technical College (UTC) is progressing well. Public consultation about the UTC and the recruitment process for the Principal Designate will commence in January. A high level site options appraisal is being undertaken by the Department for Education.

## Infrastructure

36. The Connecting Cheshire Project passed its mid-point during the quarter and 52,000 homes and businesses are now able to upgrade to fibre broadband, taking overall coverage to 91%. The project is on track to be completed by summer 2015. The project continues to be recognised for its excellent management having received national recognition as the runner-up in the Digital Challenge Awards for urban and rural networks, and also received Cheshire East's Team of the Year award for collaboration.
37. The project's anniversary of switching on the first broadband roadside cabinet in Holmes Chapel was celebrated with a visit from the Chancellor and Tatton MP George Osborne to switch-on a new cabinet in Lower Peover. Social media has continued to be a particularly successful way to inform people about the project with Twitter followers rising to over 6,000. Combined with the 'Fibre Guys' media campaign 15% of homes and businesses have already upgraded to a superfast broadband service.
38. The Superfast Business Support programme reached its milestone of the 400th business to receive support, and continues to receive high satisfaction ratings from users. The Women in Business programme was launched during the quarter following the appointment of Blue Orchid to run the project, and has made a successful start with over 70 businesses supported so far.
39. Good progress has been made in the development of a digital inclusion strategy with training for intermediaries to help identify digital exclusion already developed and delivered to 24 Council and partner staff.
40. The Connecting Cheshire Project's second phase successfully completed its procurement process, and a contract was signed with BT on 12th December for a £6m Superfast Extension Programme. This will provide an additional 10,000 premises with fibre connectivity by summer 2017. This phase will run on seamlessly with the same core project team once the first phase ends in late spring 2015.
41. The Council has submitted an application to the Heat Networks Delivery Unit funding programme for an Off Gas Grid feasibility project.
42. Cheshire East Highways successfully completed this year's tranche of the Highway Investment Programme by completing surfacing work on over 300km of carriageway by the end of the third quarter. This outcome significantly exceeds the 200km target set to be achieved by March 2015.
43. Following an emergency fuel spillage incident on the A534 in December resulting in damage to the carriageway surface and closure of the road, Cheshire East Highways were mobilised and arranged for a 200m section to be resurfaced and the road re-opened to traffic within a period of 16 hours.
44. There have been 291 Part 1 Highways compensation claims that have been settled since last year. Some outstanding claims may proceed to Lands Tribunal. By the end of the third quarter, 244 highways-related third party claims had been received by the Authority. This compares with a rolling average of 388 received by the same stage over the previous three years, a reduction of 37%. This results from the positive effects of the Council's Highway Investment Programme and Cheshire East Highways maintenance performance.
45. By the end of December, with winter well underway, Cheshire East Highways have completed 100% of the precautionary gritting routes before the predicted onset of freezing or snow conditions. This amounts to over 48,000km of road having been treated to date.
46. At the Third Quarter position the Highways Service are reporting a budget pressure of £0.3m against a net budget of £10.7m.

47. The main pressure is a forecast overspend of £0.3m against Street Lighting Energy due to the under-recording of the baseline inventory data and the change in carbon reduction strategy from night-time dimming to LED technology, which will now be rolled out in 2015/16.
48. Major highway infrastructure improvements are continuing:-
  - Crewe Green Link Road - the railway bridge work was completed without incident and the project is on target for September 2015 completion.
  - A500 at Junction 16 - the major structural work is now complete with surfacing and signal installation programmed for mid-February 2015. The scheme will be substantially completed by early March.
  - Basford West - work is continuing in accordance with the programme with new connections to Crewe to be started in April 2015. Completion and opening is targeted for the end of June 2015.

#### **Inward Investment**

49. The business engagement and inward investment service has made a significant impact on engaging with existing companies and promoting the funding and business support opportunities available. This has resulted in the submission of 4 major (3 regional growth fund and 1 local growth fund) funding applications with the potential to leverage over £20 million of private sector investment - decision expected late January. In addition, a further 40 SME's have taken up business support programmes to improve their growth and performance. This has produced early success including the relocation and expansion of instrumentation company Moorfield and securing grant funding for engineering firm Induchem.
50. The number of investment enquires stands at 174, ahead of our Quarter 3 target of 150, following a programme of events to raise the profile of the business support services available including access to a finance breakfast with over 70 attendees. In addition,

the service sponsored the North East Cheshire and South Cheshire Business Awards, and the BioNow Annual awards, with a joint business breakfast with the Manufacturing Institute scheduled for January.

51. Following the securing of a £5m investment by the Council into a new Alderley Park Investment Fund, the Council has successfully worked with partners to secure an additional £20m from the Local Growth Fund to create a larger fund covering both Cheshire and Greater Manchester. The fund will provide essential venture capital funding for life science SMEs and start-ups based at Alderley Park, and across Cheshire and Greater Manchester. An independent report suggests that the fund could help 60 life science businesses to grow over the next 15 years. In turn this could create around 370 skilled scientific jobs. 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.
52. The Macclesfield Movement Strategy, a major multi-million pound investment, was approved by Cabinet in October 2014 to address key highway pinch-points and improve transport networks across Macclesfield town centre.
53. Estimated inward investment with Cheshire East for filming has increased from £616,000 and 61 filming days in 2012 to £2m and 130 filming days in 2014.

#### **Responsible Business**

54. Business satisfaction with the Regulatory and Health Service remains high, with 95% of businesses surveyed expressing satisfaction with the service they received. The remaining 5% were neither satisfied nor dissatisfied.
55. At Third Quarter Review the Economic Growth and Prosperity Directorate is projecting a net £0.7m overspend, against a net

budget of £23.2m, excluding temporary cost of investment budgets. This is a net increase of £0.1m to the position which was reported at Mid-Year Review.

56. The 2014/15 cost of Investment budget across the Directorate is £1.5m in total. At Third Quarter the Directorate estimates that it will spend £1.3m against the one year temporary budget and proposes to request a carry forward for the remaining £0.2m to 2015/16, thus bringing the overall Directorate outturn to a projected net £0.6m overspend. The key directorate variances are further outlined in Section 4 - Development Management.
57. At this stage of reporting it is anticipated that the budget pressure in the Strategic and Economic Planning Service should mostly be mitigated from a favourable outturn projected across the following services:
  - Strategic Infrastructure Service including Transport - a net £0.2m underspend. This is an improvement of £0.3m since MYR which is principally due to further savings against Public Transport contract savings.
  - Assets - a £0.5m projected underspend across the Service. £0.3m arises from a favourable pay variance offset by a shortfall in income on non – operational buildings. There is also a favourable outturn forecast against the Farms Estate of £0.2m.
  - Investment Service - a £0.4m underspend. In line with MYR the favourable variance is principally due to a delay in recruiting to vacant posts across the Service.

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

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

58. Cheshire East was highly commended in the Early Years Award category for our Early Language Development Programme at the recent Children and Young People Now Awards.

59. Work continues to ensure that all eligible children benefit from the free childcare offer for disadvantaged 2 year olds. At the end of the autumn term 764 eligible two year olds were attending early years settings in Cheshire East, an increase of almost 6% on the previous term's take up. Work continues to encourage parents and carers to take up the offer of free early education by actively tracking eligible families. Systems are in place to track the development of these two year olds and support packages are put in place if they do not progress effectively. A universal offer of ongoing assessment is currently being developed to ensure that progress for all children in the early years is monitored and acted upon.

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

60. The profile for Cheshire East continues to improve in relation to Ofsted Inspections for schools. As at the end of December 2014, 93.6% of our schools are judged as good or outstanding.
61. The national first statistical release data for Key Stage 4 shows that for the key indicator of 5+ A\* - C including English and Maths, the performance of Cheshire East Schools in 2013/14 was 60.9%, compared to 56.1% nationally. The gap between Cheshire East and national has increased from 1.4 % to 4.8%. Compared to our statistical neighbours, Cheshire East is ranked 1st having been 6th in the previous year. Against all Authorities, Cheshire East is now 25th compared to 56th in the previous year. This data is still provisional until the end of January 2015 when final performance tables are available.
62. A Level pass rates for 2013/14 show that 99.1% of students achieved A\*-E grades, which is slightly up on last year. This result places Cheshire East second against its statistical neighbours.
63. Qualification Success Rate reports published by the Skills Funding Agency for the academic year 2013/14 show an overall

success rate for 19+ Cheshire East Lifelong Learning learners of 94.4% compared to a national average of 84.6%.

- 64. In December, the Cheshire East Lifelong Learning Team was successful in its reaccreditation for the Matrix Quality Standard for Advice and Guidance Services. This reaccreditation will last for a further three years.
- 65. New statistics reviewing apprenticeships indicate a positive rise in 16-18 year olds starting apprenticeships across all levels – Intermediate (level 2) showed an increase of 69 starts; Advanced (level 3) showed an increase of 38 starts; and Higher (level 4 and above) showed an increase of 6 starts.

### **Achieve Aspirations**

- 66. The Youth Service continues to work closely with vulnerable individuals to support them into suitable education, employment and training. The number of young people who are not in education, employment or training (NEET) continues to improve, although there will always be a percentage of the cohort who will be NEET due to issues such as parenting, pregnancy or illness.

### **Inclusion**

- 67. The outcomes from the work undertaken to close achievement gaps for vulnerable learners will be reported in Quarter 4 as the validated data is not available until late January.
- 68. The First Statistical Release data for cared for children shows that the national rate for 5+A\*-C including English and maths is 14% compared to Cheshire East at 12%. In terms of 5+A\*-C, Cheshire East is now above the national rate – 33% compared to 31% which is more positive. Significant work is being undertaken with schools to develop the personal plans of our cared for children so that additional funding and support is maximised to improve outcomes.

- 69. Children's services continue to respond positively to a number of challenges being faced that bring financial consequences with them. Unit prices continue to be driven downwards through successful negotiation and the budget for the service remains on target overall. Successful achievements during 2014/15 include Ofsted confirming significant improvements in safeguarding and protecting children and young people and success for the service at the Children & Young People Now Awards 2014.
- 70. The challenge being faced and the outcomes being delivered can be well illustrated by consideration of the position in respect of the Dedicated Schools Grant which totals £234m. Here, the natural assets of Cheshire East in terms of the beauty of the countryside and the wide geographical expanse have resulted in the need for in excess of 150 school establishments. The Council is committed to ensuring that families have excellent educational opportunities as close to their own communities as possible. This makes the allocation of schools funding a complex and tricky task of balancing the amount of monies available against residents and school expectations. The proposed schools funding formula is a perfect example of constructive partnership working resulting in an excellent outcome, which strikes the right balance.
- 71. Children's Social Care faces ongoing pressures, for example, the number of Cared for Children has plateaued at c340, however, the number of secure placements has risen recently, which although small in number is significant in financial terms as each placement costs in excess of £5,000 per week. In terms of forward planning, the Head of Service has initiated a detailed budget review with Accountancy support to identify permanent solutions for 2015/16.
- 72. The small projected adverse variance in Social Care / Early Help will be alleviated before year end, provided there is no material upsurge in demand by then.

73. Education Support is similarly broadly balanced with the exception of the transport budget where savings have slipped and a revised timescale for their delivery is being agreed. It should be noted that transport across the Council is broadly balanced, that the current position is temporary in nature and will be resolved next year.

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

##### **Development Management**

74. The Inspector examining the Local Plan Strategy issued his Interim Views in November. These highlighted four main areas of concern which the Council will need to address before the Examination can continue. The Inspector has agreed to suspend the Examination while this work is undertaken.
75. A Local Plan Task Force has been established to oversee this work which is required to be completed within 6 months. While this represents a challenging timetable, additional resource and dedicated project management has been provided to ensure that it is achieved. The original timetable for completing the Local Plan Strategy and the remaining elements of the Local Plan will need to be extended to reflect these additional work requirements.
76. The overall number of planning applications determined for Quarter 3 remains high, at 704 applications:
- N157a (majors within time)= 65%
  - N157b (minors within time) = 55%
  - N157c (others within time) = 74%
77. The figures reflect a similar performance to Quarter 2. Performance on major application remains very strong despite the pressure on the department with a high volume of large scale applications.
78. The timescale for decisions on minor planning applications is slightly below target of 60% and reflects the high turnover of staff within the department and older decisions coming through. Performance is expected to improve as newly recruited staff are trained and build up a caseload of applications. Other pressures on the department, such as work towards the Local Plan, may keep performance slightly below target over the next quarter.
79. The Council's Planning functions continue to face significant challenges in 2014/15, which are creating financial pressures for the Service, in the region of a net £1.7m in this financial year. This has worsened by £0.5m since MYR.
80. Firstly the Local Plan has advanced to Examination and this has provoked considerable challenge from the development industry. This necessitated the commissioning of additional research and advice, and increased the costs of running and supporting the Examination process in its first three weeks. The Inspector has now provided his interim views on proceedings and has identified shortcomings which require further work to be undertaken. Accordingly additional costs in the region of £0.2m to £0.3m are likely to be accrued in carrying out further work, over and above that already completed. This has been factored in to Third Quarter projections.
81. At the same time the Council continues to face a very heavy programme of planning appeals, leading to enhanced legal and consultancy costs. Although the Council acknowledges that, for the time being, it cannot demonstrate a 5 year supply of housing land – there are often other issues at play in addition to housing supply. The clear desire of the Local Community is that unsustainable development should be resisted – and this requires a robust defence from the planning teams, with all the attendant costs attached.



## **Waste Management**

- 82. The Municipal Waste Strategy to 2030 was accepted and received by Cabinet in October 2014. This key document is now at the heart of the Council's waste management approach.
- 83. Our recycling rate remains well above the national target of 50% thanks to the continued enthusiasm of Cheshire East residents to recycle and the ongoing work of ANSA staff and the waste reduction volunteers.
- 84. The amount of waste being sent to landfill continues to decrease as we divert all the residual waste from the north of the borough to the Stoke-on-Trent waste to energy plant. This means we are well on the way to decreasing the percentage of household waste going to landfill.
- 85. The 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, is going very well. We are on target to achieve a 2% increase this year in the tonnage of materials reused.

## **Carbon Management**

- 86. The Council is investigating the suitability of renewable technologies for top 5 energy users in building assets, with facilities management. The scheme could both help reduce carbon reduction commitment levels and bring a return on investment from the Renewable Heat Incentive and Feed in Tariff.
- 87. The Council has entered in to a memorandum of understanding to develop a knowledge transfer partnership with Keele University to further work on the energy agenda. The partnership will mean the Council can get academic support and capitalise on funding streams that they would not normally be able to access. The partnership is already proving fruitful with £88,000 of external

funding being secured from the Natural Environment Research Council funding for a PhD study on the Deep Geothermal Project.

- 88. Gas & electricity consumption in corporate buildings continues to fall and are now 39% below the April 2009 levels, exceeding the original 25% target. The financial benefits of this reduction are significant.
- 89. 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.
- 90. The two phases of the Traffic Signals LED conversion project were completed during the summer of 2014, resulting in a total carbon reduction of 308 tonnes per annum.

## **Environmental Management**

- 91. The current priority for Air Quality management is to implement the planned electric vehicle infrastructure, for which a grant of £300,000 has been received. This needs to be spent by 31 March 2015. In addition, a grant of £22,000 has been secured from DEFRA to support a cycling project in Congleton. The Local Transport Plan Team have advised that they will top up our LTP Air Quality money to £30,000 for the financial year 2015/16; this will be used to support work identified within the Air Quality Action Plan.

## **Sustainable Energy**

- 92. Following several meetings of the working group, the model for the energy company "Cheshire East Energy Limited" has been refined and further developed. Business plans have been produced and preparations for submission to the Council's Technical Enabler's Group / Executive Monitoring Board are underway. The project is on target to present a full report to

Cabinet in spring 2015, with a planned feasibility report completed.

93. At the Third Quarter position Environment Services are reporting a budget pressure of £0.7m against a net budget of £27.4m excluding cost of investment budget. The 2014/15 cost of investment budget across the Directorate is £0.9m against which a £0.5m underspend is anticipated at this point in the financial year. This primarily relates to the new integrated contract procurement which requires re-profiling over 2015/16 and 2016/17, leading to the new depot in 2017.
94. Environmental Operations (Client/ASDV) are projecting an adverse overall variance of £0.5m. Key variances relate to one-off costs for staff displaced through the management review.
95. Bereavement Services (Client/ASDV) are currently projecting a £0.1m pressure against a net income budget of (£1.3m) reflecting a projected income shortfall. This has improved from the Mid Year Review position by £57,000.

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

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

96. Cheshire East once again topped the list of best places to live in the North West in the Halifax Quality of Life survey. The survey is an indicator of life expectancy, family income, employment rate, exam performance, even sunshine and rainfall. Nationally, the Borough is ranked 100th out of the top 250, moving up from 105th last year.
97. The number of home adaptations per annum for older and / or disabled residents stood at 1,522 at the end of Quarter 3, ahead of the in-year target (1,275) and already exceeding the 2012/13 whole-year baseline of 1,521. There is an increasing emphasis

on using adaptations to enable independence, with forecasted households to be helped in 2014/15 expected to exceed 2,000.

98. The number of Affordable Housing units completed at the end of Quarter 3 was 374, already exceeding the annual target of 350.
99. The number of long-term empty homes in Cheshire East has further reduced to 1.04%, an improvement from the 2012 baseline of 1.33%, and is on course to achieve the 3-Year Plan target of 1% by 2016.
100. An In Town Living Group has been established with the aim of bringing empty properties in the town centre back into use as residential properties. Three sets of very different properties have already been redeveloped as homes (including Churchside Cottages which were previously Council assets, and properties on Chestergate and Mill Street in Macclesfield), demonstrating successful partnership working between the Council, private sector landlords and developers, Housing Agencies and other organisations to diversify the town centre offer and increase footfall to surrounding shops.
101. 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.

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

102. The number of ongoing multi-agency early help assessments continues to increase with well over 800 families receiving help towards the end of Quarter 3. This ensures that families are helped earlier before their problems escalate.
103. The Council is stepping up its work to protect families from the ill effects of alcohol, and has appointed Cheshire and Wirral Partnership NHS Foundation Trust (CWP) as the lead provider of a new integrated drug and alcohol service in Cheshire East,

which started in November. The new service is designed with a greater focus on prevention and early help.

104. A visit to the Countess of Chester Hospital A&E (where the Cardiff Model - a means of more effectively sharing information to help reduce alcohol related admissions - was introduced in 2013) is being arranged for Macclesfield A&E staff to understand the practical issues involved in implementing the model.
105. The relocation of homeless prevention services to within the Homechoice team has bedded in well over the last nine months. Early identification and intervention have been the focus and by linking prevention with the first point of contact to housing we have been able to act much sooner. We are on target to exceed the annual target with 625 households having been successfully prevented from becoming homeless at the end of Quarter 3. The team have been successfully upskilled following an intensive training programme and at present the upturn in preventions is expected to continue.
106. The Winter Plan for 2014/15 has been published. Four sub-groups have been established to focus upon: Fuel Poverty; Vulnerable People; Communication and Engagement and Winter Plan Development.

#### **Accessible Services, Information and Advice**

107. Theatre attendances are on track to exceed targets for 2014/15. Crewe Lyceum Theatre has experienced increased ticket sales to date for this period and expected further increased sales against targets for the annual Pantomime. The Rural Touring Arts programme is also expecting to meet targets.

#### **Public Protection and Safeguarding**

108. Adult Social Care Strategic Commissioning is responsible for the establishment of a new Quality Assurance function within the Local Authority. The new Unit is responsible for the quality

monitoring of the independent sector market for care and support with a view to raising standards, minimising risk and ensuring continuous improvement as well as the management of provider and market failure.

109. New monies have been made available to establish this new function and the recruitment of staff is now nearing completion. Appointments to date include a lead Commissioning Manager, Quality Assurance Manager and five Quality Assurance Officers. The new officers have been recruited from different backgrounds including contracts, social care and provider services.
110. Based in Crewe and Macclesfield, the team cover the whole of Cheshire East and are focusing initially on the quality monitoring of residential and nursing homes. This work is being undertaken jointly with colleagues from East and South Clinical Commissioning Groups and the Care Quality Commission and is supported by joint governance arrangements.
111. In October 2014 a Joint Quality Assurance Workshop was held in Sandbach to reflect on achievements to date and to identify future priorities for development. The event was well received with a wide range of stakeholders with an interest in improving the quality of care services in Cheshire East attending. These included GPs, social workers, elected Members and service user representatives.
112. Priorities identified for development include:- a joint Health and Social Care Quality Assurance Toolkit to ensure a standardised approach to quality monitoring of care homes; a range of key performance indicators and outcomes for Care Home providers; and a guide to good quality care for professionals, service users and their families. Once complete this will then be rolled out across other commissioned services.
113. The Council has been working with Ofsted for the past year on piloting its improvement framework. A progress inspection by

- Ofsted in November found that significant improvements have been made in safeguarding children and young people.
114. One of the focus areas for children's services has been to ensure the engagement of children and young people in all aspects of business to shape services to meet their needs.
  115. The percentage of child protection plans where the voice of children and young people is clearly evidenced and heard continues to be maintained at a high level. Plans that are informed by the wishes and feelings of children and young people help to ensure better outcomes for them. The service continues to develop more imaginative ways to engage with these children and young people.
  116. In November, agencies working with children and young people across Cheshire East celebrated 'Children's Rights Month' where a range of activities took place to celebrate engagement with children and young people and to put decision making into their hands. This included an attempt at setting a new World Record for the most people with their hands raised simultaneously for one minute, involving hundreds of staff and partners. Young people also took over the courtroom at Crewe Magistrates with the help of our Youth Engagement Service and the Local Children Safeguarding Board (LSCB), where they delivered presentations on subjects including human trafficking, and tackling mental health. The month concluded with a Children's Rights Summit where many children, young people, staff and partners celebrated all the good work raising awareness of children's rights during November.
  117. Performance around care for children continues to improve. The number of children placed locally is increasing following a successful recruitment drive for new foster carers. The Adoption Service is also on track to exceed its target for the number of new adopters recruited in 2014/15.
  118. The Council's innovative Fostering Capacity Scheme won the children in care award at the recent Children and Young People Now Awards. Cheshire East also hosted the very successful North West Adoption Support conference in Quarter 3 with keynote speakers including Edward Timpson, MP.
  119. Children's Services continue to work on improving timeliness around completing assessments. Practice standards have been developed and will be launched in January 2015 to address any issues of drift in assessment completion.
  120. The Adults service is projecting a very small adverse position (less than £0.1m compared against a budget of over £92m) at Third Quarter Review. This is very good news and reflects the efforts being made by all parts of the Adults service in the face of additional demand. This demand comes through both the demographics of the Borough and through the cost pressures brought about by increased levels of complexity in clients.
  121. The position assumes a material contribution from Health partners (over £2.5m) reflecting the levels of health related support provided to certain clients and the fact that some should be fully funded from Health. This contribution is still to be formally agreed and physical payment is therefore still to take place.
  122. It is pleasing to report that current forecasts provide reassurance that some of next year's targets such as those in respect of income and reductions in commissioning budgets will be achieved. However, the implementation of one or two policy changes have slipped during 2014/15 and need work to catch up in 2015/16. These include those in respect of Care Fund Calculator and Shared Lives. Progress has stalled as new priorities have emerged in-year, such as the Deprivation of Liberties issue following the Court judgement in respect of Cheshire West and Chester back in March 2014 which has led to increased workloads. A further example of changing priorities is when an external independent care home faces closure as the

Council is responsible not only for its service users within the home but all residents under its duty of care responsibilities.

123. The Third Quarter Review therefore anticipates a balanced outturn position, subject to successful negotiation with Health partners and assuming no deterioration of care costs during the winter months.
124. Public Health is currently anticipating all of its ring-fenced budget for 2014/15 will be spent within this financial year, and therefore there will not be a material change to the level of the Public Health earmarked reserve. It is envisaged this reserve will remain below £2m at year end, partly reflecting future year agreed commitments under the Public Health Innovation Fund.
125. Investments are underway to identify evidenced need in line with agreed Council policy, namely Outcome 5 “People Live Well and For Longer”. Major investment is being brought forward in the remainder of 2014/15 to address key health outcomes for both Adults and Children.
126. It is pleasing to report financial success in the renegotiation of key contracts which run alongside performance improvement in these contracts.

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

127. Resources & Stewardship - no significant budget pressures have been identified at this stage of the year; with the service forecasting a £0.8m underspend at outturn, against a budget of £30m. The forecast position is due to staff vacancies across the service, partly offset by unbudgeted voluntary redundancy costs, resulting in an underspend of £0.3m, and £0.5m savings on energy costs within Facilities Management.
128. The Governance & Democratic Service is forecasting a broadly balanced outturn, however there is pressure within the Coroner’s

budget, and pressure within Democratic Services which, at this point in the year, is expected to be offset by underspends elsewhere in the service.

129. Following the Chief Operating Officer structure costing exercise, and the resulting realignment of employee’s budgets, the staffing budget for Legal Services increased to more accurately reflect the cost of the service’s structure. Throughout the year the service has been carrying a number of vacancies, resulting in Legal Services currently forecasting an underspend on staffing costs. However, this is offset by general fees and charges income being lower than last year due to the way the service is being forced to organise its workload; and additional expenditure on external legal advice.
130. Organisational Development is forecasting a £0.3m underspend at outturn, against a budget of £2.8m. The position is as a result of unspent budgets within Organisational Development, and Workforce Development due to staff vacancies (£0.2m), and supplies and services (£0.1m).
131. Following the structure costing exercise and the resulting realignment of employee’s budgets, the staffing budget for Communications increased. This, combined with the fact that for the first half of the year the service carried a number of vacancies, Communications is forecasting an underspend on staffing costs of £80,000.
132. Strategic Commissioning - no significant budget pressures have been identified at this stage of the year and, assuming all posts on the staffing structure are recruited into, a broadly balanced outturn is currently forecast.

## 2. Financial Stability

### Introduction

133. 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 further improved estimates for the third quarter of 2014/15.
134. 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.
135. **Table 1** provides a service summary of financial performance at Quarter 3. For further details please see Section 1 and the notes below the table. Changes to service net budgets since the Mid Year Review are analysed in **Appendix 2**.

**Table 1 - Service Revenue Outturn Forecasts**

	Revised Net Budget	Emerging Pressures	Remedial Actions	Current Forecast Over / (Underspend)	Outcome Number 1 - 5
	£000	£000	£000	£000	
Early Help & Protection	39,428	33	0	33	
Education Strategy	4,496	0	0	0	
Safeguarding	2,177	25	0	25	
Children & Families	46,101	58	0	58	3, 5
Adult Social Care & Independent Living	94,455	90	0	90	5
Public Health & Wellbeing	2,229	85	0	85	5
Environment	28,289	712	-72	640	4
Highways	10,673	412	-80	332	4
Communities	10,076	1,082	-620	462	1, 2
Economic Growth & Prosperity	24,670	564	0	564	2
Chief Operating Officer	41,268	-1,390	0	-1,390	
<b>TOTAL SERVICE OUTTURN</b>	<b>257,761</b>	<b>1,613</b>	<b>-772</b>	<b>841</b>	

136. The impact of the projected service outturn position at this stage of the financial year could decrease balances by £0.8m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.
137. The Council has made considerable improvements in the way it manages its major change programmes. This has included extensive training, a refreshed methodology, the setting up of new monitoring and reporting arrangements and monthly reporting. In April 2013 the Council launched a corporate project and programme management framework to support achievement of the Three Year Plan. The framework focuses on capital or revenue projects or programmes where the total value exceeds £250,000, or poses significant risk to the Council. Progress is reviewed by a Member-

led governance group, called the Executive Monitoring Board, which is supported by a Technical Enabler Group and the Programme Management Office.

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

### Government Grant Funding of Local Expenditure

139. 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.
140. 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 down to £269.4m mainly due to academy conversions. 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, but further in-year grant announcements increased this figure to £104.3m at mid year.
141. Since the mid –year review, specific use grants have decreased by £1.7m. This is mainly due to a slight reduction in pupil numbers and academy conversions.
142. Additional general purpose grants of £0.3m have been received during the third quarter of 2014/15. These were £280,000 for Special Educational Needs and Disabilities new burden grant and £35,000 for Neighbourhood Planning. Requests for the allocation of the additional grants received are detailed in **Appendix 9**.

143. **Table 2** provides a summary of the updated budget position for all grants in 2014/15. A full list is provided at **Appendix 3**.

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

	Revised Forecast MYR 2014/15 £m	Revised Forecast TQR 2014/15 £m	Change 2014/15 £m
<b>SPECIFIC USE</b>			
Held within Services	271.1	269.4	-1.7
<b>GENERAL PURPOSE</b>			
Central Funding	86.5	86.5	0.0
Service Funding			
Children & Families	1.5	1.7	0.3
Adult Social Care & Independent Living	0.4	0.4	0.0
Environment	0.2	0.2	0.0
Communities	3.2	3.2	0.0
Economic Growth & Prosperity	0.9	0.9	0.0
Chief Operating Officer	11.7	11.7	0.0
Total Service Funding	17.9	18.2	0.3
TOTAL GENERAL PURPOSE	104.3	104.6	0.3
<b>TOTAL GRANT FUNDING</b>	<b>375.4</b>	<b>374.0</b>	<b>-1.4</b>

### Collecting Local Taxes for Local Expenditure

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

#### Council Tax

145. 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.

146. 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.

147. 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
<b>Total</b>	<b>202.7</b>

148. This figure is based on the assumption that the Council will collect at least 98.75% 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.

149. 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 £205.5m.

150. **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	98.7*
After 3 years	99.4	99.4*	**

\* year to date

\*\*data not yet available

151. The Council Tax in-year collection rate for 2014/15 is currently 76.8% compared to 77.2% for the same period in 2013/14. This reduction is due to an increase in the take up of payments in 12 monthly instalments rather than over the traditional 10 months.

152. Council Tax support payments (incl. Police and Fire) were budgeted at £19.1m for 2014/15 and at the end of the third quarter the total benefit awarded was £16.4m. 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.

153. Council Tax discounts awarded are £18.8m which is broadly in line with the same period in 2013/14.

154. Council Tax exemptions currently awarded total £3.3m which is broadly in line with the same period in 2013/14.

### Non-Domestic Rates (NDR)

155. NDR 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 increase was capped by the Government at 2%.



156. The small business multiplier applied to businesses which qualify for the small business relief was set at 47.1p in 2014/15. The non-domestic multiplier was set at 48.2p in the pound for 2014/15.
157. 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.
158. **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	2011/12 %	CEC Cumulative	
		2012/13 %	2013/14 %
After 1 year	98.1	98.0	98.2
After 2 years	99.1	98.8	98.9*
After 3 years	99.4	99.3*	**

\* year to date

\*\*data not yet available

159. The business rates in-year collection rate for 2014/15 is currently 74.3% compared to 78.4% 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

160. Since reporting the Capital Programme for the Mid-Year Review in November 2014 the overall forecast expenditure for the next three years has decreased by £25.9m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	MYR Total Forecast Budget 2014/18 £m	Amend ments to TQR Forecast Budget 2014/18 £m	Amended TQR Forecast Budget 2014/18 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2014/18 £m
Early Help & Protection	2.3	0	2.3	0.0	0.0	2.3
Education Strategy	32.2	0	32.2	0.0	0.2	32.3
Adult Social Care & Independent Living	3.4	0	3.4	-0.1	0.0	3.4
Public Health & Wellbeing	27.1	0	27.1	0.0	0.0	27.1
Environment	17.4	0	17.4	-0.4	0.0	17.0
Highways	36.4	0.1	36.5	0.0	0.0	36.5
Communities	2.6	0	2.6	0.0	0.2	2.8
Economic Growth & Prosperity	250.8	-25.5	225.3	-0.4	0.0	224.9
Chief Operating Officer	70.7	0	70.7	0.0	0.0	70.7
	<b>443.0</b>	<b>-25.4</b>	<b>417.6</b>	<b>-0.9</b>	<b>0.4</b>	<b>417.1</b>

161. Since reporting at Mid Year the entire capital programme has undergone a complete review and as a result a number of projects totalling £26.5m have been withdrawn from the programme. These projects have been removed for the time being but will be reviewed and possibly brought back in to the programme at a more appropriate time. There have also been a number of budget approvals since the Mid Year report of £1.1m that have increased the budget; primarily for the Congleton Realm Project.

162. The programme has also been revised to reflect in-year budget reductions of £0.8m contained in **Appendix 7**.
163. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions and the capital reserve). A funding summary is shown in **Table 7**.

**Table 7 – Capital Funding Sources**

	MYR Total Forecast Budget £m	TQR Total Forecast Budget £m	Change £m
Grants	198.6	183.0	-15.6
External Contributions	44.1	59.6	15.6
Cheshire East Resources	200.4	174.5	-25.8
<b>Total</b>	<b>443.0</b>	<b>417.1</b>	<b>-25.9</b>

## Capital Budget 2014/15

164. 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.
165. At the Third Quarter review stage, the total in-year budget for 2014/15 has been revised from the Mid Year budget of £124.9m to £119.5m as summarised in **Table 8** and detailed in **Appendix 4**. This includes the net impact in 2014/15 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 7**.
166. Forecast expenditure on these schemes in 2014/15 is £102.6m, as analysed in **Table 8**. The £16.9m change since the Mid Year

Review 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 MYR Budget £m	Revised TQR Budget £m	Forecast Exp £m	Current Forecast Over / Under Spend £m
Early Help & Protection	0.1	1.3	0.6	-0.7
Education Strategy	10.3	10.1	9.9	-0.3
Adult Social Care & Independent Living	0.8	0.8	0.8	0.0
Public Health & Wellbeing	8.5	8.5	5.6	-2.9
Environment	2.6	2.7	1.7	-1.0
Highways	31.4	31.4	31.3	-0.1
Communities	0.7	1.2	1.0	-0.1
Economic Growth & Prosperity	26.2	26.0	24.4	-1.6
Chief Operating Officer	44.3	37.5	27.2	-10.3
<b>Total</b>	<b>124.9</b>	<b>119.5</b>	<b>102.6</b>	<b>-16.9</b>

167. **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.
168. **Appendix 6** lists two virements for amounts above £250,000 but below £1m for The Dingle and Mablins Lane Primary Schools as part of the Mobile replacement programme.
169. **Appendix 7** lists details of reductions of £0.8m 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

170. 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.
171. Investment income to November 2014 is £326,000 which is higher than the budgeted income of £213,000 for the period. The level of cash balances have remained high although interest rates have remained relatively flat:
- The average lend position (the 'cash balance') including fund manager up to the end of November 2014 was £84.6m.
  - The average annualised interest rate received on in-house investments up to the end of November 2014 was 0.56%.
  - The average annualised interest rate received on the externally managed pooled funds up to the end of November 2014 was 0.93%.
172. The Council's total average interest rate up to the end of November in 2014/15 was 0.64% (excludes Property Fund). The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.42%. The base rate remained at 0.50% for the quarter.

**Table 9 – Interest Rate Comparison**

Comparator	Average Rate to 30/11/14
Cheshire East	0.64%
LIBID 7 Day Rate	0.42%
LIBID 3 Month Rate	0.49%
Base Rate	0.50%

173. At Three Quarter Year Review, the capital financing budget is forecast to be underspent by £0.5m, mainly due to the savings in external interest charges.
174. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 27<sup>th</sup> February 2014. Further details of counterparty limits and current investments are given in **Appendix 8**.
175. Action has been taken in November to move funds from the externally managed pooled funds into the Charities, Churches and Local Authorities property fund and covered bonds. The property fund is designed to offer high returns but should be viewed over a 5 to 6 year period as returns can be volatile. Covered Bonds with up to 2 years maturity will provide security as they are backed up by collateral and still provide a good level of return.

### Central Contingencies and Contributions

176. 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.
177. 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. It is forecast that spending will be in line with the budget.

178. The outturn forecast for contingencies shows an assumed underspending of £1m which takes account of potential additional income from the NHS relating to settlement of 2013/14 funding, partly offset by potential budget pressures arising from contractual obligations in Leisure.

### Allocation of Additional Grant Funding

179. 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 9**.

### Debt Management

180. The balance of outstanding debt has reduced since Quarter 2. Balances remain within forecast levels and adequate provisions have been made. A summary of outstanding invoiced debt by Service is contained in **Appendix 10**.

### Outturn Impact

181. The impact of the projected service outturn position could reduce balances by up to £0.8m as reported above (**para 136**).
182. Taken into account with the central budget items detailed above and the approved use of general reserves (**para 185**), the financial impact described in this report could decrease balances by £5.6m as summarised in **Table 10**.

**Table 10 – Impact on Balances**

	£m
Service Net Budget Outturn	-0.8
Central Budgets Outturn	1.0
Use of Reserves reported to Council	-5.8
Total	-5.6

### Management of Council Reserves

183. 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.
184. 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.
185. 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.
186. 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
Impact on Balances at Quarter 3	-5.6
Forecast Closing Balance at March 2015	14.2

187. The projected balance of £14.2m reflects the current forecast that risks associated with budget achievement in 2014/15 may not actually materialise and this is broadly in line with level planned in

the 2014/17 Reserves Strategy. Actions to continue managing current risk will continue to be explored in the remaining months of the financial year. Overall the Council remains in a strong financial position given the major challenges across the public sector.

188. The Council also maintains Earmarked Revenue reserves for specific purposes. At 1<sup>st</sup> 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.
189. During 2014/15, an estimated net £7.5m 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 (£3.6m), Communities Investment (£1.8m), Adult Social Care (£1.2m), and Service Manager carry forwards (£2.7m).
190. Services are forecasting provisions of £2.4m in their outturn forecasts in relation to spending plans for temporary cost of investment budgets that were established, and then monitored, as part of the 2014/15 budget. Balances will be allocated to earmarked reserves at year-end where service changes associated with these budgets will continue in 2015/16.
191. A full list of earmarked reserves is contained in **Appendix 11**.

### 3. Workforce Development

192. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Workforce Development plans and changes to staffing levels.
193. A number of key workforce projects (e.g. Building Capacity and Engagement which is almost complete) continue to support the Council's transformation. For example the Making a Difference employee recognition scheme saw a number of annual awards being made in December to individuals and teams at a celebratory event. Around 60 nominations were received from staff and members, resulting in more than 500 colleagues being recognised for Putting Residents First and making a real difference to colleagues, citizens and communities. Feedback from the event has been very positive.
194. The Council will shortly be introducing a new employee recruitment system known as Taleo to replace the current system which is no longer fit for purpose. On-line capability now plays a key role in attracting the talent we need, creating a positive candidate experience, managing costs and reducing time to hire. The Taleo system supports the end to end recruitment cycle from identifying the need / vacancy through to sourcing potential candidates, engaging and managing candidates through the process, completing checks and formalities and bringing them into the Council. Management information will enable recruitment activities and campaigns to be monitored, reviewed and continually improved.
195. Towards Excellence, the learning, development and staff improvement corporate training programme continues for all employees comprising of statutory, mandatory, vocational and professional themes and topics. This ensures that Cheshire East creates a workforce which is safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses.

196. In summary, over 1,050 delegates have attended statutory, mandatory and vocational training to date (Quarter 3), with the Management Institute of Excellence programme delivering a further range of workshops attended by 39 delegates interested in improving their business and commerce awareness, in addition to 90 managers undertaking Institute of Leadership and Management qualifications and workshops.
197. 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.
198. In terms of graduate development eight Children's social work trainees are currently being supported; the number will be increased by the new student sponsorship scheme. 48 newly qualified social workers (adults and children's) are registered on the Assessed and Supported Year in Employment programme; a further 20 Children's social workers are undertaking the Progression Year 2 programme (Post Graduate Diploma); and 40 are accessing the Approved Mental Health Practitioner training programme. 18 newly qualified Best Interest Assessors have been created, in line with the supreme court ruling for Mental Capacity / Deprivation of Liberties.
199. The current cohort of Apprentices is 52 (19 of which are within ASDVs), with four vacancies being advertised and / or in the recruitment process.



## Staffing Changes

200. **Table 12** below demonstrates that Cheshire East's employee headcount decreased by 0.1% between October and December 2014. The employee headcount at the end of December 2014 was 4,010 – 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 October to December 2014**

Directorate/Service	Oct-14		Nov-14		Dec-14	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Public Health	21	17.9	21	17.9	23	17.9
Media (Communications and PR)	10	10.0	10	10.0	10	10.0
Strategic Commissioning	2,952	2,118.5	2,956	2,114.3	2,947	2,117.1
Adults Social Care & Independent Living	1,155	864.4	1,152	865.8	1,145	861.4
Children's Services	1,174	757.8	1,182	752.1	1,181	761.2
Commissioning and Client Support	57	53.7	54	51.3	54	51.3
Communities	565	441.6	567	444.1	566	442.1
Chief Operating Officer	669	509.7	660	504.62	663	510.5
Commissioning	49	44.0	49	44.0	51	46.6
Corporate Resources and Stewardship	392	285.1	383	278.4	379	278.0
Democratic Services and Governance	97	60.5	99	63.9	103	66.6
Legal Services	40	36.1	39	35.1	39	35.1
People and OD	54	48.3	53	47.5	52	46.5
Apprentices / Graduate Trainees	36	34.7	36	34.7	38	36.7
Economic Growth & Prosperity	379	299.2	382	302.7	384	301.9
Assets	28	27.0	29	28.0	29	28.0
Investment	88	80.0	88	80.0	88	79.7
Strategic and Economic Planning	110	100.6	115	105.6	117	107.2
Strategic Infrastructure	9	9.0	9	9.0	9	9.0
Visitor Economy, Culture and Tatton Park	143	81.5	140	79.0	140	77.0
<b>Cheshire East Council Total</b>	<b>4,014</b>	<b>2,956.2</b>	<b>4,011</b>	<b>2,950.5</b>	<b>4,010</b>	<b>2,958.4</b>

201. **Table 13** demonstrates that in the third quarter of 2014/15 the cumulative average days lost to sickness was slightly higher, per FTE employee, than the same period in 2013/14. 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 Third Quarter of 2014/15 to the same period in 2013/14**

	Oct	Nov	Dec
<b>Q3 2014/15</b>	6.57	7.54	8.87
<b>Q3 2013/14</b>	6.22	7.19	8.34

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

## Voluntary Redundancies

202. 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.
203. Six people have left the Council under voluntary redundancy terms in Quarter 3, two of whom held posts within the management grades (Grade 10 or above). The total severance cost, for all six employees was £0.3m, inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1m (which is the combined accumulated costs of the deleted posts).

# **Appendices to Third Quarter Review of Performance 2014/15**

**February 2015**



# Appendix 1 – The Three Year Council Plan



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

## Appendix 2 – Changes to Revenue Budget 2014/15 since Mid Year Review

	MYR Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Other Virements £000	TQR Net Budget £000
Childrens & Families	45,790	280		31	46,101
Adult Social Care & Independent Living	94,847			-392	94,455
Public Health & Wellbeing	2,229				2,229
Environment	29,433		-1,144		28,289
Highways	10,550			123	10,673
Communities	10,076				10,076
Economic Growth & Prosperity	23,699	35	1,144	-208	24,670
Chief Operating Officer	40,817			446	41,263
<b>TOTAL SERVICE BUDGET</b>	<b>257,441</b>	<b>315</b>	<b>0</b>	<b>0</b>	<b>257,756</b>
Central Budgets					
Specific Grants	-18,293	-315			-18,608
Capital Financing	12,511				12,511
Contingencies	1,143				1,143
Corporate Contributions	1,027				1,027
Contribution to/from Reserves	-40				-40
	-3,652	-315	0	0	-3,967
<b>TOTAL BUDGET</b>	<b>253,789</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>253,789</b>

Note: Figures have been restated to reflect Transport budgets now being shown against Economic Growth & Prosperity

## Appendix 3 – Corporate Grants Register

Corporate Grants Register 2014/15 Third Quarter Review		Revised Forecast MYR 2014/15 £000	Revised Forecast TQR 2014/15 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	1	160,722	159,041	-1,681	
Pupil Premium Grant	1	6,795	6,795	0	
Sixth Forms Grant	1	4,408	4,408	0	
<b>Total Schools Grant</b>		<b>171,924</b>	<b>170,243</b>	<b>-1,681</b>	
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	
<b>TOTAL SPECIFIC USE</b>		<b>271,072</b>	<b>269,391</b>	<b>-1,681</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant		48,601	48,601	0	
Business Rates Retention Scheme		37,883	37,883	0	
<b>Total Central Funding</b>		<b>86,484</b>	<b>86,484</b>	<b>0</b>	

Corporate Grants Register 2014/15 Third Quarter Review		Revised Forecast MYR 2014/15 £000	Revised Forecast TQR 2014/15 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Children &amp; Families</b>					
Troubled Families		130	130	0	
Troubled Families - Co-ordinator		100	100	0	
Extended Rights to Free Transport		153	153	0	
Adoption Reform Grant (unringfenced element)		275	275	0	
Special Educational Needs Reform Grant		384	384	0	
Youth Detention - Looked After Children		27	27	0	
Youth Justice Grant		353	353	0	
Staying Put Grant		36	36	0	
Special Educational Needs and Disabilities - New Burden		0	280	280 SRE	
<b>Adult Social Care &amp; Independent Living</b>					
Local Reform and Community Voices Grant		262	262	0	
Care Bill Implementation Grant		125	125	0	
<b>Environment</b>					
Lead Local Flood Authorities		52	52	0	
Sustainable Drainage Systems Capability and Capacity Building		123	123	0	
<b>Communities</b>					
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	

Corporate Grants Register 2014/15 Third Quarter Review		Revised Forecast MYR 2014/15 £000	Revised Forecast TQR 2014/15 £000	Change 2014/15 £000	SRE / Balances (Note 2)
	Note				
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Economic Growth &amp; Prosperity</b>					
Skills Funding Agency		890	890	0	
Neighbourhood Planning Grant		5	40	35	SRE
<b>Chief Operating Officer</b>					
Education Services Grant		4,274	4,262	-12	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		74	74	0	
Local Government Transparency Code 2014		0	0	0	
<b>Total Service Funding</b>		<b>17,861</b>	<b>18,165</b>	<b>303</b>	
<b>TOTAL GENERAL PURPOSE</b>		<b>104,345</b>	<b>104,648</b>	<b>303</b>	
<b>TOTAL GRANT FUNDING</b>		<b>375,416</b>	<b>374,039</b>	<b>-1,378</b>	

#### 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/decreases to allocations by the DfE and conversions to academy status.

2 SRE - Supplementary Revenue Estimate requested by relevant service

## Appendix 4 – Summary Capital Programme and Funding

Commissioning Service	In-Year Budget	SCE's Virements Reductions	Budget Realignment	Revised In-Year Budget	Forecast Expenditure		
	TQR	TQR	TQR	TQR			
	2014/15 £000	2014/15 £000	2014/15 £000	2014/15 £000	2014/15 £000	2015/16 £000	2016/17 and Future Years £000
<b>Early Help and Protection</b>							
Committed Schemes - In Progress	131	0	1,147	1,278	598	680	0
Committed Schemes at Gate 1 Stage	847	0	-847	0	0	0	0
Medium Term and Rolling Programme	804	0	-650	154	154	706	206
<b>Education Strategy</b>							
Committed Schemes - In Progress	10,279	-138	-5	10,136	9,860	1,327	507
Committed Schemes at Gate 1 Stage	3,608	-400	-2,276	932	804	4,193	428
Medium Term and Rolling Programme	3,488		-3,179	309	309	9,210	5,705
<b>Adult Social Care and Independent Living</b>							
Committed Schemes - In Progress	817	0	15	832	832	0	0
Medium Term and Rolling Programme	750		-750	0	0	1,808	800
<b>Public Health &amp; Wellbeing</b>							
Committed Schemes - In Progress	8,524	0	0	8,524	5,639	9,471	0
Longer Term Proposals	300	0	0	300	300	3,700	8,000
<b>Environment</b>							
Committed Schemes - In Progress	2,592	0	90	2,682	1,684	1,089	90
Medium Term and Rolling Programme	4,515	-65	3,715	8,165	8,165	5,935	50
<b>Highways</b>							
Committed Schemes - In Progress	31,417	-59	18	31,376	31,300	2,448	2,731

Commissioning Service	In-Year Budget	SCE's Virements Reductions	Budget Realignment	Revised In-Year Budget	Forecast Expenditure		
	TQR	TQR	TQR	TQR			2016/17 and
	2014/15 £000	2014/15 £000	2014/15 £000	2014/15 £000	2014/15 £000	2015/16 £000	Future Years £000
<b>Communities</b>							
Committed Schemes - In Progress	702	61	408	1,171	1,031	682	39
Committed Schemes at Gate 1 Stage	726	0	-726	0	0	0	995
Medium Term and Rolling Programme	100	0	-100	0	0	100	0
<b>Economic Growth and Prosperity</b>							
Committed Schemes - In Progress	26,199	10	-200	26,009	24,430	9,581	3,483
Committed Schemes at Gate 1 Stage	2,018		-1,023	995	995	1,366	6,560
Medium Term and Rolling Programme	3,395	-1,030	295	2,660	2,660	4,794	32,470
Longer Term Proposals	900	-200	-241	459	459	8,200	129,940
<b>Chief Operating Officer</b>							
Committed Schemes - In Progress	44,269	-10	-6,737	37,522	27,205	26,595	11,423
Committed Schemes at Gate 1 Stage	2,050	0	-1,550	500	500	2,510	2,488
<b>Committed Schemes - In Progress</b>	<b>124,930</b>	<b>-135</b>	<b>-5,265</b>	<b>119,530</b>	<b>102,579</b>	<b>51,873</b>	<b>18,273</b>
<b>Committed Schemes at Gate 1 Stage</b>	<b>9,249</b>	<b>-400</b>	<b>-6,422</b>	<b>2,427</b>	<b>2,299</b>	<b>8,069</b>	<b>10,471</b>
<b>Medium Term and Rolling Programme</b>	<b>13,052</b>	<b>-1,095</b>	<b>-669</b>	<b>11,288</b>	<b>11,288</b>	<b>22,553</b>	<b>39,231</b>
<b>Longer Term Proposals</b>	<b>1,200</b>	<b>-200</b>	<b>-241</b>	<b>759</b>	<b>759</b>	<b>11,900</b>	<b>137,940</b>
<b>Total Net Position</b>	<b>148,431</b>	<b>-1,830</b>	<b>-12,597</b>	<b>134,004</b>	<b>116,925</b>	<b>94,395</b>	<b>205,915</b>

Funding Sources	2014/15 £000	2015/16 £000	2016/17 and Future Years £000
Grants	54,235	28,730	100,006
External Contributions	14,058	12,442	33,108
Cheshire East Council Resources	48,632	53,223	72,801
<b>Total</b>	<b>116,925</b>	<b>94,395</b>	<b>205,915</b>

## 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		
Education Strategy		
Suitability/Minor Works/Accessibility Block Provision	60,000	This SCE is for the additional funds from Underwood Primary School towards the works to demolish and replace a mobile classroom.
School Maintenance Project - Alderley Edge Community Primary School	18,282	This SCE is for the additional funds from Alderley Edge Community School towards works to improve accessibility and safety on the site.
School Maintenance Project - Ruskin High School	22,652	This SCE is for the additional funds from Ruskin High School towards works to refurbish the science laboratories.
School Maintenance Project - Rode Heath Primary School	62,178	This SCE is for the additional funds from Rode Heath Primary School towards internal configuration works within the school.
Universal free school meals - The Dingle Primary School	6,000	} Contributions from the Schools towards works to undertake alterations to kitchen and dining facilities to meet the increased demand from the introduction of Universal Free School Meals.
Universal free school meals - Wrenbury Primary School	5,000	
Communities		
Customer Access	228,634	This SCE is for an additional £228,634 to fund increased construction costs. The increase in budget is to be funded by £192,328 from Poynton Town Council and a Revenue Contribution of £36,306.
CCTV - Infrastructure Rationalisation	24,000	This SCE of £24,000 is to be funded by Section 106 funds.
Total Supplementary Capital Estimates	426,746	



Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Capital Budget Virements</b>		
<b>Education Strategy</b>		
School Maintenance Project - Audlem St James' CofE Primary School	4,063	This virement is required from the School's Devolved Formula Capital allocation to fund works to internally configure the building to improve access and teaching facilities.
Universal free school meals - Bexton Primary School	6,500	These Virements are required from the Schools Devolved Formula Capital Allocations towards works to undertake alterations to kitchen and dining facilities to meet the increased demand from the introduction of Universal Free School Meals.
Universal free school meals - The Weaver Primary School	1,500	
Universal free school meals - Manor Park Primary School	3,601	
Capital Maintenance Central Allocation	3,771	This virement is required to transfer the residual grant from the completed scheme at Middlewich High School back to the Capital Maintenance Block for re-allocation.
Basic Need Block	33,605	This virement is required to transfer the residual grant from the completed scheme at Beechwood Primary School back to the Basic Needs Block for re-allocation.
<b>Highways &amp; Transport</b>		
Road Safety Cycle Scheme	23,488	This virement is required to increase the budget requirement and to utilise the Sustrans grant sitting against another Cycling related project that is now complete.
<b>Communities</b>		
Car Parking Improvements	58,695	This virement is required to rationalise the Car Parking Programme into one project as per the proposed strategy. Funded by Cheshire East resources.
<b>Economic Growth &amp; Prosperity</b>		
Tatton Vision	10,000	This virement has been agreed from the Asset Management Maintenance Programme to finance maintenance work within the Tatton Vision Project. Funded by Cheshire East resources.
<b>Total Virements Approved</b>	<b>145,223</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>571,969</b>	

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

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
<b>Capital Budget Virements</b>		
<b>Education Strategy</b>		
The Dingle Primary School Primary School – Replacement of Mobile Classroom	500,000	This virement relates to a scheme at The Dingle Primary School, endorsed at Gateway 1 during November 2014, and will be funded by the Capital Maintenance Grant.
Mablins Lane Primary School – Replacement of double mobile classroom, suitability works and kitchen and hall extension / improvements.	750,000	This virement relates to a scheme at Mablins Primary School, endorsed at Gateway 1 during December 2014, and will be funded by the Capital Maintenance Grant.
<b>Total Supplementary Capital Estimates</b>	<b>1,250,000</b>	

# Appendix 7 – Capital Budget Reductions

Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
<b>Cabinet are asked to note the reductions in Approved Budgets</b>				
<b>Education Strategy</b>				
Devolved Formula Capital Grant	4,031,037	4,010,037	-21,000	Budget reduction required due to school funding the capital works direct from own resources.
School Maintenance Projects - The Marlborough Primary School	3,685,304	3,683,304	-2,000	Budget reduction required as no further costs are now anticipated for Marlborough Primary School.
<b>Highways</b>				
Morrisons Middlewich	15,000	11,825	-3,175	Scheme now complete - no further budget required.
S278 Basford West, Goodman	50,000	40,527	-9,473	Scheme now complete - no further budget required.
Red Bull Flood Alleviation	175,000	130,809	-44,191	Scheme now complete. Budget reduction required as contribution from Staffordshire County Council will be paid by them directly.
Eaton Village Flood Alleviation	50,000	48,139	-1,861	Scheme now complete - no further budget required.
<b>Environmental</b>				
Cranage Path Project	400,000	0	-400,000	Budget no longer required as scheme will not proceed.
<b>Economic Growth and Prosperity</b>				
Corporate Landlord Model - Non-Operational Assets	1,280,000	930,000	-350,000	Full approved budget no longer required due to a revised programme of works over the next three financial years.
<b>Total Capital Budget Reductions</b>	<b>9,686,341</b>	<b>8,854,641</b>	<b>-831,700</b>	

# Appendix 8 – Treasury Management

## Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks and 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 with a limit of 25% of total investments per fund although operationally this is limited 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. Our approved counterparties list also includes a number of foreign banks. As the limits applicable to all organisations have been reduced the Council is investing in selected highly rated foreign institutions. The Council currently holds Certificates of Deposits with Deutsche Bank (Germany) and has recently opened an investment account with Svenska Handelsbanken (Sweden) at its Crewe based branch.
3. 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.
4. Banks credit ratings are kept under continual review. There have not been any significant changes in 2014/15 although major changes are expected in 2015 when Government support will be removed following implementation of the Banking Act 2013. In addition to ratings, other credit indicators, such as Swap rates are also monitored. The Banking Act 2013 and the UK adoption of further EU directives is intended to make it less likely that a bank gets into trouble but increases the risk of the Local Authority deposits being 'bailed-in' if the bank did get into trouble. To mitigate any potential issues there are 3 actions that the Council will be taking:
  - a. Reduce level of deposits in any one counterparty
  - b. Reduce credit limits referred to in the Treasury Management Strategy
  - c. Invest in more secure financial instruments such as Covered Bonds and Repurchase Agreements (REPO's)
5. Reducing the level of investments in any one counterparty reduces the potential losses with that counterparty but this cannot be done without maintaining a wide enough list of suitable counterparties. The removal of Government support is likely to lead to a reduced credit rating for many organisations. To enable the Council to continue investing in a wide enough pool of otherwise stable counterparties, despite their reduced credit rating, the Council will need to reduce its permissible acceptable credit ratings which will be recommended when the Treasury Management Strategy Statement is submitted for approval in February 2015.
6. Covered Bonds are fixed period investments (typically 3 to 10 years) which are tradeable and where the investment is backed by collateral. These bonds are exempt from any 'Bail-in' requirements and gives the Council protection in the event the Counterparty gets into difficulties. These bonds are rated depending on their collateral so it is possible that a bond is acceptable to the Council where an unsecured deposit would not be. On 5<sup>th</sup> November, the Council purchased a £3m AAA rated covered bond issued by Yorkshire Building Society and has since purchased a further £2m covered bond both of which are linked to a margin above 3 month London Inter Bank Offer Rate (LIBOR) and due to mature in March 2016.

7. Repurchase Agreements (REPO's) are where the Council purchases assets from a counterparty with an agreement that the counterparty repurchases those assets on an agreed future date and at an agreed price. The future price will include interest on the investment. The assets purchased will vary in value over the term of the trade so a third party is used (at the cost of the other party, not the Council) to hold those assets on our behalf and obtain additional assets if the value falls below the level of the investment at any time. It is the quality of the purchased assets that governs the credit quality of the investment rather than the actual counterparty. The Council is currently considering making arrangements with Clearstream who can provide the third party facilities and are internationally regarded.

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

**Table 1 – Current Investments and Limits**

Counterparties	Limits		Investments as at 30 <sup>th</sup> November 2014	
<b>UK Banks</b>				
Barclays Bank	10%	£10m	5%	£3.3m
Close Bros	10%	£10m	8%	£5.0m
Lloyds	10%	£10m	8%	£5.0m
<b>Foreign Banks</b>				
Deutsche Bank	10%	£10m	10%	£6.0m
<b>Building Societies</b>	<b>20%</b>		<b>19%</b>	
Cumberland Building Society	10%	£1m	1%	£1.0m
Leeds Building Society	10%	£1m	1%	£1.0m
National Counties Bldg Soc	10%	£1m	1%	£1.0m
Nationwide Building Society	10%	£10m	10%	£6.0m
Vernon Building Society	10%	£1m	1%	£1.0m
Yorkshire BS (Covered Bond)			5%	£3.0m
<b>Other</b>				
Glasgow City Council	10%		3%	£2.0m
Lancashire County Council	10%		7%	£4.5m
<b>Money Market Funds</b>	<b>50%</b>		<b>17%</b>	
CCLA	25%	£10m	1%	£0.5m
Deutsche	25%	£10m	1%	£0.8m
Federated Prime Rate	25%	£10m	8%	£5.0m
Ignis	25%	£10m	5%	£3.0m
Morgan Stanley	25%	£10m	1%	£1.0m
Scottish Widows	25%	£10m	1%	£1.0m
<b>Externally Managed Funds</b>	<b>50%</b>			
Pooled Funds	50%		15%	£10.2m
Property Funds	50%		8%	£5.0m
				<b>£65.3m</b>

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

<b>Instant Access Accounts</b>	<b>Avg rate %</b>	<b>£m</b>
Instant Access Accounts	0.05	0.8
Money Market Funds	0.47	10.8

<b>Fixed Term Deposits (Unsecured)</b>	<b>Start</b>	<b>Maturity</b>	<b>Rate %</b>	<b>£m</b>
Nationwide Building Society	15/01/2014	14/01/2015	0.81	2.0
Lloyds	14/04/2014	14/01/2015	0.80	3.0
Deutsche Bank CD	05/06/2014	04/06/2015	0.82	2.0
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
Nationwide Building Society	21/08/2014	20/08/2015	0.96	2.0
Barclays	29/08/2014	28/08/2015	0.98	3.0
Close Bros	11/09/2014	18/12/2014	0.55	5.0
Lancashire County Council	15/09/2014	26/02/2015	0.45	2.0
National Counties Building Society	01/10/2014	18/03/2015	0.66	1.0
Cumberland Building Society	06/10/2014	06/01/2015	0.47	1.0
Vernon Building Society	17/10/2014	16/01/2015	0.48	1.0
Leeds Building Society	24/10/2014	19/01/2015	0.40	1.0
Lloyds	03/11/2014	05/05/2015	0.70	2.0
Nationwide Building Society	04/11/2014	18/02/2015	0.51	2.0
Glasgow City Council	12/11/2014	28/01/2015	0.47	2.0

<b>Secured Deposits</b>	<b>Start</b>	<b>Maturity</b>	<b>Rate %</b>	<b>£m</b>
Yorkshire Building Society	05/11/2014	16/03/2016	0.73	3.0

<b>Externally Managed Funds</b>	<b>£m</b>
Pooled Investments	10.2
Property Fund	5.0

<b>Maturity Profile</b>	<b>£m</b>
Instant Access	11.6
Maturing < 1 month	5.0
Maturing within 1 - 6 months	19.5
Maturing within 6 - 12 months	11.0
Maturing within 1 – 2 years	3.0
Externally Managed Funds	15.2
<b>Total</b>	<b>65.3</b>

## Performance of Fund Manager

8. During October and November, the funds invested in the 'Dynamic' model were withdrawn to be invested in the property fund and covered bonds. Funds in the 'Standard' model will be withdrawn in January 2015. The table below shows the performance of the funds (net of fees) since the initial investment of £20m (£10m in each model) on 27<sup>th</sup> 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%
September 2014	0.06%	0.13%
October 2014	0.16%	0.14%
November 2014	0.15%	N/A
Cumulative 2014/15	0.63%	0.56%
Value of Investment at 30/11/14	£10,311,993	N/A
Fees (Total since start)	£89,241	£94,540
Average Annual Rate as at 30/11/14	0.63%	0.53%

9. The fund has not performed as well as expected over the last 3 years which has led to the decision to withdraw from these funds although performance in the past few months has actually been much better. However, the fund can be volatile so there is no guarantee that this improved performance will continue.



## Appendix 9 – Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Children and Families	Special Educational Needs (SEN) and Disabilities (General Purpose)	280	The Children and Families Act introduces new duties on local authorities in order to improve outcomes for children and young people with SEN or who are disabled, increase choice and control for parents, and promote a less adversarial system. Local authorities are undertaking a range of activities to prepare for these changes, which will be implemented from September 2014.
Economic Growth and Prosperity	Neighbourhood Planning Grant (General Purpose)	35	A further grant of £35,000 is to be provided to the Council by the Department for Communities and Local Government for each designated Neighbourhood Area. This is to support these local communities to prepare a neighbourhood plan. This is the second designation this financial year. The grant is not ring fenced to Neighbourhood Planning so can be used to support the wider Spatial Planning function.
<b>TOTAL</b>		<b>315</b>	

# Appendix 10 – Debt Management

1. In addition to the collection of Council Tax and National Non-Domestic Rates the Council also issues invoices to organisations or individuals for certain key services. Performance related to Council Tax and Non-Domestic Rates is contained in Section 2 of this report.
2. Annually, the Council raises invoices with a total value of around £50m. This includes around £25m in Adult Social Care relating to client contributions towards care packages and income from Health on pooled budget and partnership arrangements.
3. Total Invoiced Debt at the end of November 2014 was £9.2m. After allowing for £5.5m of debt still within the payment terms, outstanding debt stood at £3.7m. This is £1.2m lower than at Mid Year Review.
4. The total amount of service debt over 6 months old is £2.1m which is £0.3m lower than older debt reported at the end of August 2014.
5. Services have created debt provisions of £2.2m 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	56	14	175
Adult Social Care & Independent Living	2,345	1,476	1,467
Public Health & Wellbeing	0	0	0
Environmental	318	146	146
Highways	409	269	269
Communities	32	18	18
Economic Growth and Prosperity	318	62	36
Chief Operating Officer	223	110	123
	<b>3,701</b>	<b>2,095</b>	<b>2,234</b>

## Appendix 11 – Earmarked Reserves

Name of Reserve	Opening Balances 1 April 2014 £000	Forecast movement in 2014/15 £000	Estimated Balance 31 March 2015 £000	Purpose
<b>Children &amp; Families</b>				
Long Term Sickness	213	0	213	Carried forward surplus of contributions paid by schools - operated as a trading account
Education All Risks	261	0	261	Carried forward surplus of contributions paid by schools - operated as a trading account
Children's Social Care	650	-412	238	To support implementation of Children's social care bill
<b>Adult Social Care and Independent Living</b>				
Extra Care Housing Private Finance Initiative	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	-387	193	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.
<b>Public Health</b>	1,620	330	1,950	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
<b>Environmental &amp; Leisure</b>				
Crematoria	367	177	544	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
<b>Economic Growth &amp; Prosperity</b>				
Building Control	181	-101	80	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	0	141	Support for town centres and economic development initiatives
<b>Communities</b>				
Communities Investment <small>Note 1</small>	2,768	-1,758	1,010	Amalgamation of Promoting local delivery; Grant support; New initiatives and additional funding from outturn to support community investment
Emergency Assistance	400	100	500	Carry forward of underspend on previous years' schemes to provide for future hardship payments
<b>Chief Operating Officer</b>				
Elections	486	130	616	To provide funds for Election costs every 4 years
Insurance & Risk	2,776	1854	4,630	To settle insurance claims and manage excess costs.
Climate Change	67	0	67	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

Name of Reserve	Opening Balances 1 April 2014 £000	Forecast movement in 2014/15 £000	Estimated Balance 31 March 2015 £000	Purpose
Pension Contributions	150	-150	0	To meet impact of reduced workforce on fixed contribution to Past Service Pensions deficit
Business Rates Retention Scheme	5,071	-3,593	1,478	To manage cash flow implications following changes from the 2012/13 NNDR system
<b>Service Manager carry forward</b>	4,485	-2,701	1,784	Allocations for Costs of Investment or grant funded expenditure
<b>TOTAL</b>	<b>Note 3</b> 25,877	<b>-1,660</b>	24,217	

Notes:

1. Previous communities reserves are now amalgamated under Communities Investment
2. The opening balance was supplemented by a contribution of £5.3m from general reserves as approved by Council in February 2014
3. Figures exclude:
  - Schools balances £8.810m (1st April 2014)
  - Grants Reserves £0.467m (1st April 2014)