



# **Third Quarter Review of Performance 2015/16**

**February 2016**

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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# 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 over £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 three, the Council's reserves strategy remains effective, with a modest forecast underspend of £0.3m (0.1%) against a budget of £246.6m. This is the nearest favourable 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 twelve supporting appendices with detailed information about allocation and management of public money during 2015/16:

**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 2015/16 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 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 requests for Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 7** lists requests for Supplementary Capital Estimates and Virements over £1,000,000 for Council approval.
- **Appendix 8** lists Capital Budget reductions.
- **Appendix 9** provides details of Treasury Management investments.
- **Appendix 10** lists requests for allocation of additional Grant funding.
- **Appendix 11** analyses the position on Outstanding Debt.
- **Appendix 12** lists details of Earmarked Reserves.

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Chief Operating Officer (Section 151 Officer)

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# 2015/16 Outturn Forecast at Third Quarter Review – Financial Position

2015/16 Third Quarter Review (GROSS Revenue Budget £611.0m)	Revised Budget (NET)  £m	Forecast Actual Outturn  £m	Current Forecast Over / (Underspend) £m	Change from Mid Year Review £m	For further information please see the following sections
Children & Families	43.0	44.1	1.1	0.7	Section 1 - Paragraphs 82-85
Adult Social Care & Independent Living	95.4	96.3	0.9	0.1	Section 1 - Paragraphs 136-140
Public Health	0.0	0.0	0.0	0.0	Section 1 - Paragraphs 130
Economic Growth & Prosperity	6.6	6.6	0.0	0.0	Section 1 - Paragraphs 43-48
Chief Operating Officer: Commissioning Services:					
Building Control etc	1.7	1.8	0.1	0.1	
Environmental (incl Bereavement)	27.3	27.6	0.3	0.1	Section 1 - Paragraphs 99-102
Highways	11.2	11.2	0.0	0.0	Section 1 - Paragraphs 57-58
Leisure	2.0	2.1	0.1	0.1	Section 1 - Paragraph 122-123
Transport	14.6	14.8	0.2	-0.1	Section 1 - Paragraphs 59-61
Communities	9.2	9.2	0.0	-0.2	Section 1 - Paragraphs 31-35
Other (e.g Finance, ICT, Legal, Facilities)	39.4	36.4	-3.0	-1.6	Section 1 - Paragraphs 146-147
<b>Total Services Net Budget</b>	<b>250.4</b>	<b>250.1</b>	<b>-0.3</b>	<b>-0.8</b>	
<b>CENTRAL BUDGETS</b>					
Specific Grants	-19.2	-19.2	0.0	0.0	Section 2 - Paragraphs 154-161
Capital Financing	14.0	14.0	0.0	0.0	Section 2 - Paragraphs 194-197
Transfer to Earmarked Reserve	0.2	0.2	0.0	0.0	Section 2 - Paragraph 214
Corporate Contributions / Central Budgets	1.1	1.1	0.0	0.0	Section 2 - Paragraph 203
<b>Total Central Budgets</b>	<b>-3.9</b>	<b>-3.9</b>	<b>0.0</b>	<b>0.0</b>	
<b>TOTAL NET BUDGET</b>	<b>246.5</b>	<b>246.2</b>	<b>-0.3</b>	<b>-0.8</b>	
	Planned Contribution 2015/16 £m	Forecast Variance Quarter 3 £m	Impact on reserves Quarter 3 Forecast £m		
Impact on Reserves	-2.2	0.3	-1.9		
	*Increased from £1.7m by in-year transfers to earmarked reserves				
General Reserves Balance	2015/16 Budget (estimated) £m		Quarter 3 Forecast £m		
Opening Balance April 2015	14.2	Actual	14.7		Section 2 - Paragraphs 208-213
2015/16 Impact on Reserves (see above)	-1.7	Forecast	-1.9		
Closing Balance March 2016	12.5	Forecast	12.8		

Note: The financial impact of CoSocius integration is not reflected at present.

# 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 one of the best places to live in the Northwest

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

- Taking part in two main enforcement operations supported by Cheshire Police, focusing on licensed vehicles
- Working with partners to significantly reduce incidences of antisocial behaviour, and providing Member Briefings on the Council's role
- Running an underage sales operation around the sale of fireworks in the run up to Bonfire Night in order to support safer communities
- Awarding a total of £119,750 in Community Grants to 82 organisations
- Worked with partners to produce a Community Impact Assessment to support the ongoing recovery of the site and community in Bosley

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

- Latest figures for the value of the visitor economy show a £70m year-on-year increase
- Supporting the creation of 556 new jobs with High Growth small and medium-sized enterprises (SMEs) in the Science Energy and Technology Sector
- Continuing to make strong progress on major transport schemes including opening the Crewe Green Link Road to traffic in December 2015
- Providing fibre broadband to more than 85,000 homes and businesses through the Connecting Cheshire project
- Continuing the build of Crewe Lifestyle Centre on time and on budget for a mid-February 2016 handover to the Council

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

- Achieving second best in the country ranking for Cheshire East schools, with 92.1% of all schools rated 'Good' or better
- Achieving early years foundation stage figures of 68.4% of learners attaining a good level of development compared to 66.7% nationally and 63.7% in the North West
- Achieving figures of 82% of learners attaining Level 4+ in reading, writing and maths combined compared to 80% nationally
- Maintaining low NEET figures at 2.8%
- Establishing a multi-agency group to track and support all 16+ cared for and care leavers

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

- Receiving Further Interim Views on the Local Plan which broadly support the further evidential work carried out
- Improving turnaround times of all types of planning applications
- Achieving confirmed recycling rates for 2014/15 of 57%, an increase from 53.3% the previous year, and in the top 10% of local authorities
- Achieving total savings of £1m for Fairerpower customers

### 5 ~ People live well and for longer

- Developing the Children and Young People's Improvement Plan in response to Ofsted's recommendations
- Submitting an approved Local Transformation Plan to NHS England
- Developing a proposed action plan for empowerment
- Commencing a new Integrated Sexual Health service in October
- Establishing a 0-19 Transformation Board to improve outcomes for Cheshire East children, their families and carers

## FINANCIAL STABILITY

Cheshire East Council is achieving outcomes based on sound financial management. In 2015/16 the Council will operate on an annual budget of more than £750m.

- At quarter three a potential **underspend of £0.3m** is being reported against the Council's net revenue budget of £246.6m.
- This is the **nearest favourable forecast to budget** ever reported for the Council at the quarter three stage.
- **Service Budgets** – a forecast underspend of £0.3m is reported.
- **Central Budgets** – are currently forecast to be balanced at year end.
- The Council is among the top third of Unitary Councils in terms of **Council Tax collection**. Over 99% of Council Tax and Business Rates are collected within three years.
- **Council Tax has been frozen** for the fifth consecutive year in 2015/16.

- **Investment income** is £263,000 higher than budget at quarter three. The average rate earned on investments (1.04%) is higher than the London Inter Bank 3 month rate.
- **General Reserves** - the robust reserves strategy assesses risk at the beginning of the year, and protects the Council against potential overspending. At this stage in the year, the potential underspend of £0.3m is well within the original forecast risks.
- At the third quarter review stage the Council is forecasting **Capital Budget** expenditure of £109.6m in 2015/16, which is a decrease of £29.7m from the Mid Year Review following a review of in-year forecasts.
- For monitoring purposes, **the in-year capital budget** for schemes committed or in progress is £96.3m, against which an underspend of £13.2m is currently forecast. Again the Council has forecast that there will be no requirement for additional external borrowing this financial year.
- Outstanding **Debt** (excluding local taxation) is £6.2m. Debt over 6 months old is £2.7m (around 5% of total debt raised annually) and this is covered by provisions to meet potential write-offs.

# 1. Summary of Council Performance

## Introduction

- 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 2015 to March 2016 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:

	Cheshire East £	Rural East Riding of Yorkshire £	Urban Liverpool £
Grants	335	391	838
Council Tax	453	387	252
Total	788	778	1,090

- 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 2015/16 to support the delivery of a responsible, effective and efficient organisation.

- This report reflects activity that has taken place mostly in the period October 2015 to December 2015 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

- The licensing enforcement team took part in two main enforcement operations during the third quarter supported by Cheshire Police. Both focused on licensed vehicles looking at issues such as compliance with licensing conditions, vehicle conditions and also the rules surrounding cross border taxi hire which is often raised by the Cheshire East licensed traders as a local concern. One operation led to the stop and check of 23 vehicles uncovering a number of offences relating to inadequate signage and driver identification. In all cases of checks on vehicles from outside the Cheshire East area, all drivers could provide evidence of a pre-booked fare which is required by the legislation.
- Macclesfield County Court ordered a £5,500 refund to a local consumer following the sale of a 'bespoke' chair and bed to an elderly lady. The chair was considered not fit for purpose, was measured incorrectly, and an expert witness advised that both items could actually be detrimental to the health of the consumer. The complaint was originally received by the trading standards

team and after supporting the client and her daughter to progress their claim the case was put before the court.

6. Following years of costly involvement in a case involving a residential property in Crewe that created issues relating to hoarding and disrepair and had become a hotspot for antisocial behaviour (ASB), the property has now been sold. As well as being able to recoup costs for investigation and clear up work over the years via a legal charge on the property, the new owners are working to develop the building into flats and hopefully remove its poor reputation in the local area.
7. A routine inspection of a national discount supermarket in the Cheshire East area by Trading Standards Weights and Measures Officers has led to a recent national recall of Chinese Imported Dog Food Treats. Of the hundreds of products checked none were found to be legally compliant with most weighing around 25% short whilst some were found to be nearly 50% below the declared product weight. The labelling was also non-compliant with animal feed requirements. Officers have been working with the relevant authorities for the importer and the national stores involved to support the product recall.
8. An underage sales operation around the sale of fireworks took place in October and in the run up to Bonfire Night. Officers attended twenty sales premises across the Borough, four of which sold fireworks to our underage volunteers and which are now subject to further investigation. Those 16 premises that refused sales have also been contacted to advise them that they were part of a test purchase operation and to commend them for their approach to young people attempting to buy fireworks.
9. Multi Agency Action Groups (North and South) have implemented multi-agency work resulting in, for example:
  - Significantly reduced levels of incidence of ASB at a number of locations including: Princess Street, Congleton; Wilmslow Leisure Centre; Barnaby Park, Poynton; Holmes Chapel.
  - Improved an area of open space adjacent to Mayfield Avenue, Macclesfield, in particular addressing dog-fouling, littering and rough-sleeping issues.
  - Initiated action to secure a derelict and dangerous site on Barracks Lane, Macclesfield, which is regularly frequented by groups of young people.
  - A review of Shopwatch (retail crime prevention) schemes in the Borough and produced a set of recommendations for consideration by Portfolio Holder on developing the Shopwatch concept.
  - Identification of 11 “hotspots” for legal high wrappers or nitrous oxide canisters and introduction of measures to prevent the issue and warn of their dangers.
  - Setting up a working group to tackle young people causing ASB in Crewe Town Centre.
  - StreetSafe (community engagement event) on the Sherborne Estate in Crewe and a number of issues addressed relating to young people and ASB.
  - Site audit on Crewe Gates Industrial Estate following complaints relating to HGVs. The Partnership team are working with the Regeneration Team and local businesses to explore opportunities to develop a Business Improvement District.
  - A two week Human Trafficking Campaign was conducted to raise awareness, spot signs of trafficking and also to signpost people if they suspect someone has been trafficked.
  - Pre-meeting of the Chanel Panel (Protecting vulnerable people from being drawn into terrorism) took place and the Terms of Reference and Referral Pathways agreed between Safer Cheshire East Partnership and both the Adults and Children’s Safeguarding Board.

10. Three more Criminal Behaviour Order applications are being considered for individuals who have caused significant ASB for residents and members of public visiting Cheshire East.
  11. Draft Public Spaces Protection Orders have been drafted by the ASB Team and Legal Services and have been circulated to the main stakeholders for two of the five areas that the team are working on with public consultation to follow. The remaining three will be progressed in quarter four.
  12. Consideration for areas in which the local authority will look to be using Community Protection Notices under the ASB and Policing Act 2014 are being drafted in conjunction with the Police with a view to these going live during quarter one of the new financial year.
  13. Members Briefings and Police training have been delivered as refreshers on what the Council can do to assist with ASB alongside the new ASB tools, powers and lessons learned.
  14. Our CCTV camera network was instrumental in dealing with on average 1,150 incidents a month of which on average 15 were drug-related, giving Police the necessary information to pursue the offenders, resulting in arrests and convictions. CCTV has proved instrumental in both drug crime prevention and detection.
  15. The CCTV control room hosted and facilitated a Police RIPA drugs operation, over a number of days, in one of Borough's main towns. The Service continues to help Police with the ongoing 'Guiding' operation in Crewe town centre, by obtaining images/descriptions of youngsters causing ASB.
  16. The CCTV Service installed the infrastructure and commissioned work from BT at the Tipkinder skate park, Crewe. On completion of the project (in early February 2016) 'live' images will be viewed 24/7 in the control room. This area has suffered in the past from drug misuse and ASB.
  17. The CCTV Service continued to strengthen important links with external partners; awareness sessions were held for 12 Cheshire Constabulary new PCSO recruits, promoting the Macclesfield Street Angels. The Angels are in direct radio contact with the control room and help those out on the town late on Saturday evenings, making the town safer for all.
- Communities**
18. The community grant scheme has so far awarded a total of £119,750 to 82 organisations across three rounds. This has enabled £971,543 worth of projects to take place across the Borough. Within round three, these range from a project promoting heart health with grandparents and grandchildren, to funding towards a new stage for a village hall. Through people attending clubs, activities, events and performances, the grant money has benefitted nearly 250,000 members of the community.
  19. The search and recovery period at the Wood Treatment Limited (WTL) site in Bosley has ended with the site handed back to the owners – WTL. A Community Impact Assessment is in draft form and will be taken to the next meeting of the community, health and wellbeing recovery group. The shadow strategic recovery group has established terms of reference and will formally become the strategic recovery group. A number of ex-WTL employees have found alternative employment, others being assisted by Cheshire Community Action. Three individuals / families have now been supported to move into new accommodation in Bosley. The Tunstall Road running through the site has been opened to single

lane traffic with hoardings put in place to protect the site and cottages.

20. The Cabinet Member for Communities approved the first franchise applications for community centres Barnie's in Crewe and The Welcome in Knutsford. A new Franchise Model for Community Hubs was agreed in July 2015. It is a social franchising model, which is first and foremost about partnership, offering a range of benefits to its members and puts local communities first.
21. Macclesfield Work Club has increased from three hours per week to a full day per week within the library to ensure unemployed residents have increased access to digital support and professional advice for job applications.
22. Renovation of Spring-Fed Pond has been identified as an initial environmental project by The Wilmslow Partnership in Wilmslow. A funding application has been submitted for £8,000 to Tesco with outcomes known in January 2016.
23. Two Forum events were held attracting interest and attendance from a wide range of voluntary groups across Wilmslow establishing network support and extended use of the 'Get into Wilmslow' website.
24. A new Community Group has started on the Radway estate. Over 70 residents attended a Christmas event and developed a Facebook page. A Green Space Project group are developing an open space.
25. Bollington Bridgend Centre and the Hurdsfield Community Group are being supported to become the first Community Hub Franchisees in Macclesfield.
26. £20,000 has been secured from Peaks and Plains to increase the space for the Hurdsfield Community Group set up a social enterprise community café.
27. The Moss Rose Community Partnership has become the first supporting stakeholder group to support the community hub agenda on the Moss Rose estate, Macclesfield.
28. A consultation event took place relating to Health & Wellbeing and leisure activities for over 50's for residents living in the Longridge area of Knutsford.
29. Development of a Memory Café at Barnie's Community Centre Crewe began with 20 volunteers from Bentley supporting the refurbishment. Weekly Mums and Tots sessions opened in October with up to 16 families attending and signing up for safeguarding training.
30. The North Street Community venue in Crewe formally opened digital drop-in workshops delivered weekly from the community café.
31. The forecast outturn position for Communities at third quarter is broadly balanced with a small pressure reported of £27,000.
32. There is a £0.1m pressure relating to 2015/16 business planning proposals for Pest Control and Trading Standards Investigations. These cannot be met fully in year due to the one-off cost of redundancies and a delay in implementing the pest control proposal.
33. A further pressure of £0.1m exists for the costs of vehicle testing for taxi licensing. There is ongoing work during 2015/16 to overhaul the policy surrounding taxi licensing and to review the

budgets in this area. This has been included as a growth item in the 2016/17 budget.

34. These pressures have been partially offset by one-off savings in Regulatory Services and Health, Consumer Protection and Communities and Partnerships mainly due to delays in filling vacancies.

35. Permanent pressures of £0.1m continue for unbudgeted gritting costs and a reduction in the level of fines income received this year. These have been partially offset in year by one-off items within car parking such as delays in filling vacancies and savings from staff not in the pension scheme.

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

### **Business and Visitor Economy**

36. Quarter three results for the Business Engagement and Inward Investment Service are positive with the Service on track to reach its year-end target of 800 new jobs created. To date, the service has supported the creation of 556 new jobs with High Growth small and medium-sized enterprises (SMEs) in the Science Energy and Technology Sector, and as a result of companies relocating to the area with major companies including Autoliv and Sanofi planning major investments in the area. The service has secured £0.94m of grant funding for businesses in Cheshire and referred 100 businesses to specialised support programmes to improve their productivity and increase their competitiveness. This is expected to lead to an increase in Gross Value Added of £53m.

37. The building of Crewe Lifestyle Centre continues on time and on budget for a mid-February 2016 handover to the Council. The Centre will be an integration of seven buildings and four services

(including Everybody Sport & Recreation) under one roof and the opportunities for improving the health of wellbeing of residents will be outcomes of this investment.

38. Peter Mason Leisure Centre (in Congleton) - assessments on how to maximise the benefits of a refurbishment of the existing facility are still being progressed. It is hoped to bring a firm proposal to Cabinet in February 2016.

39. Latest figures for the value of the visitor economy have been released and these show a £70m increase from 2013 to 2014. The new figure stands at £807m and is an increase of 48.3% on 2009 figures. Tourist days also increased by 5.2% on 2013 figures with 16.2m visitors now enjoying their visit to Cheshire East. These figures are obtained from the STEAM model (Scarborough Tourism Economic Analysis Model).

40. A public art scheme is being developed for Waters Green in Macclesfield. Artists have now been appointed called "Glassball", and were selected via public consultation. Public workshops will be carried out to inform the artwork. Projections for the proposed art work are planned for February 2016 with installations taking place before the end of March 2016.

41. The Tatton Vision programme of investment is ongoing and will result in a continued increase in a sustainable income base. In quarter three, plans and project timelines have been agreed for key projects in and around the stableyard and Tenants Hall to commence in January 2016 for completion in time for the new high season in March 2016. The consultant's report for Tatton Vision Phase 2 was completed in December 2015. The report has been shared with the National Trust with a view to being presented and taken forward in partnership with Tatton during quarter four.

42. Tatton has been successful in its bid for funding from the Heritage Lottery Fund (HLF) for the Tatton Dale “Field to Fork” project. The HLF will provide £974,000 in funding towards the project. Work is now underway in quarter four to carry out all preliminaries with the help of an appointed project manager during the quarter.
43. At Mid-Year Review the Economic Growth and Prosperity Directorate were anticipating a broadly balanced budget position at the year-end which remains the position at quarter three.
44. The Strategic and Economic Planning Service continue to undertake significant additional work with respect to the Local Plan and the need to respond to an increase in the number of planning appeals. Additional costs of £1m are expected to be incurred this year with respect to this activity, and are anticipated to be offset by use of the Planning reserve. This is due to the need to engage the services of a number of external consultants, particularly legal advisors, coupled with the requirement to increase staffing levels within the service.
45. Within the Growth and Regeneration service area, additional Strategic Asset management and Asset disposals work is being undertaken this year. This will be part-funded by the Investment Sustainability reserve.
46. Visitor Economy and Tatton Park are working towards a balanced budget, with any potential shortfall in car park income arising in 2015/16 being offset by the use of reserves.
47. The Strategic Infrastructure service area now incorporates two new strategic roles in respect of the Crewe High Growth business case. This will be offset by the provision of some external funding and an increase in the level of Section 38 income expected in 2015/16.
48. Within the Investment Service a number of key vacancies within Business Engagement are anticipated to be filled this year. £250,000 of the Investment reserve has been earmarked for the Manchester Growth Fund, the contract for which is nearing completion.
- Workforce**
49. The Shadow Governing Body for the University Technical College (UTC) is now well established and working closely with the Principal around curriculum and staffing structures. As of mid-November 2015, 58 student applications had been received into Years 10 and 12 against the target of 100 by the end of December. A positive range of marketing events are in place. In December, the UTC took possession of premises in Crewe under licence which allows them to progress initial building work, subject to planning conditions.
50. **Apprenticeship Starts** – Due to Apprenticeship data being reported on an academic year basis, the following data covers the periods from August to July as a comparison between the years 2013/14 and 2014/15.
51. Overall there has been an increase of 11.3% (371 starts) between 2013/14 and 2014/15 for the same period. When broken down by age the % change is:
- 16-18 year-old apprenticeship starts have increased by 2.7% (24 starts);
  - 19-24 year-old apprenticeship starts have decreased very slightly by -0.5% (-6 starts); and
  - 25+ apprenticeship starts have significantly increased by 28.4% (353 starts)

When broken down by level the % change is:

- Intermediate (Level 2) apprenticeship starts have increased by 2.8% (53 starts);
- Advanced (Level 3) apprenticeship starts have significantly increased by 18.6% (235 starts); and
- Higher (Level 4+) apprenticeship starts have increased by 56.8% (83 starts)

### **Infrastructure**

52. The Connecting Cheshire project has now provided fibre broadband to more than 85,000 homes and businesses across Cheshire, Halton & Warrington. There are a small number of remaining areas being deployed under Phase 1 and the Phase 2 delivery has now started in parallel. Delivery is due to run until quarter one 2017/18 by which point coverage of fibre broadband will have reached 98%.
53. As a result of the successful Connecting Cheshire 'Fibre Guys' demand stimulation campaign to drive take-up of fibre broadband by homes and businesses, £3.4m of funding from Phase 1 is due to be made available via a 'gainshare' arrangement with BT for further investment in fibre coverage. Discussions will take place during quarter four 2015/16 to plan the options for this re-investment.
54. Also under Phase 1 the Connecting Cheshire project has now launched a subsidised satellite broadband installation scheme, in conjunction with Broadband Delivery UK (the government's broadband delivery authority), for those eligible premises identified as having broadband speeds of less than 2Mbps. This scheme will run until December 2017.
55. Evolution, the new digital skills programme for female entrepreneurs in the region, was launched this quarter with the first events and workshops being held. More events are scheduled in quarter four 2015/16 including hands-on workshops, masterclasses and seminars covering a wide range of core digital skills, from social media and online marketing, to coding and cyber security.
56. Connecting Cheshire has also participated in work to reduce digital exclusion and help more residents get online and gain digital literacy skills. A pilot project has been extended until 2017 to co-ordinate digital inclusion, train volunteer Digital Learning Champions and support the Council's Digital Strategy.
57. The Highways service is reporting a balanced position against a £11.2m net budget. The Highways commissioning team continue to manage and monitor the Cheshire East Highways contract and no pressures are currently identified at this stage.
58. The recent Cabinet-approved decision to outsource the procurement of a replacement winter service fleet comes at a cost that can be part funded and part mitigated within the existing approved annual budget. The accurate prediction of Winter Service costs is challenging due to the unpredictability of the conditions we are faced with. The Winter Service is target costed based on average circumstances with a modest contingency to cover the possibility of worse than average conditions occurring. The early part of this winter has been quite mild but the Met Office has indicated that from the New Year onwards the temperatures will be lower than normal leading to increased service costs. Highways and Finance will continually monitor expenditure in this area over the coming weeks to minimise the possibility of potential pressures developing or to identify potential underspend.

59. The Transport commissioning service is currently reporting a potential pressure of £0.3m, a slightly improved position on Mid-Year Review. This relates to a small number of budget pressures and additional funding requested by Transport Services Solutions Limited, the Council's wholly owned company.
60. There is potential non-achievement of £150,000 of commissioner-led savings related to Available Walking Routes. In addition, there are also pressures from increased demand in SEN of £104,000. There has been a reduction in the number of SEN pupils referred to in the last few months and if this number drops further, the cost pressure will also reduce.
61. Following discussions between the S151 Officer, Transport commissioner and the company, it was agreed prior to Mid-Year Review that the Council will underwrite the pressures subject to progress during the year (Available Walking Routes) and evidenced demand information (SEN), respectively.
62. The Strategic Highways Infrastructure Team continues to make strong progress on the Council's major transport schemes by planning, developing and delivering major highway and transport infrastructure improvements, in conjunction with partner organisations. Current Delivery Schemes include:
- Poynton Relief Road - Work is now progressing to submit a planning application which will be submitted in April 2016. The public consultation took place in October 2015 and a number of exhibitions were also held. The level of positive response was exceptional for a highways scheme and good feedback was received.
  - Congleton Link Road – The planning application was successfully made on the 30th September 2015. Work continues to be progressed on this scheme in order to successfully deliver the next phase of work.
  - Sydney Road Bridge – Approval of the Development Service Agreement with Network Rail has now been agreed, an interactive planning session has taken place and work is rapidly progressing with Network Rail and their contractor, Murphy's, in terms of developing and finalising initial options.
  - Crewe Green Link Road opened to traffic on 21st December 2015.
  - The A6 SEMMMS scheme is currently under construction with road/rail bridge interfaces underway at Styal Road. Construction of A6 bridge is progressing and access routes to other bridge sites ongoing. Works on A34 north & south of the A555 are ongoing.
  - A500 J16 Pinch Point Scheme – This scheme has been implemented to alleviate congestion on the A500 at junction 16 of the M6 through the addition of a lane to make the section a dual carriageway. Works are now complete at junction 16 and work continues to close this project out and address final payments.
  - Basford West Spine Road – Work is now complete on a new road to provide access to Basford East and West development areas. The new road was opened in July 2015 and housing developments have commenced.
  - M6 junction improvements (Highways England scheme) – Work is now complete on improvements at Junction 17 to ease access to and from the motorway.
  - A556 Knutsford to Bowden (Highways England scheme) – This scheme allows for the construction of a new 4.5 mile dual carriageway between M6 junction 19 (near Knutsford) and the M56 junction 7 (near Bowdon). Construction started in November 2014, is progressing well and the scheme is due to complete in 2017.

- Crewe Green Roundabout – Work has started with option studies currently underway. Crewe Green is a five-arm signalised roundabout, forming a major confluence of roads to the east of Crewe. Peak period congestion is severe and traffic modelling shows the opening of Crewe Green Link Road (South) will add approximately 15% more traffic to the junction. A scheme has been developed to manage the revised traffic flows by remodelling the junction and the diversion of one arm of the roundabout. It is intended that a Cabinet report will be submitted in Spring 2016.
  - Leighton West Spine Road - Due to the development of Leighton West, new infrastructure is required to enable the additional demands on the network to be handled. Therefore there is a need for the Spine Road to be developed and built. Work is underway to assess the options around the proposed site.
  - Middlewich Eastern Bypass – Work is underway on the scheme. A route options report has been completed. Options are being developed specifically around the Midpoint 18 site. It is intended that a Cabinet report will be submitted in quarter four.
63. In addition to the major schemes currently being delivered, the Council is developing an ambitious pipeline of highway and transport infrastructure schemes for future delivery. The schemes under development include Crewe Bus Station, Congleton Public Realm Scheme, M6 Junction 16-19 SMART Motorway (Highways England scheme), and A500 Dualling.
64. In November, Chancellor George Osborne announced that the HS2 line to Crewe will be delivered six years earlier than planned. It was also announced that £5 billion of additional investment will be made available to ensure the high speed railway from London to Crewe is open to passengers by 2027. This will bring huge benefits

to Crewe and now makes the location of a HS2 hub station at Crewe a near certainty.

65. HS2 and the location of a hub station at Crewe would help create more than 120,000 jobs by 2040 and inject £10bn a year into the wider region's economy. Seven trains an hour are expected to run from Crewe by 2027 – with journey times to London reduced by 45 minutes. The final section of the line to Manchester will be completed by 2033.

### **Inward Investment**

66. As part of the Autumn Statement the Chancellor announced that Alderley Park would form part of a new Enterprise Zone covering the Cheshire and Warrington Science Corridor. It was also announced that the site would benefit from a £4m Government investment to establish a Centre of Excellence for Anti-Microbial Research. The Major Projects Team have been working with a private sector-led Steering Group to develop the business case for the centre.
67. A £75m investment by AstraZeneca at their manufacturing site in Macclesfield has been secured, creating 150 new jobs, and the permanent headquarters of the SKA project have been secured at Jodrell Bank. This has included a £1m contribution by the Council.
68. Following experience gained through the support of the redevelopment of Alderley Park, the Council has led the work of a senior industry taskforce in developing a toolkit to be used by central government in supporting local areas to grow and maintain nationally significant life science sites.

## Responsible Business

69. The 'Golden Spanner' garage approval scheme was introduced by Trading Standards in Cheshire approximately 14 years ago to encourage and promote better standards in car sales, servicing and repairs as these areas were recognised as being a major source of complaints to Trading Standards throughout the country. However, in recent years the scheme has lost some momentum and it has been decided to review the current arrangements and seek to tailor them more to today's business and consumer needs. Working with our colleagues in Cheshire West and Chester and the motor vehicle trade there are plans for a relaunch of the scheme in the New Year.
70. The Christmas 2015 craze for Hover Boards/Self Balancing Scooters provided additional work for the Trading Standards Team. Of the 17,000 boards that have been inspected at entry points to the UK since October 2015, 15,000 were detained at the port of entry as they were classed as unsafe. As a result officers have been responding to complaints and enquiries about the product as well as offering advice to those individuals who had already purchased the Christmas present.
71. The Food Safety team are undertaking a focused project on 'low risk' food safety premises. The service continues to focus its inspection efforts towards high risk premises where there is greater risk to public safety. In parallel with this there is ongoing work to make contact with lower risk premises (including newsagents, public houses that don't serve food, petrol stations) to ensure that they have not changed their operations and, where appropriate, to offer focused food safety advice.

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

### Securing the Best Start in Life

72. Performance in relation to achievement at early year's foundation stage in 2014/15 is now validated and confirms that 68.4% of learners achieved a good level of development compared to 66.7% nationally and 63.7% in the North West. Improvements compared to the previous year remain at 6.4%. Of particular interest is the impact of summer born children, where only 56.7% achieved a good level of development compared to 79.2% who were born in the previous Autumn Term.
73. Work on narrowing the gap in achievement in relation to disadvantaged learners and their peers is ongoing. Primary schools have been invited to bid for £3,000 for projects to focus on narrowing the mathematics gap (key stage 2). The impact of these projects will be monitored and reported back. Pupil Premium reviews are offered to all schools and include the development of action plans. Follow up visits are made to assess the impact of the action plan.

### Highest Achievements for All Learners

74. Work to increase primary achievement in relation to learners achieving Level 4+ in Reading, Writing & Maths continues. The validated report at end of Key Stage 2 shows that in 2014/15 82% of learners achieved Level 4+ in reading, writing and maths combined compared to 80% nationally. This figure is slightly down on 2013/14 performance (84%) due to a drop in maths. Remedial actions are in place to address this dip in performance. At Level 5+ combined, Cheshire East performance is 3 percentage points above national at 27% but again shows a dip from the previous year.

75. Based upon the recently published Annual Report from Ofsted and ongoing analysis of School Ofsted reports, Cheshire East schools have been ranked as the second best in the country with 90% of the Borough's secondary schools rated either 'good' or 'outstanding' – up 13 percentage points on the previous year. Primary schools are also ranked in the top 10 in the country with 95.3% of pupils in schools rated by Ofsted as either good or outstanding – up two percentage points. This positive profile is the best performance seen in Cheshire East. As at November 2015:

- 93.5% of primary schools were good or better
- 86.4% of secondary schools were good or better
- 80% of special schools were good or better
- 92.1% of all schools were good or better
- 4.7% (7 schools) require improvement
- 2.0% (3 schools) are inadequate

### **Achieve Aspirations**

76. Quarter three saw the biggest change to the figures for young people not in education, employment and training (NEET) and those whose destination is 'not known', as 12,500 young people were followed up as they completed courses or left school. The September Guarantee return is also completed in this quarter, and the initial figures are showing 99.4% with a positive offer of learning following school. Work is still underway to complete the destinations for the 16-18 years cohort. NEET figures are still being worked on (currently holding at the lowest level of 2.8%), although there is usually a slight increase in January. A specific NEET project has been set up with partner agencies and is being delivered in Crewe.

### **Inclusion**

77. Scrutiny and challenge around special educational needs and disability (SEND) is set to increase through the development of an updated SEND scorecard. This will allow for specific reporting of SEND performance in quarter four. Additional information pages have been added to our online Local Offer for SEND, including an updated Accessibility Strategy (draft) and information on personalisation and personal budgets. School information has been reviewed to ensure that it is consistent across Cheshire East's website and service information in response to feedback is continuing to be added and updated.
78. A business case is in development to increase the number of places available in our specific learning disability (SLD) schools. This is expected to reduce the reliance on expensive out of area placements and reduce transport costs.
79. The new Integrated Assessment Manager took up the role in November. Work is now taking place to accelerate implementation of the person-centred approach associated with the new statutory assessment process. It will also enable greater rigour and consistency in decision making.
80. A multi-agency group has been established to track and support all 16+ cared for and care leavers. An intensive support package 'care to be different' is in place through The Children's Society and this is engaging 37 of the hardest to reach young people. The 'Cynet' programme provides traineeship programmes for care leavers with work opportunities within the Council.
81. The GCSE results for cared for young people in 2015 were the best ever with 25% completing gaining 5 or more A\*-C grades including English and maths. This was the result of a targeted focus on Year

11 to ensure that they all completed as many courses as they could and that every child had the chance to gain five qualifications.

82. Children and Families were projecting an overspend of £0.4m at mid-year. A clearer picture is emerging of both the underlying pressures within Children's Services, mainly due to the increased numbers of Children in Care, and the limit to how effectively this can be mitigated against by in year activity. Some of the overspend can be offset by temporary one-off mitigating actions in year, however it would be prudent at Third Quarter Review to increase the forecast year end position to £1.1m.
83. The budget for Children in Care in 2015/16 was set in anticipation of further reductions to this cohort (based on the reduction experienced during both 2013/14 and 2014/15). However the actual numbers have risen over the past twelve months by over 10% to their current level of 390. In addition, increasing gatekeeping in the service has resulted in the cases which are coming through being more complex which directly correlates with the increased costs being incurred by the service. The overspend on care costs is £2.0m. The service continues to seek better value for money placements that provide the necessary support for vulnerable children but also reduce cost on an individual by individual basis. Moves of this nature are inevitably resource intensive and time consuming and follow on from more intensive packages of care that are needed at the outset. The financial impact of this work is yet to be seen in the accounts.
84. Following the Ofsted inspection, the department is now reviewing all its commitments and is aiming to pare down the level of additional temporary support that was put in place to deliver the requirements of the Improvement Plan, where appropriate to do so. The overreliance on agency staff needs to be minimised, and the service is working to permanently recruit Social Workers; whilst

this is not happening quickly enough to impact on the budgetary position in 2015/16, it should impact on 2016/17. The in-year overspend on agency staffing costs is £0.4m.

85. It is unlikely the service will be able to deliver a balanced budget by year end as was previously anticipated, as mitigating action will not have fully achieved the necessary impact by then.

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

##### **Development Management**

86. Following the resumption of the Local Plan examination in August 2015 and hearings in October, the Local Plan Inspector issued 'Further Interim Views' in December. These broadly support the further evidential work carried out by the Council over the past 12 months in relation to the Local Plan, and mean that the Council can now move towards progressing the Plan to its later stages. The next step will be to present a comprehensive set of proposed changes to a full meeting of the Council before carrying out wide-ranging public consultation over a six-week period.
87. Turnaround of planning applications across all three types (Major, Minor and Others) improved during the third quarter, achieving overall timescale targets as follows:
- Major applications within 13 weeks – 61% (against target of 60%)
  - Minor applications within 8 weeks – 65% (against target of 65%)
  - Other Applications – 80% (against target of 80%)

In total 586 out of 785 applications were processed within targeted timescales.

88. Civicance continue to maintain improved registration of applications and the improvements are being welcomed by customers. Market penetration and competition continues to be a challenge but proposals to make the fees more competitive have been put forward to try and redress that. Further pressures have come from a HMRC ruling that Searches must be subject to VAT and the fees are being reviewed as a result.
89. The Priority Application Team is starting to deal with its first schemes and the first Planning Performance Agreements are being completed. Additional resources are being sought but the buoyant job market is attracting staff away from the Council, and so a recruitment and retention package is being developed in response. The pre-application process will be revamped in the New Year to deliver a swifter, more targeted service.

### **Waste Management**

90. **Reduce** – the waste prevention volunteers continue to do invaluable work across the Borough making contact with over 1,800 residents.
91. **Reuse** – the Council continues to work with its third sector partner to divert as much waste as possible from landfill and instead to see it refurbished and reused for local residents.
92. **Recycle** – it was confirmed this quarter that the Borough’s recycling rate for 2014/15 was nearly 57%, an increase from 53.3% the previous year. Cheshire East is in the top 10% of local authorities.
93. **Disposal** – reliance on landfilling continues to decline as waste from the north of the Borough is sent to the energy from waste

plant in Stoke-on-Trent. The Environmental Hub project at Cledford Lane is progressing well.

94. Construction of the Environmental Hub has now begun with the contractor completing the first phase of site clearance and demolition of the existing factory building.
95. A fly tipping task and finish group has been set up via the Environmental Overview and Scrutiny Committee in order to review fly tipping across Cheshire East and produce a scoping document detailing what can be done in order to best tackle incidents across the authority.

### **Environmental Management**

96. Our Fast Charge electric vehicle points continue to be used on a daily basis. Staff usage is subject to reasonable use terms and users are required to register with the authority so that this can be monitored. A fresh drive commenced to kick start the grant-funded project to update our pool fleet with electric vehicles. If successful, this will see even further use and reduced vehicle running costs to the authority. Our Rapid Charger project is currently moving through an asset transfer process to our sub-contractor and should be in place by early 2016, making it an accessible resource for local and national EV drivers.
97. The Air Quality team have engaged with Public Health England at a number of events organised by the Cheshire and Merseyside group and the West Midlands group. The events highlighted the need to improve links with public health to ensure that air quality remains a priority issue for Cheshire East. The team will use this information moving forward by revising the Joint Strategic Needs Assessment and in communications with the public and Councillors.

98. In addition, DEFRA have launched a number of key consultations shaping how Local Authorities approach Local Air Quality Management. With the threat of EU Infractions to the UK looming and the potential for the Government to pass these on to Local Authorities the Air Quality team have been coordinating with the Cheshire and Merseyside group, and AGMA Air Quality group to ensure a consistent response is sent to the consultations.
99. The construction of the Environmental Hub has led to a re-profiling of the savings associated with the re-letting of the waste disposal contract that was to be delivered in 2015/16 through the existing Crewe Depot. The reprofiling of savings has been fully mitigated by improvements on the household waste recycling centre contract, including non-requirement of planned inflationary growth and an increased bonus. Overall, Environmental Operations is projecting a potential budget pressure of £0.1m against a net budget of £28.7m, which is a relatively small variance.
100. Approximately £0.1m of the potential pressure relates to a forecast shortfall in Markets income. This continues the trend of a gradual decline in income over the last few years, specifically in Macclesfield, where low rents of vacant shops and a major trader leaving have contributed to the shortfall. Negotiations over the projected transfer of Crewe Markets to Crewe Town Council are continuing.
101. Bereavement Services are currently projecting a potential budget pressure of £0.2m based on the mid-year income forecast against a net income budget of £1.3m. This relates to a realignment of the original proposed income growth over a period of five years to gradually build market share.
102. Within year, core bereavement income is currently reporting a £0.1m shortfall against a £2.4m income target. The shortfall is due

to a reduced service as a result of the contract refurbishment at Crewe Crematorium between July and December 2015.

### **Sustainable Energy**

103. The Fairerpower scheme is now in its third quarter and has reached over 4,200 customers. The average saving for customers is £288 per annum. Total annual savings have reached £1,000,000. Several partner organisations have come forward in expressing interest in the Fairerpower scheme.
104. Levels of landfill disposal remain steady as does energy production from the residual waste. The Environmental Hub project will bring about dramatic changes to the levels of landfill diversion and energy production from 2017.
105. Market engagement is nearing completion following a Cabinet decision in September 2015 to undertake a procurement process for the recycling of food and garden waste. The Council is now working with industry and preparing a tendering process to procure a preferred bidder and proposal, which will return to Cabinet in autumn 2016.

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

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

106. In quarter three a proposed action plan for empowerment was developed including: Workforce cultural change, Review of early intervention and prevention commissioning, Population lifestyle interventions and Population communication strategy. This was presented and approved by the Cheshire Wide Pioneer Panel and the Cheshire East Joint Commissioning Leadership Team. It was

agreed that the actions should be taken forward through the three transformation programmes: Caring Together, Connecting Care and West Cheshire Way. Public health have been identifying and reviewing training for suitability.

107. **Substance Misuse Services** - On 6th November 2015 Cheshire and Wirral Partnership NHS Foundation Trust (CWP) as the lead provider of the Cheshire East Substance Misuse Service 'Stepping Stones' celebrated and reflected on their first year of service transformation and delivery, with subcontracted partners, service users and commissioners. To celebrate their achievements a film was co-produced with service users, to reflect on their own individual journeys, and the journey of the service transformation, to build a local recovery community. Service users were involved in all aspects of the production of the film from starring roles, interviewing, filming and editing the final version.
108. CWP have recently implemented two major areas of service development which include:
- A new 'Intake Team' to improve access to the service and reduce waiting times for service users. The team meets every morning to triage referrals received in the past 24 working hours. Following this service users are contacted and offered an appropriate appointment. The service are already seeing the benefit of this new practice on waiting times and would expect the service will soon achieve targets of all referrals being offered an appointment within 10 working days of the referral being received.
  - An improved discharge process and 'Exit Pathway' to reduce the numbers of service users who drop out of treatment and improved pathway to community based recovery. This includes a clear flowchart of steps and actions to prevent negative discharges, close monitoring of discharges, clear re-

engagement and risk assessment processes and discharge checklists with strong embedded recovery support.

109. **Recovery Based Accommodation** - Public Health and Housing are currently undertaking a joint 'Competitive Dialogue' procurement process to jointly commission a Recovery Based Accommodation project. The aim is to develop an appropriate model which provides a safe temporary home to enable Cheshire East residents without accommodation and currently using alcohol or other substances in an uncontrolled manner to recover to the point where they can start working towards maintaining an independent tenancy.
110. The total budget for the Recovery Based Accommodation project is £300,000. The funding will act as pump priming to enable the scheme to operate for 18 to 24 months, providing residents with the support they require to access a pathway to recovery, reducing the risks associated with uncontrolled substance misuse.
111. The Project team undertook the Competitive Dialogue stage of the process during November 2015 which was closed and bidders will be asked to submit their 'Final Bids' which have been scored against the evaluation criteria to identify a 'Preferred Bidder'. Contract award is planned for the beginning of January 2016, with the contract mobilisation to follow.
112. **Children and Young People's Mental Health** - The DoH and NHS England published Future in Mind in March. This included a requirement to publish a Local Transformation Plan. This was submitted to NHS England in October and approved in November. The plan has been approved by the Health and Wellbeing Board and adopted by the Children's Trust as the priority 3 action plan. The transformation plan provided details of work for 2015/16 and an overview for future years. In particular there has been progress

on the Emotionally Healthy Schools Programme. The pilot in six secondary schools will launch in January including participation in two national pilots: CAMHS School Link and Vulnerable Children.

113. **Sexual Health** - A new Integrated Sexual Health service commenced on 1st October 2015. The new service, provided by East Cheshire NHS Trust, aims to increase targeted outreach activity with at risk groups and reduce the proportion of asymptomatic STI screens provided by the specialist service by taking a system-wide leadership approach with primary care and other providers.
114. Refurbishment work is underway at Eagle Bridge Health and Wellbeing Centre in Crewe to provide a Sexual Health Hub delivering community contraception and genitourinary medicine ('GUM') services to complement the service delivered at Macclesfield Hospital and community clinics.
115. **0-19 Healthy Child Service** - The Healthy Child service is the main universal health service for improving the health and wellbeing of children and young people. It incorporates Health Visiting services and the Family Nurse Partnership (responsibility for commissioning these services transferred to local authorities from NHS England in October 2015), School Nursing and Breastfeeding support. The new 0-19 Healthy Child Service for Cheshire East commenced on 1st October 2015, delivered by Wirral Community NHS Trust.
116. A key element of the new service is the need to work in conjunction with the Council to bring about transformational change to the services leading to improved outcomes for Cheshire East children, their families and carers. It is anticipated that this will be delivered by maximising opportunities to integrate with Children's services.

117. A 0-19 Transformation Board has been established to oversee this change with the initial focus on co-location of services, joint development and delivery of the Parenting Journey and integration of Children's assessments.

118. A number of short projects are being successfully delivered which have focused on a range of health needs across the lifecourse. These include Walking to Wellbeing, Cheshire Living Well and Dying Well, Diagnosing Cancer Early, Social Prescribing and Reader in Residence alongside education-focused programmes such as MyChoice and Healthy conversation. All have seen improved performance within quarter three.

#### **Accessible Services**

119. Total in-year attendances at the Crewe Lyceum Theatre as at the end of quarter three stand at 45,257; ahead of our target, and ahead of our in-year position at the end of quarter three 2014/15 (when attendances stood at 44,341).
120. The "Bikeability" Scheme continues to develop well with 4,690 young people being taught in the current financial year, outperforming the 2015/16 target of 3,872 three months early.
121. At the end of quarter three there had been 2,068,033 visits to leisure facilities managed by Everybody Sport & Recreation on behalf of the Council. This is over 70,000 visits ahead of the Quarter 3 target of 1,998,020.
122. The Leisure commissioning service is currently forecasting a net nil position, in respect of base budget spend on client and management fee costs, against a net £2m budget.

123. A compensation event of £0.1m has been paid to the Leisure Trust, being the loss of income and additional costs due under the contract for the early surrender of the Oakley Centre lease to enable access for the University Technical College project.

### **Public Protection and Safeguarding**

124. Adult Services have completed an internal Light Touch Review of Safeguarding following the implementation of the Care Act in April 2014. During quarter three a new Independent Chair was appointed to the Safeguarding Adults Board. A new Website has been launched to highlight the Board and the new statutory responsibilities under the Care Act.

125. There was an awareness-raising campaign regarding Human Trafficking for 2 weeks in October to cover Anti Slavery Day, working in conjunction with Cheshire West and Chester, Warrington and Halton Councils. This attracted media interest and social media activity.

126. During the third quarter, Cheshire East Domestic Abuse Partnership supported “Flush Out Domestic Abuse” in Cheshire, culminating in an event on 21st November at Congleton Town Hall, facilitated by Survivors of Domestic Abuse.

127. To improve the conduct of assessments of carers of mental health patients an approach is being taken within Mental Health Services to allocate assessment requests to a named social worker. This approach is working well and there has been a significant increase in the numbers of assessments completed, with 165 referrals for carers assessments. Of the completed assessments, outcomes have included: offering assessments, general advice, benefit advice and signposting to a range of other services, referrals to Making Space (an organisation providing carer support, short term breaks

along with a sitting service, relevant information and signposting to a range of additional services) and consideration for a personal budget/direct payment, supporting one of the Council’s key objectives within Adult Social Care. Urgent referrals are being received on a weekly basis and these are given priority over existing referrals in order to prevent any potential breakdown in the care arrangements for individuals.

128. **Infection Prevention and Control** - Cheshire East Council Public Health have the responsibility for commissioning local Infection Prevention and Control Services, and are therefore currently undertaking a tender process for the service, which provides specialist advice on the prevention and control of infection to the general public (residents, patients, carers, and others) and to non-acute providers of health and social care services across Cheshire East. The contract will be awarded in January 2016 with mobilisation for a ‘go live’ date 1st April 2106.

129. The aims of the service include:

- The prevention of significant infections within the Cheshire East Council community
- Reducing the risks posed by Health Care Associated Infections (HCAI) and other communicable diseases in the local population
- Providing assurance to Cheshire East Council around infection prevention and control standards within Primary Care (including non-acute NHS providers) and Social Care services
- Community Infection Control Team will support the activities of Public Health England Health Protection Team in responding to cases of infectious disease, incidents and outbreaks in the community. This will usually be a reactive

role but could include strategic work e.g. implementation of protocols, procedures and guidelines

130. Public Health is currently funded through a ring-fenced grant (and will continue to be in 2016/17). This grant was reduced in-year during 2015/16 as part of the Chancellor's summer financial announcement. This reduction equates to £1m (or 7%) of funding in Cheshire East. It is therefore pleasing to report that the Public Health service continues to be able to live within its resources this year, whilst investing in key initiatives in support of Outcome 5. These initiatives include Emotionally Health Schools and also developing the Integrated Lifestyle Wellness Support System which allows residents to take more control in improving their health and wellbeing.
131. The percentage of cared for children living closer to home has improved slightly this quarter. This has been achieved by making more effective use of a range of internal accommodation provision and external agency decisions being more focused on distance from home community.
132. Child participation and wishes and feelings being incorporated into child protection plans continues to improve and is evident in 95% of cases on average. In November Cheshire East implemented the 'three houses' model of conducting child protection conferences, which is already showing early signs of the wishes and feelings of children being more clearly evident at the heart of plan development.
133. Significant work has taken place in quarter three to develop the children and young people's Improvement Plan in response to Ofsted's recommendations in its inspection report, involving significant engagement with key stakeholders. Part of the Improvement Plan is around improving arrangements for the Local

Safeguarding Children Board. The final plan was submitted to Ofsted and the Department for Education ahead of the deadline in December. Cheshire East has subsequently received confirmation from the Minister that the improvement notice issued against the Council has been lifted.

134. Work is continuing to increase the number of locally placed cared-for children. There has been no overall increase in external placements from quarter two.
135. Trend data around the percentage of cases taking 45 days or less from the start of the combined assessment continue to be above target (of 85%+) at 88% at the end of quarter three. Systematic challenge and focus around timeliness of assessment is continuing to show improved overall completion rates.
136. Adult Social Care budgets remain under pressure which is a common theme in councils across the country. As the Council's largest service, Adults hosts some the biggest financial pressures and complex financial issues. These include both the funding of the care of residents with complex care needs and also, very topically at present, the need to pay increased fees to providers of care, in turn allowing them to deliver the Government's requirements in respect of the National Living Wage.
137. The service continues to enjoy some success in holding care costs at a relatively stable level in the face of the challenge provided by the demographics of the Borough. It must be said the exception to this holding of costs currently lies in the cost and funding of complex cases coming through transition to adulthood. Long, detailed and complex negotiations are continuing with Health partners to resolve this position including backdating of costs where appropriate.

138. In recognition of both the current position and that going forward, with the need for further budget savings, additional temporary support has been brought in to bolster the current staffing capacity and provide the platform for further efficiencies to be delivered during 2016/17.

139. Staffing budgets in Individual Commissioning continue to be underspent which alongside demand at the front door contributes to delays in reviews being undertaken. Some targeted action is underway in order that headway is made on planned savings (such as the Care Fund Calculator work) which have been delayed to reduce the impact to be felt next year. Care4CE remains broadly balanced, which represents a good news story financially given the extent of savings targets over recent years.

140. The current projected position of £0.9m overspent represents less than 1% of the net budget (£95.4m) and it should be noted is based on prudent assumptions around issues such as increased fee levels in 2015/16 and what will be achieved around complex care. It is therefore still hoped that the current projection will further improve by year end.

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

141. In October 2015 the Shared Services Joint Committee agreed to transfer services currently provided by CoSocius to Cheshire East & Cheshire West & Chester Councils. Services will be shared from 1<sup>st</sup> April 2016 with ICT being hosted by Cheshire East Council and the Transactional Human Resources and Finance services being hosted by Cheshire West and Chester Council.

142. Changes will be taken forward in three phases:

Phase 1: Transition – Transfers to hosting authorities by 1 April 2016

Phase 2: Transfer – New structures finalised by October 2016

Phase 3: Transform – Redesign services to clients (18 months)

143. The programme of activity is being overseen by a Joint Transition Board led by the Section 151 Officers under delegated powers from the Shared Services Joint Committee. Cheshire East has established a Shadow Programme Team to ensure that the 1 April deadline is achieved.

144. The initial focus is on progressing consultation with employees affected by the decision. This has included the CEO and COO hosting events for staff that will transfer to Cheshire East. Work is set to continue on a number of fronts to enable the Council to meet its obligations under the new hosting arrangements for ICT. The financial implications of this approach are being developed between the parties involved and will be reported as part of the Outturn Report for 2015/16.

145. The Council issued its Pre-Budget Report in October 2015, setting out proposals for change for 2016/17. The report provides stakeholders with the opportunity to understand the strategy behind 2016/17 budget proposals, proposed changes to the current budget, and how this may affect services in the future. Consultation on the report will be open until mid-February 2016.

146. The overall budget for Chief Operating Officer Services is forecast to be underspent by £3.0m (£1.4m at MYR). Corporate Resources & Stewardship (CR&S) is forecasting an underspend of £2.7m (£1.2m at MYR), with the majority of the underspend (£2.1m) within Facilities Management (mainly due to underspends on Energy £1.0m; and Repairs & Maintenance £0.6m). The remaining underspend within CR&S of £0.5m is due to predicted savings from

staff vacancies across the service, and £0.1m due to reduced expenditure on supplies & services, and transport budgets.

147. Underspends against budget are being reported by Organisational Development (£264,000); Strategic Commissioning (£87,000); and Communications (£20,000). Balanced positions are being reported by Governance & Democratic, and Monitoring Officer and Head of Legal Services.

## 2. Financial Stability

### Introduction

148. 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.
149. 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.
150. **Table 1** provides a service summary of financial performance at quarter three. For further details please see Section 1 and the notes below the table. Changes to service net budgets since Mid Year Review are analysed in **Appendix 2**.

**Table 1 - Service Revenue Outturn Forecasts**

	Revised Net Budget	Forecast Actual Outturn	Current Forecast Over / (Underspend)	Change from Mid Year	Outcome Number 1 - 5
	£000	£000	£000	£000	
Children & Families	43,055	44,192	1,137	699	3,5
Adult Social Care & Independent Living	95,358	96,245	887	143	5
Public Health	0	0	0	0	5
Economic Growth & Prosperity	6,582	6,541	-41	-41	2
Chief Operating Officer					
Commissioning Services:					
Bldg Control, Land Chges & Planning Support	1,693	1,764	71	71	2,4,5
Environmental (incl Bereavement)	27,330	27,593	263	84	2,4,5
Highways	11,214	11,214	0	0	2,4,5
Leisure	2,030	2,170	140	110	2,4,5
Transport	14,585	14,839	254	-27	2,4,5
Communities	9,205	9,232	27	-214	1,2
Other (e.g Finance, ICT, Legal, Facilities)	39,394	36,377	-3,017	-1,626	
<b>TOTAL SERVICE OUTTURN</b>	<b>250,446</b>	<b>250,167</b>	<b>-279</b>	<b>-801</b>	

151. The impact of the projected service outturn position at this stage of the financial year is to increase balances by £0.3m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.
152. 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.

153. 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**

154. 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 2015/16 was £366.8m.
155. In 2015/16 Cheshire East Council's specific use grants held within the services was budgeted to be £270.6m based on Government announcements to February 2015. This figure has now been reduced to £261.0.
156. A £4.2m decrease in grant in the third quarter has arisen due to schools converting to academy status.
157. From October 2015 there was an increase in Public Health funding of £2.3m relating to Children age 0-5. There has been a general reduction across all local authority Public Health budgets during the third quarter and the Cheshire East share was £1m. This results

in an overall increase in Public Health funding in the third quarter of £1.3m.

158. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
159. General purpose grants were budgeted to be £96.2m, but further in-year grant announcements have increased this figure to £97.0m at three quarter review stage.
160. Additional general purpose grants of £0.3m have been received during the third quarter of 2015/16. Requests for the allocation of these additional grants are detailed in **Appendix 10**.
161. **Table 2** provides a summary of the updated budget position for all grants in 2015/16. A full list is provided at **Appendix 3**.

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

	2015/16 Revised Forecast MYR £m	2015/16 Revised Forecast TQR £m	2015/16 Change £m
<b>SPECIFIC USE</b>			
Held within Services	263.9	261.0	-2.9
<b>GENERAL PURPOSE</b>			
Central Funding	77.8	77.8	0
Service Funding:			
Children and Families	1.1	1.1	0
Adult Social Care and Independent Living	3.3	3.3	0
Economic Growth and Prosperity	0.7	1.0	0.3
Chief Operating Officer: Commissioning	2.3	2.3	0
Chief Operating Officer: Other	11.6	11.6	0
Total Service Funding	19.0	19.3	0.3
TOTAL GENERAL PURPOSE	96.7	97.0	0.3
<b>Total Grant Funding</b>	<b>360.6</b>	<b>358.0</b>	<b>-2.6</b>

**Collecting Local Taxes for Local Expenditure**

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

**Council Tax**

163. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2015/16 at £1,216.34 for a Band D property. This is applied to the taxbase.

164. 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 2015/16 was agreed at 138,764.49 which, when multiplied by the Band D charge, means that the expected income for the year is £168.8m.

165. 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 £205.8m.

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

	£m
Cheshire East Council	168.8
Cheshire Police and Crime Commissioner	21.7
Cheshire Fire Authority	9.8
Town and Parish Councils	5.5
<b>Total</b>	<b>205.8</b>

166. 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.
167. 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 £210.8m.
168. **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		
	2012/13	2013/14	2014/15
	%	%	%
After 1 year	98.2	98.1	97.9
After 2 years	99.3	99.0	*98.6
After 3 years	99.5	*99.1	**

\* year to date

\*\*data not yet available

169. The Council Tax in-year collection rate for 2015/16 is identical to the same period last year at 76%.
170. Council Tax support payments (including Police and Fire) were budgeted at £18.6m for 2015/16 and at the end of the second quarter the total council tax support awarded was £15.2m. 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.

171. Consultation on proposed changes to the Council Tax Support Scheme for 2016/17 was launched in August 2015, with the final scheme to be agreed by full Council later in the year when the results have been reviewed.
172. Council Tax discounts awarded are £19.1m which is broadly in line with the same period in 2014/15.
173. Council Tax exemptions currently awarded total £3.4m which is broadly in line with the same period in 2014/15.

### Non-Domestic Rates (NDR)

174. 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 is the second year that the multiplier increase was capped by the Government at 2%.
175. The small business multiplier applied to businesses which qualify for the small business relief was set at 48.0p in 2015/16. The non-domestic multiplier was set at 49.3p in the pound for 2015/16.
176. Cheshire East Council has entered into a pooling arrangement with the Greater Manchester (GM) Authorities for the purposes of Business Rates Retention. The purpose of the pool is to maximise the retention of locally generated business rates to further support the economic regeneration of Greater Manchester and Cheshire East Councils. As a pool the members will be entitled to retain the

levy charge on growth that would normally be paid over to Central Government. Cheshire East will retain 50% of this levy charge locally before paying the remainder over to the pool.

- 177. The Cheshire East and GM Pool are also taking part in a pilot scheme where the pool is now able to retain locally the 50% of “additional growth” in business rates which in the usual Business Rates Retention Scheme would be paid directly to DCLG.
- 178. Part of this arrangement means that the baseline for which growth in rates is set against has been reset to match the estimated rates to be collected as reported in January 2015. This level is £139.5m.
- 179. In year analysis has shown successful appeals have been awarded at a higher level than have currently been provided for. This issue will be resolved at year end with the business rates retention earmarked reserve being utilised to cover this increased pressure.
- 180. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

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

Financial Year	CEC Cumulative		
	2012/13	2013/14	2014/15
	%	%	%
After 1 year	98.0	98.2	98.1
After 2 years	98.8	99.2	*99.1
After 3 years	99.4	*99.3	**

\* year to date  
 \*\*data not yet available

- 181. The business rates in-year collection rate for 2015/16 has increased marginally to 74.7% compared to 74.3% for the same period in 2014/15.

**Capital Programme 2016/19**

- 182. Since the reporting the Capital Programme at the Mid Year Review the overall forecast expenditure for the next three years has decreased by £21.0m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	Revised Total Forecast Budget MYR 2015/19 £m	Amendments to TQR Forecast Budget 2015/19 £m	Amended TQR Forecast Budget 2015/19 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2015/19 £m
Children & Families	63.6	-0.1	63.5	-20.2	0.0	43.3
Adult Social Care & Independent Living	3.5	0.1	3.6	0.0	-0.8	2.8
Economic Growth & Prosperity	253.7	-0.3	253.4	-2.3	0.7	251.8
Chief Operating Officer - Commissioning	119.7	1.2	120.9	-0.1	0.1	120.9
Chief Operating Officer - Other	36.6	0.0	36.6	0.0	0.7	37.3
	<b>477.1</b>	<b>0.9</b>	<b>478.0</b>	<b>-22.6</b>	<b>0.7</b>	<b>456.1</b>

183. The main change since the figures were reported at Mid Year Review is the removal of the Children and Families project - Crewe Achievement. This was a £20m scheme that was part of the All Change for Learners programme to enhance secondary education provision in Crewe. This scheme has been removed for the time being and will be reviewed in future years.

184. There is a virement request of £2.4m from the Strategic Projects programme (£1.6m) and the Community Capacity Grant Allocation (£0.8m) to create a new project named the Care Act Phase 2 – System Implementation. This is a joint scheme with Adults and Children and Families to upgrade the current case management system.

185. There is also a further virement of £2.9m from the Crewe Bus Interchange Project to the Crewe Town Centre project. This is so the two

projects can be run jointly to co-ordinate the development plans of Crewe Town Centre.

186. The programme has also been revised to reflect other Supplementary Capital Estimates of £0.7m contained in **Appendices 5 to 7** and additional budget reductions of £2.6m as shown in **Appendix 8**.

187. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

**Table 7 – Capital Funding Sources**

	MYR Total Forecast Budget £m	TQR Total Forecast Budget £m	Variance £m
Grants	203.2	201.3	-1.9
External Contributions	50.8	54.0	3.2
Cheshire East Resources	223.1	200.8	-22.3
	<b>477.1</b>	<b>456.1</b>	<b>-21.0</b>

### Capital Budget 2015/16

188. At the Third Quarter review stage the Council is forecasting expenditure of £109.6m in 2015/16, which is a decrease of £29.7m from the Mid Year Review position. This has arisen because project managers have been asked again to review their in-year forecast and slip to future years if still required to present a realistic expenditure forecast in 2015/16.

189. The capital programme is to be reported by the stages in the approval process and schemes that are noted as committed and in progress will have slippage monitored against during the year as these schemes should have commenced prior to or during 2015/16 and a detailed forecast expenditure plan should be in place. This equates to £83.1m of forecast expenditure in 2015/16. Schemes will be monitored on their progress during the year and re-categorised quarterly. This includes the net impact in 2015/16 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 8**.

**Table 8 – Changes to the 2015/16 Capital Budget**

Committed Schemes	Revised MYR Budget	Revised TQR Budget	Forecast Expenditure	Current Forecast (Over/ Underspend)
	£m	£m	£m	£m
Children & Families	10.3	10.2	8.2	-2.0
Adult Social Care & Independent Living	0.5	0.8	0.8	0.0
Economic Growth & Prosperity	27.7	26.8	20.9	-5.9
Chief Operating Officer - Commissioning	43.0	43.8	42.6	-1.2
Chief Operating Officer - Other	14.6	14.7	10.6	-4.1
<b>Total Committed Schemes</b>	<b>96.1</b>	<b>96.3</b>	<b>83.1</b>	<b>-13.2</b>

190. **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.
191. **Appendix 6** lists requests for supplementary capital estimates and virements above £250,000 up to £1,000,000 to be approved by Cabinet.
192. **Appendix 7** lists two requests for a virement; firstly a virement of £2.4m in respect of the Care Act Phase 2 – System funded by Government Grant

and Cheshire East Resources, and secondly a virement between the Crewe Bus Interchange project and the Crewe Town Centre project which is funded by Cheshire East Resources.

193. **Appendix 8** lists details of reductions of £22.6m 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

194. 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 £14m accounts for 6% of the Council’s net revenue budget.
195. Investment income to November 2015 is £397,000 which is higher than the budgeted income of £134,000 for the period. The level of cash balances has remained high although market interest rates have remained relatively flat. However, investments in the CCLA Investment Management Ltd property fund, longer dated investments and use of corporate bonds has contributed to higher rates of interest earned on investments.
- The average lend position (the ‘cash balance’) including managed funds up to the end of November 2015 is £73.2m.

- The average annualised interest rate received on in house investments up to the end of November 2015 is 0.65%.
- The average annualised interest rate received on the externally managed property fund up to the end of November 2015 is 4.95%.

196. The Council’s total average interest rate for 2015/16 up to the end of November is 1.04%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.46%, and is consistent with our own performance target of 1.00% (Base Rate + 0.50%).

**Table 9 – Interest Rate Comparison**

Comparator	Average Rate to 30/11/2015
Cheshire East	1.04%
LIBID 7 Day Rate	0.46%
LIBID 3 Month Rate	0.54%
Base Rate	0.50%
Target Rate	1.00%

197. The capital financing budget for interest charges and debt repayment remains on target.

198. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 26th February 2015. Further details of counterparty limits and current investments are given in **Appendix 9**.

199. At the end of the first quarter, a further investment of £2.5m was made in the CCLA managed property fund bringing our total investment to £7.5m. This property fund continues to grow and has demonstrated consistently high returns over the last few years with underlying capital growth being maintained. However, this fund should be judged over a 5 to 6 year period as returns and the underlying capital value of the fund can be volatile.

200. Over the last year, regulations concerning the security of funds at banks and financial institutions have changed. The effect is that although Government support has been removed, the risk of failure has decreased due to increased capital requirements but the effects of failure to Local Authority investments are more serious due to bail-in requirements. The Council is therefore actively seeking to place more investments which are outside of the bail-in requirements. This is being achieved through the use of Covered Bonds and Corporate Bonds with maturity dates no longer than two years to tie in with our cash flow forecasts.

201. Covered Bonds provide security as they are backed up by collateral and still provide a good level of return. The Council has four investments in covered bonds totalling £9m due to mature between March 2016 and November 2016.

202. Corporate Bonds are not protected by collateral but are generally exempt from any bail-in requirements. Investment in Corporate Bonds are only made on advice from our Treasury Management advisors who review the company, the market and country in which they operate, the ranking of the bond and the credit worthiness assigned to it. As at 30th November the Council had investments in five Corporate bonds totalling £12.8m. Full details are shown in **Appendix 9**.

### Central Contingencies and Contributions

203. A budget of £1.1m is 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.

### Allocation of Additional Grant Funding

204. 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 2015/16 fully funded by additional grant. Details of the allocations are contained in **Appendix 10**.

### Debt Management

205. The balance of outstanding debt has decreased by £3.9m since Mid Year Review. Balances remain within forecast levels and adequate provisions have been made. A summary of outstanding invoiced debt by Service is contained in **Appendix 11**.

### Outturn Impact

206. The impact of the projected service outturn position could increase balances by £0.3m as reported above (**para 151**).

207. Taken into account with the central budget items detailed above and the approved use of general reserves below (**paras 210 -211**), the financial impact described in this report could decrease balances by £1.9m as summarised in **Table 10**.

**Table 10 – Impact on Balances**

	£m
Service Net Budget Outturn	0.3
Central Budgets Outturn	0.0
Use of Reserves approved by Council	-2.2
<b>Total</b>	<b>-1.9</b>

### Management of Council Reserves

208. The Council's Reserves Strategy 2015/18 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecasts that the risk assessed level of reserves is likely to remain at £12.5m throughout the medium term.

209. The opening balance at 1st April 2015 in the Council's General Reserves is £14.7m as published in the Council's Statement of Accounts for 2014/15.

210. At the February 2015 meeting, Council approved the use of £1.7m of general reserves in 2015/16, to be transferred to earmarked reserves to meet additional planning costs, potential increased insurance claims, and to support investment in sustainability.

211. At First Quarter Review, Council approved that £0.5m be transferred from balances to an earmarked reserve for Early Intervention initiatives.

212. 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 <sup>st</sup> April 2015	14.7
Impact on Balances at Third Quarter	-1.9
<b>Forecast Closing Balance at March 2016</b>	<b>12.8</b>

Service outturn forecasts take account of this expenditure and funding.

216. A full list of earmarked reserves at 1<sup>st</sup> April 2015, and estimated movement in 2015/16 is contained in **Appendix 12**.

213. The projected balance of £12.8m reflects the current forecast that risks associated with budget achievement in 2015/16 may not actually materialise and this is slightly above the level planned in the 2015/18 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.

214. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st March 2015 balances on these reserves stood at £49.1m, excluding balances held by Schools. A contribution of £0.2m to the Emergency Assistance earmarked reserve was approved as part of the 2015/16 budget. Council also approved the transfer of a further £1.7m from general reserves into earmarked reserves in 2015/16 to provide for additional costs in Planning, and on Insurances, and to support investment in sustainability. These items brought the earmarked reserves balance available in 2015/16 to £51.0m. At First Quarter Review, Council approved the transfer of £0.5m to an earmarked reserve for Early Intervention Initiatives.

215. During 2015/16, an estimated £13.3m will be drawn down and applied to fund service expenditure specifically provided for.

# 3. Workforce Development

217. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety, Workforce Development plans and changes to staffing levels.

218. The Council's Making a Difference employee recognition scheme celebrates and recognises those people who role model the [Council's](#) FIRST values and through this have made a positive impact on their team, colleagues or wider community. The scheme has continued to be well used and received in 2015 with:

- 550 Made my Days sent to colleagues
- 95 Making a Difference Monthly nominations made
- 30 Employee of the Month Winners
- 19 Team of the Month Winners
- 60 Making a Difference Annual Award Nominees

An end of year celebratory event was held on 10<sup>th</sup> December at which the annual award winners were announced.

219. The local Living Wage of £7.85 was implemented for directly employed staff with effect from 1<sup>st</sup> November 2015. It is recognised that the Council will need to align with the Government's national proposals to increase to at least £9 an hour by 2020.

220. The Staffing Committee made recommendations to Council for the appointment of the role of Director of Children's Services/Deputy Chief Executive and Director of Legal and Monitoring Officer leading to appointments in quarter three.

221. Training for the Staffing Committee in handling appeals took place in November. The committee considered two appeals during quarter three.

222. Redeployment continues to be used as a way of retaining valuable skills and avoiding costly redundancies. In quarter three, 67 were redeployed following successful work trials, the bulk of which were staff in Care4CE who have been redeployed following the cessation of services at Hollins View, Lincoln House and Mount View. Further support was offered to staff at these establishments working with the job centre to deliver workshops.

223. HR support the consultation on a number of change programmes, including the transfer of the ICT function of CoSocius to Cheshire East Council, relocation of staff to the Crewe Lifestyle Centre, SEN Review, Cheshire Skills and Growth ASDV, changes in Care4CE, and a number of service reviews across the organisation.

224. The learning, development and staff improvement training programme in conjunction with all Directorates continues to grow its offering for all employees with a new central training programme as well as bespoke CPD programmes and progression pathways for all service areas. This ensures that the Council 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. We have offered 82 sessions on the central training programme between October and December 2015 on 42 different topics, with a total of 1,018 delegates attending.

225. The Management Development Programme continues with the delivery of ILM levels 3 & 5 in Leadership and Management. There are currently 70 registered on these qualifications. The Level 5 Diploma in HSC Leadership continues with six candidates currently registered.
226. A new six month 'Aspiring Managers' programme has also started with the new academic year. Offered to those identified through the PDP process as future managers, there are 11 candidates in the first cohort. The programme is now over half way through and the candidates have achieved a 100% pass rate so far.
227. Workforce development has continued to support the development of staff and their teams. 11 applications for individual funding support have been approved through the CPD virtual panel and four teams continue on their team development programmes.
228. One apprentice secured a position with the Council during quarter three, with four securing positions in quarter two. This has impacted on the number of apprentices currently being employed to 36 (44 in quarter two). The majority of this cohort is working towards a Business Admin NVQ. Breakdown per service is COO – 18, Economic Growth and Prosperity – eight, Adult Social Care - three, Children's and Families - six, Public Health - one.
229. This quarter has seen the inaugural roll out of the Cygnet Pathway to help prepare cared-for young people into work. Six young people are on the six-month programme.
230. Cheshire East Council continues to offer a Graduate Programme, which includes Graduate Internships and a Graduate Development Programme to recognise the importance of early career development. Opportunities are currently in process across three directorates. The Graduate Development Programme has provided learning events throughout quarter three, offering both permanent staff recent graduates and graduate interns the opportunity to learn strategic and business focused skills. The Graduate Programme continues to receive positive feedback regarding benefits to individuals and services involved in terms of harnessing new perspectives and enthusiasm while preparing individuals for worthwhile future careers.
231. The Grow Your Own Social Work Trainee Scheme of Children and Families recruited two more trainees for cohort three who started in September 2015. There are now a total of eight on the scheme. Three from cohort one are on track to qualify in summer 2016 and then apply for social worker posts in Children and Families (with a tie in for 3 years).
232. The Wellbeing and Resilience Group continues to develop interventions to help the organisation and staff become more resilient. Training sessions have been run for managers and staff, and short lunch time and team resilience sessions have also been well received. Three clinics for male staff were run during men's health promotion week.
233. The HR consultancy offer to schools and academies has been extended to include one and three year contracts from September 2015. The service still offers a Gold or Silver Package and the Gold package now includes Mediation Support and one place on the Headteacher Workshop. The Three Year Gold Package has been popular with 63 schools and academies signing up.
234. The Health & Safety buy-back period for schools has now closed and 94% of schools have purchased a service for the 2015/16 academic year. This equates to 144 out of a possible 153 schools.

## Staffing Changes

235. The employee headcount at the end of December 2015 was 3,731, a 1.79% decrease from September 2015.

**Table 12 - Corporate core CEC employee headcount and FTE figures for October, November and December 2015**

Directorate/Service	Oct-15		Nov-15		Dec-15	
	Headcount	FTE	Headcount	FTE	Headcount	FTE
Public Health	25	22.2	25	22.2	26	23.2
Strategic Commissioning	2297	1643.8	2296	1644.5	2311	1623.9
Adults Social Care & Independent Living	1126	859.0	1123	859.1	1124	839.7
Children's Services	1171	784.8	1173	785.4	1187	784.2
Chief Operating Officer	1103	911.3	1098	910.8	1109	907.8
Commissioning	45	42.0	42	40.0	42	40.0
Corporate Resources and Stewardship	371	302.5	368	301.4	372	301.8
Democratic Services and Governance	86	57.0	84	55.6	87	56.0
Legal Services	34	30.3	33	29.2	33	28.8
Media (Communications and PR)	8	7.9	8	7.9	8	7.9
Commissioning and Client Support <sup>△</sup>	25	23.8	29	27.4	28	26.4
Communities	493	407.7	486	401.4	491	400.0
Apprentices	48	47.0	48	47.0	47	46.0
Economic Growth & Prosperity	350	276.6	353	278.7	374	277.7
Growth and Regeneration	25	23.0	82	75.0	84	77.0
Crewe – High Growth City	3	3.0	3	3.0	3	3.0
Investment	86	77.1	30	27.1	30	27.1
Planning and Sustainable Development	66	63.8	68	65.8	67	64.8
Strategic Infrastructure	9	8.5	9	8.5	9	8.5
Countryside, Culture and Visitor Economy	154	95.2	155	93.3	176	92.3
<b>Cheshire East Council Total</b>	<b>3772*</b>	<b>2862.8</b>	<b>3762*</b>	<b>2857.2</b>	<b>3731*</b>	<b>2,833.6</b>

\*: Employees with multiple assignments across services will appear in the headcount figures for each service, but will be counted only once in the total (CE) headcount figure

236. **Table 13** demonstrates that throughout the third quarter in 2015/16 the cumulative average days lost to sickness was slightly lower than the same period in 2014/15.

**Table 13 - Comparison of average days lost to sickness in the third quarter of 2015/16 to the same period in 2014/15** (whole Council excluding Schools – year to date cumulative effect)

	Oct	Nov	Dec
Q3 2015/16	6.12	7.01	8.02
Q3 2014/15	6.57	7.54	8.87

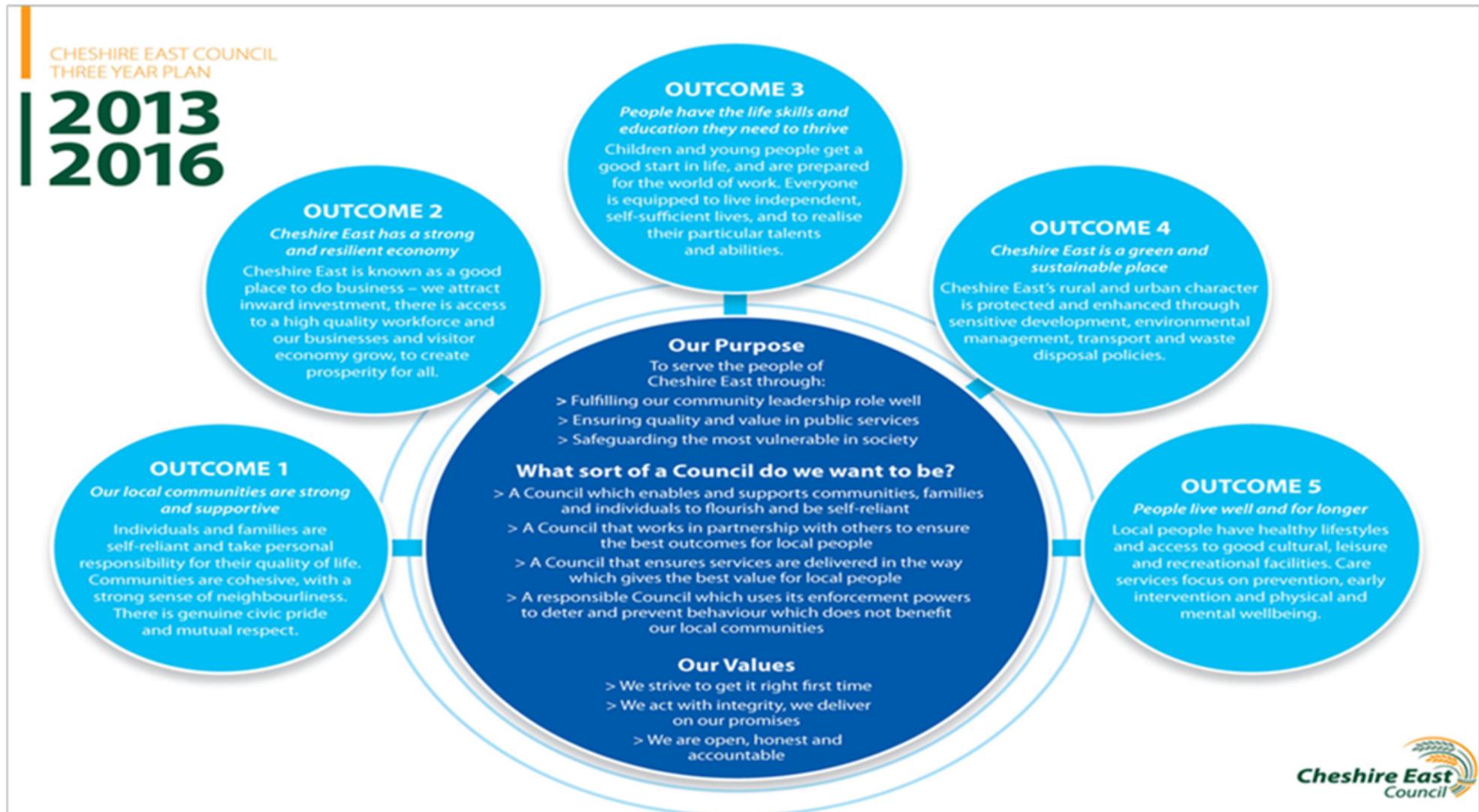
## **Voluntary Redundancies**

237. 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.
238. 21 employees have left the Council under voluntary redundancy terms in quarter three. The total severance cost, for all 21 employees was £315,172, inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1.4m (which is the combined accumulated costs of the deleted posts).
239. A total of thirty two staff have left under voluntary redundancy so far in the 2015/16 financial year.

# **Appendices to the Third Quarter Review of Performance 2015/16**

**February 2016**

# Appendix 1 Cheshire East Council Three Year Plan



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

# Appendix 2 Changes to Revenue Budget 2015/16 since Mid Year Review

	Quarter 2 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Other Virements £000	Quarter 3 Net Budget £000
Children & Families	43,449	3	-397		43,055
Adult Social Care & Independent Living	95,297		397	-336	95,358
Public Health	0	0	0	0	0
Economic Growth & Prosperity * see note	6,143	256		183	6,582
Chief Operating Officer:					
Commissioning Services:					
Building Control, Land Charges and Planning Support * see note	1,693	0	0	0	1,693
Bereavement	-1,292	0	0	0	-1,292
Environmental	28,687			-65	28,622
Highways	11,190			24	11,214
Leisure	2,040			-10	2,030
Transport * see note	14,601			-16	14,585
	56,919	0	0	-67	56,852
Communities	9,205	0	0	0	9,205
Other (e.g Finance, ICT, Legal, Facilities)	39,240	10		144	39,394
<b>TOTAL SERVICE BUDGET</b>	<b>250,253</b>	<b>269</b>	<b>0</b>	<b>-76</b>	<b>250,446</b>
Central Budgets					
Specific Grants	-18,929	-269			-19,198
Capital Financing	14,000				14,000
Corporate Contributions	1,008			76	1,084
Contribution to / from Reserves	241				241
	-3,680	-269	0	76	-3,873
<b>TOTAL BUDGET</b>	<b>246,573</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>246,573</b>

\* Since February 2015 Council, the budgets for Transport, and for Building Control, Land Charges & Planning Support have been moved from Economic Growth and Prosperity to Commissioning Services.

# Appendix 3 Corporate Grants Register

Corporate Grants Register 2015/16 Third Quarter Review		Revised Forecast MYR 2015/16 £000	Revised Forecast TQR 2015/16 £000	Change 2015/16 £000	SRE / Balances (Note 2)
	<i>Note</i>				
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	1	154,136	150,433	-3,703	
Pupil Premium Grant	1	6,795	6,247	-548	
Sixth Forms Grant	1	4,164	4,164	0	
<b>Total Schools Grant</b>		<b>165,095</b>	<b>160,844</b>	<b>-4,251</b>	
Housing Benefit Subsidy		84,518	84,518	0	
Public Health Funding		14,274	15,598	1,324	
Restorative Justice Development Grant		8	8	0	
<b>TOTAL SPECIFIC USE</b>		<b>263,894</b>	<b>260,968</b>	<b>-2,927</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant		39,182	39,182	0	
Business Rates Retention Scheme		38,607	38,607	0	
<b>Total Central Funding</b>		<b>77,789</b>	<b>77,789</b>	<b>0</b>	

Corporate Grants Register 2015/16 Third Quarter Review	Revised Forecast	Revised Forecast	Change	SRE / Balances
	MYR	TQR		(Note 2)
	2015/16	2015/16	2015/16	
	<i>Note</i>	£000	£000	£000
<b>Children &amp; Families</b>				
Troubled Families	332	332	0	
Troubled Families - Co-ordinator	200	200	0	
Youth Justice Grant	326	289	-37	Neg SRE
Youth Rehabilitation Order - Junior Attendance Centre	33	33	0	
Extended Rights to Free Transport	128	128	0	
Staying Put Grant	73	73	0	
Remand Funding	0	40	40	SRE
<b>Adult Social Care &amp; Independent Living</b>				
Local Reform and Community Voices Grant	195	195	0	
Independent Living Fund	749	749	0	
Adult Social Care New Burdens	2,272	2,272	0	
Social Care in Prison Grant	70	70	0	
<b>Economic Growth &amp; Prosperity</b>				
Skills Funding Agency	628	628	0	
Neighbourhood Planning Grant	55	55	0	
Right to Move	3	3	0	
Property Search Fees New Burdens	5	259	255	SRE
Letting Agents Transparency and Redress Schemes	0	1	1	SRE
<b>Chief Operating Officer - Commissioning Services:</b>				
<b>Environment</b>				
Lead Local Flood Authorities	35	35	0	
Lead Local Flood Authorities - technical advice on surface water proposals	82	82	0	

Corporate Grants Register 2015/16 Third Quarter Review	Revised Forecast	Revised Forecast	Change	SRE / Balances
	MYR	TQR		(Note 2)
	2015/16	2015/16	2015/16	
<i>Note</i>	£000	£000	£000	
<b>Communities</b>				
Housing Benefit and Council Tax Administration	1,549	1,549	0	
NNDR Administration Grant	559	559	0	
Implementing Welfare Reform Changes	53	53	0	
<b>Chief Operating Officer - Other:</b>				
Education Services Grant	3,000	3,000	0	
Council Tax Freeze Grant 2015/16	1,840	1,840	0	
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	1,356	1,356	0	
New Homes Bonus 2015/16	1,200	1,200	0	
Affordable Homes 2012/13	85	85	0	
Affordable Homes 2013/14	82	82	0	
Affordable Homes 2015/16	63	63	0	
New Homes Bonus 2015/16 - return of topslice	126	126	0	
Individual Electoral Registration	101	112	10 SRE	
<b>Total Service Funding</b>	<b>18,950</b>	<b>19,219</b>	<b>269</b>	
<b>TOTAL GENERAL PURPOSE</b>	<b>96,739</b>	<b>97,008</b>	<b>269</b>	
<b>TOTAL GRANT FUNDING</b>	<b>360,633</b>	<b>357,975</b>	<b>-2,658</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
- 2 SRE - Supplementary Revenue Estimate requested by relevant service

# Appendix 4 Summary Capital Programme and Funding

Service	In-Year Budget TQR 2015/16 £000	SCE's	SCE's	Revised In-Year Budget TQR 2015/16 £000	Forecast Expenditure			
		Virements Reductions During Quarter 2015/16 £000	Virements Reductions TQR 2015/16 £000		2015/16 £000	2016/17 £000	2017/18 and Future Years £000	
<b>Children and Families</b>								
Committed Schemes - In Progress	10,169	340	-260	10,249	8,203	3,099	948	
Committed Schemes at Gate 1 Stage	2,672	-2,272	0	400	400	3,048	0	
Medium Term and Rolling Programme	5,174	-4,755	0	419	419	10,268	5,944	
Longer Term Proposals	100	250	-100	250	250	0	10,725	
<b>Adult Social Care and Independent Living</b>								
Committed Schemes - In Progress	824	0	0	824	824	0	0	
Committed Schemes at Gate 1 Stage	0	0	0	0	0	0	0	
Medium Term and Rolling Programme	1,128	-356	-772	0	0	1,156	800	
<b>Commissioning Services:</b>								
<b>Leisure</b>								
Committed Schemes - In Progress	10,732	239	0	10,971	10,722	250	0	
Committed Schemes at Gate 1 Stage	500	-350	0	150	150	1,265	7,300	
Longer Term Proposals	0	0	0	0	0	250	0	
<b>Environment</b>								
Committed Schemes - In Progress	3,131	419	-37	3,513	3,288	205	20	
Medium Term and Rolling Programme	9,077	-5,451	-5	3,621	3,620	12,607	0	
Longer Term Proposals	4,470	-3,850	14	634	502	3,045	9,620	
<b>Highways</b>								
Committed Schemes - In Progress	27,762	124	36	27,922	27,500	7,521	5,962	
Committed Schemes at Gate 1 Stage	0	0	0	0	0	0	0	
Medium Term and Rolling Programme	0	0	0	0	0	12,927	12,637	

Service	In-Year Budget TQR 2015/16 £000	SCE's	SCE's	Revised	Forecast Expenditure		
		Virements Reductions During Quarter 2015/16 £000	Virements Reductions TQR 2015/16 £000	In-Year Budget TQR 2015/16 £000	2015/16 £000	2016/17 £000	2017/18 and Future Years £000
<b>Communities</b>							
Committed Schemes - In Progress	1,415	0	20	1,435	1,144	329	0
<b>Economic Growth and Prosperity</b>							
Committed Schemes - In Progress	31,706	-2,939	-1,957	26,810	20,895	10,776	3,942
Committed Schemes at Gate 1 Stage	2,000	-225	-950	825	825	725	4,650
Medium Term and Rolling Programme	4,412	-2,673	59	1,798	1,798	5,921	2,097
Longer Term Proposals	26,947	-14,413	5	12,539	12,539	30,163	157,566
<b>Chief Operating Officer</b>							
Committed Schemes - In Progress	14,651	0	0	14,651	10,550	4,630	0
Committed Schemes at Gate 1 Stage	660	0	2,400	3,060	2,850	510	0
Medium Term and Rolling Programme	608	0	-134	474	474	9,621	5,997
Longer Term Proposals	4,258	0	-1,628	2,630	2,630	0	0
<b>Committed Schemes - In Progress</b>	<b>100,390</b>	<b>-1,817</b>	<b>-2,198</b>	<b>96,375</b>	<b>83,126</b>	<b>26,810</b>	<b>10,872</b>
<b>Committed Schemes at Gate 1 Stage</b>	<b>5,832</b>	<b>-2,847</b>	<b>1,450</b>	<b>4,435</b>	<b>4,225</b>	<b>5,548</b>	<b>11,950</b>
<b>Medium Term and Rolling Programme</b>	<b>20,399</b>	<b>-13,235</b>	<b>-852</b>	<b>6,312</b>	<b>6,311</b>	<b>52,500</b>	<b>27,475</b>
<b>Longer Term Proposals</b>	<b>35,775</b>	<b>-18,013</b>	<b>-1,709</b>	<b>16,053</b>	<b>15,921</b>	<b>33,458</b>	<b>177,911</b>
<b>Total Net Position</b>	<b>162,396</b>	<b>-35,912</b>	<b>-3,309</b>	<b>123,175</b>	<b>109,583</b>	<b>118,316</b>	<b>228,208</b>

Funding Sources	2017/18 and		
	2015/16 £000	2016/17 £000	Future Years £000
Grants	30,345	46,116	124,798
External Contributions	14,514	6,499	32,995
Cheshire East Council Resources	64,724	65,701	70,415
<b>Total</b>	<b>109,583</b>	<b>118,316</b>	<b>228,208</b>

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

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Summary of Supplementary Capital Estimates and Capital Virements that have been made up to £250,000</b>		
<b>Supplementary Capital Estimates</b>		
<b>Economic Growth &amp; Prosperity</b>		
Crewe Town Centre Regeneration	5,000	Increase in budget to commission an artist for Waters Green Capital Project in Macclesfield. Contribution £5,000 from Cultural Development.
Rights of Way Improvement Plan Cycle/Walking Schemes	34,000	Increase in project budget to cover grant from WREN to fund works on the Bollin Valley Way footpath network in the Wilmslow area.
Congleton Public Realm	104,200	Increase in budget to cover section 106 funding available for the project.
<b>Environment</b>		
The Moor, Knutsford	1,087	Increase in project budget to utilise interest on Section 106 balances.
Adlington Road Park Section 106	45,000	Increase to budget to recognise £3,000 contribution from Friends of Bollington Park and £42k from a WREN grant.
Lacey Green Park	6,154	Increase of the budget to utilise the full value of the Section 106 money to complete the enhancement works at Lacey Green Park.
Congleton Town Council Community Gardens	1,502	Partners of Readesmoor Surgery financial contribution to the path element of the Antrobus Street gardens project (Town Council community Gardens).
King George V Pavilion Project	12,424	The original budget assumed a grant from the Football Foundation of £125,000 the grant approval was for £137,424.
<b>Highways</b>		
Surface Water Management Schemes	44,000	Additional grant received from the Environment Agency.
<b>Communities</b>		
Customer Access	19,556	Contribution from Poynton Town Council finalised on completion and also revenue contribution for works identified during the project.
<b>272,923</b>		

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</b>		
Devolved Formula Capital Grant	10,000	} Completion of works from 2014/15 Schools Maintenance programme at Daven and Excalibur Primary Schools, surplus funding vired back to originating budgets for re-allocation.
Universal free school meals	28,597	
Capital Maintenance Central Allocation	22,434	
Capital Maintenance Central Allocation	27,000	Completion of works at Mobberley Primary School, vire back surplus funds to Capital Maintenance provision for re-allocation.
Capital Maintenance Central Allocation	10,000	Completion of works at Pebblebrook Primary School, vire back surplus funds to Capital Maintenance provision for re-allocation.
Capital Maintenance Central Allocation	5,000	Completion of works at Sound Primary School, vire back surplus funds to Capital Maintenance provision for re-allocation.
Basic Needs Block	20,000	Completion of works at Wilmslow Grange School, vire back surplus funds to Basic Needs provision for re-allocation.
Basic Needs Block	35,000	Completion of works at Offley Primary School, vire back surplus funds to Basic Needs provision for re-allocation.
<b>Economic Growth &amp; Prosperity</b>		
Disabled Facilities Grant	59,000	Use uncommitted Housing Innovation Fund to relieve pressure on Disabled Facilities Grant.
Corporate Landlord Model - Non Operational	134,000	Virement from Corporate Landlord Model - Operational to cover costs of disposal / demolitions on our surplus assets.

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>Environment</b>		
Adlington Road Park Section 106	2,300	There are two projects within the same park; Adlington Road Park and Bollington Recreation. This virement is to consolidate the two sums of Section 106 money.
Restoration of South Park Lake	5,240	Virement from Parks Development Fund to cover the Feasibility aspect of the project costs.
Coronation Valley, Queens Park	9,000	Virement from the completed "Cremators at Crewe" project vired to cover feasibility costs not included in budget.
King George V Pavilion Project	5,000	Virement from the completed "Cremators at Crewe" project vired to top project budget up to tender value.
<b>Total Capital Budget Virements Approved</b>	<b>372,571</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>645,494</b>	

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

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000</b>		
<b>Supplementary Capital Estimates</b>		
<b>Economic Growth &amp; Prosperity</b>		
A556 Knutsford to Bowdon	443,000	Increase to budget for additional work funded by Highways England
<b>Total Supplementary Capital Estimates and Virements</b>	<b>443,000</b>	

# Appendix 7 Request for Supplementary Capital Estimates and Virements above £1m

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Cabinet are asked to request Council to approve the Capital Virements and SCEs over £1,000,000</b>		
<b>Capital Budget Virements</b>		
<b>Economic Growth &amp; Prosperity</b>		
Crewe Town Centre Regeneration	2,850,000	Combine Crewe Interchange budget with Crewe Town Centre Regeneration budget.
<b>Chief Operating Officer</b>		
Care Act Phase 2 - System Implementation	772,000	Virement of the Community Capacity Grant from the Adults Capital programme to contribute towards the system implementation costs of second phase of the Care Act.
	1,628,000	Virement from Strategic Projects provision, funded by Cheshire East Resources to meet the costs of the Children and Families contribution towards the system implementation costs of second phase of the Care Act.
<b>Total Supplementary Capital Estimates and Virements</b>	<b>5,250,000</b>	

# Appendix 8 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	5,749,287	5,670,384	-78,903	} Reductions required due to schools converting to Academy Status.
School Maintenance Projects	2,916,939	2,900,799	-16,140	
Wheelock Primary School	1,632,135	1,628,507	-3,628	} Reduction in level of contribution required from school Return of contributions to schools where works completed under budget.
School Maintenance Projects	2,900,799	2,897,905	-2,894	
Care Leavers - Supported Accommodation	100,000	0	-100,000	} This reduction is being actioned as these schemes are not being progressed at this time.
Crewe Achievement	20,000,000	0	-20,000,000	
<b>Economic Growth &amp; Prosperity</b>				
Connecting Cheshire Phase 1	31,691,758	30,483,758	-1,208,000	To reflect reduction in ERDF grant funding
Handforth East	136,918	0	-136,918	This budget no longer required as project is included as part of EOTN budget.
Middlewich Bypass	1,200,000	250,000	-950,000	Planned grant funding no longer available.

Capital Scheme	Approved Budget £	Revised Approval £	Reduction Reason and Funding Source £
<b>Cabinet are asked to note the reductions in Approved Budgets</b>			
<b>Highways</b>			
S106 Vernon Way, Crewe	50,113	49,510	-603 Project complete and all S106 fund spent.
S106 - UTC Macclesfield	10,729	7,865	-2,864 S106 project, works complete.
S106 - Crossing Enhancement Wilmslow	4,500	83	-4,417 S106 project, works complete.
S106 - Footway Imp Wilmslow LC	5,500	5,404	-96 S106 project, works complete.
<b>Environmental</b>			
Cremators at Crewe	569,000	483,411	-85,589 Project complete.
Malkins Bank Play Area	53,686	49,650	-4,036 } These projects are funded by S106 and now complete, this will allow the funding to be used for new proposals.
St Johns Road PF	52,000	48,000	
<b>Total Capital Budget Reductions</b>	<b>67,073,364</b>	<b>44,475,276</b>	<b>-22,598,088</b>

# Appendix 9 Treasury Management

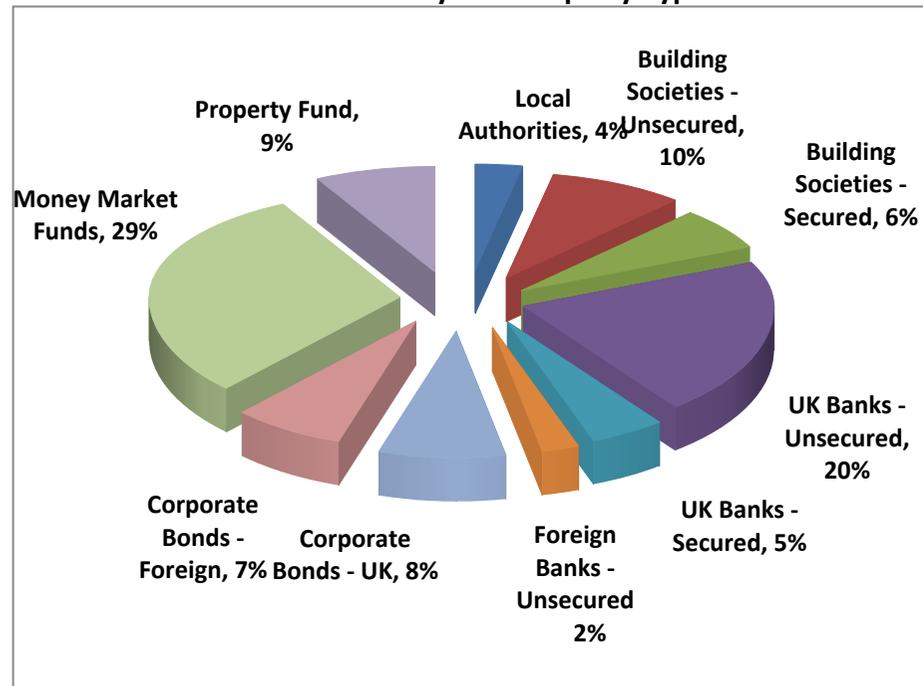
## Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally credit rated banks and building societies have been set at a maximum value of £5m for unsecured investments and £10m for secured investments. Any 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 50% 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. The limits in the Treasury Management strategy also apply to investments in foreign banks subject to an overall limit of 40% of our total investments in foreign countries and a limit of £10m per country. Foreign investments held at 30th November 2015 total £8m over three countries.
3. To maintain diversification of 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 been some changes in 2015/16 following the regulatory changes and withdrawal of Government support although these changes have not been as severe as expected. Government support has generally been replaced by greater loss absorbency capability. However, as the impact of any bank failure on Council investments is now greater, the following measures are being taken to reduce the risk of being bailed in:
  - a. Invest in more secure financial instruments such as Covered Bonds and Repurchase Agreements (REPO's)
  - b. Invest in highly rated Corporate Bonds which will not be subject to any 'bail-in risk'
5. Covered Bonds are fixed period investments (typically three to ten 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. 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.
6. 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 making arrangements with Clearstream who can provide the third party facilities and are internationally regarded.

7. **Chart 1** shows an analysis of the investments by counterparty type. A full analysis of the types of investment and current interest rates achieved is given in **Table 1** with the maturity profile in **Chart 2** which also shows the value of investments potentially subject to bail-in in the event of counterparty failure and those which are exempt from bail in requirements.

**Chart 1 – Current Investments by Counterparty Type**



**Table 1 – Types of Investments and Current Interest Rates**

Instant Access Accounts	Average Rate %	£m
Instant Access Accounts	-	0.0
Money Market Funds	0.51	24.0

Notice Accounts	Notice Period	Average Rate %	£m
Lloyds Bank	180 days	0.75	3.0

Fixed Term Deposits (Unsecured)	Start	Maturity	Rate %	£m
Lancashire County Council	25/06/2015	18/12/2015	0.47	3.0
Nationwide Building Society	31/07/2015	18/01/2016	0.64	2.0
Landesbank Hessen-Thuringen CD	31/07/2015	29/01/2016	0.70	2.0
Nationwide Building Society	03/08/2015	18/01/2016	0.62	1.0
Lloyds Bank	03/08/2015	18/03/2016	0.77	2.0
Santander UK	05/08/2015	29/01/2016	0.72	2.8
Vernon Building Society	28/08/2015	04/12/2015	0.53	1.0
Close Bros	11/09/2015	11/03/2016	0.60	2.0
Santander UK	22/09/2015	18/03/2016	0.67	1.0
Mansfield Building Society	25/09/2015	18/03/2016	0.72	1.0
Santander UK	28/09/2015	24/03/2016	0.67	1.2
Standard Chartered CD	01/10/2015	31/03/2016	0.70	3.0
Close Bros	30/10/2015	29/04/2016	0.65	2.0
Nationwide Building Society	04/11/2015	17/03/2016	0.57	1.0
National Counties Building Society	13/11/2015	13/05/2016	0.75	1.0
Cumberland Building Society	18/11/2015	25/02/2016	0.55	1.0

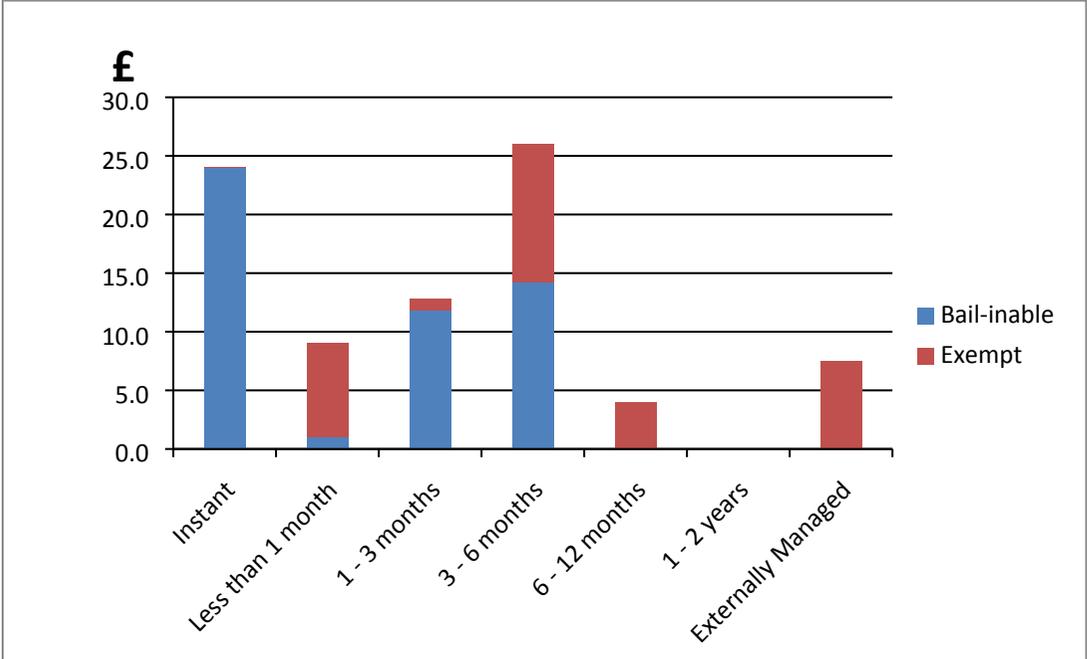
Secured Deposits	Start	Maturity	Rate %	£m
Yorkshire Building Society	05/11/2014	16/03/2016	0.73	3.0
Yorkshire Building Society	16/12/2014	16/03/2016	0.73	2.0
Bank of Scotland	17/06/2015	08/11/2016	0.84	2.5
Bank of Scotland	30/10/2015	08/11/2016	0.95	1.5

Corporate Bonds	Start	Maturity	Rate %	£m
Volkswagen Financial Services	27/04/2015	23/05/2016	0.90	3.0
Heathrow Funding Ltd	08/05/2015	31/03/2016	0.90	2.8
Daimler International Finance	21/07/2015	10/12/2015	0.88	2.0
United Utilities	22/07/2015	29/12/2015	1.02	3.0
GE Capital UK Funding	28/08/2015	18/01/2016	1.08	1.0
Heathrow Funding Ltd	01/09/2015	31/03/2016	1.02	1.0

Externally Managed Funds	£m
Property Fund	7.5

Summary of Current Investments	£m
<b>TOTAL</b>	<b>83.3</b>

**Chart 2 – Maturity Profile of Investments**



# Appendix 10 Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Children's and Families	Remand Funding (General Purpose)	40	Children and Young People who are remanded in youth detention accommodation will be given Looked After Children status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice.
Children's and Families	Youth Justice Grant (General Purpose)	-37	The Youth Justice Board reduction in budget equivalent to a 10.6% reduction to the annual allocation.
Economic Growth and Prosperity	Property Search Fees – New Burden (General Purpose)	255	Authorities in England who were defendants to the APPS claims have received an interim new burdens payment from Central Government. The total payment amounts to £34m and will be divided between authorities according to the value of their settlement for Local Land Charges Register (LLCR) claims. The payment is in respect of claims for fees for personal searches of the LLCR, interest on those claims and legal costs.
Economic Growth and Prosperity	Letting Agents Transparency and Redress Schemes (General Purpose)	1	New burden placed on Letting Agents arising from the new duty to enforce the requirements for letting and property management agents to be a member of an approved redress scheme and to publicise their fees in their offices and on their website.
Chief Operating Officer	Individual Electoral Registration (General Purpose)	10	The additional grant will all be spent on this year's annual canvass under Individual Electoral Registration. The money will be spent on the chase up of non responding households to ensure the maximum number of people as possible are individually registered by December 2015.
<b>Total</b>		<b>269</b>	

# Appendix 11 Debt Management

- 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.
- 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.
- Total Invoiced Debt at the end of November 2015 was £8.1m. After allowing for £1.9m of debt still within the payment terms, outstanding debt stood at £6.2m. This is almost £4m lower than at the end of quarter two and is largely due to reduced debt within Adult Social Care.
- The total amount of service debt over six months old is £2.7m which is slightly higher than at the end of the second quarter.
- Services have created debt provisions of £2.8m to cover this debt in the event that it needs to be written off.
- 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	172	13	13
Adult Social Care & Independent Living	4,203	2,242	2,312
Public Health & Wellbeing	0	0	0
Economic Growth & Prosperity	335	89	113
Chief Operating Officer:			
Commissioning Services:			
Environmental	295	139	139
Highways	717	154	154
Leisure	12	12	12
Communities	12	7	17
Other	434	24	36
	<b>6,179</b>	<b>2,680</b>	<b>2,796</b>

# Appendix 12 Earmarked Reserves

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
<b>Children &amp; Families</b>				
Long Term Sickness	350	-350	0	Carried forward surplus of contributions paid by schools ~ operated as a trading account.
Education All Risks (EARS)	343	-343	0	Carried forward surplus of contributions paid by schools ~ operated as a trading account.
Children's Social Care	377	0	377	To support implementation of Children's Social Care bill.
Early Intervention Initiatives	0	400	400	To develop and implement a plan to improve the emotional health and wellbeing of young people.
<b>Adult Social Care &amp; Independent Living</b>				
Extra Care Housing PFI	1,681	198	1,879	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning	309	-309	0	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law.
NHS Section 256	3,535	-673	2,862	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>	<b>1,972</b>	<b>-1,272</b>	<b>700</b>	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.
<b>Environmental</b>				
Crematoria	160	-160	0	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
<b>Highways</b>				
Severe Weather	<b>240</b>	120	<b>360</b>	To provide for future adverse winter weather expenditure.
<b>Communities</b>				
Communities Investment	<b>1,788</b>	-963	<b>825</b>	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Emergency Assistance	<b>845</b>	-400	<b>445</b>	Carry forward of underspend on previous years' schemes to provide for future hardship payments.
<b>Economic Growth &amp; Prosperity</b>				
Building Control	<b>168</b>	0	<b>168</b>	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	<b>222</b>	0	<b>222</b>	Ring-fenced surplus on Tatton Park trading account.
Economic Development	<b>141</b>	0	<b>141</b>	Support for town centres and economic development initiatives.
Planning Costs and Investment Service Structure	<b>1,000</b>	-1,000	<b>0</b>	To meet potential costs within the Planning Service and Investment Service Structure.
<b>Chief Operating Officer</b>				
Elections	<b>604</b>	-604	<b>0</b>	To provide funds for Election costs every 4 years.
Climate Change	<b>67</b>	-67	<b>0</b>	Renewable Energy project.
Insurance & Risk	<b>2,695</b>	305	<b>3,000</b>	To settle insurance claims and manage excess costs.
Investment (Sustainability)	<b>8,681</b>	-7,531	<b>1,150</b>	To support investment that can increase longer term financial independence and stability of the Council.
Pension Contributions	<b>173</b>	-173	<b>0</b>	To meet impact of reduced workforce on fixed contribution to Past Service Pensions deficit.
Business Rates Retention Scheme	<b>4,648</b>	3,600	<b>8,248</b>	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until 2016/17.
Financing	<b>4,820</b>	4,565	<b>9,385</b>	To provide for financing of capital schemes, feasibility studies, and other projects and initiatives.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2015 £000	Forecast Movement in 2015/16 £000	Estimated Balance 31st March 2016 £000	Notes
<b>Cross Service</b>				
Trading Reserve	36	-36	0	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	5,244	-3,427	1,372	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	8,184	-4,000	4,184	Unspent specific use grant carried forward into 2015/16.
Revenue Grants - Other	2,733	-1,167	1,566	Unspent specific use grant carried forward into 2015/16.
<b>TOTAL</b>	<b>51,016</b>	<b>-13,287</b>	<b>37,284</b>	

Note 1

**Notes:**

1. Figures exclude Schools balances of £7.499m at 1st April 2015