



# **Mid Year Review of Performance 2016/17**

**November 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

Financial & Non-Financial performance at 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 £720m. The Council continues to achieve improvements in the area, 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 means that 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 is 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 'Best Fit' approach, to commissioning services, develops better ways to achieve the Council's six stated outcomes by using a mix of delivery mechanisms. 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 two, the Council's reserves strategy remains effective, with a modest reported overspend of £1.2 (0.5%) against a budget of £247.9m.

To support openness and transparency the report has three main sections, to provide background and context, and then eleven supporting appendices with detailed information about allocation and management of public money during 2016/17:

**Section 1** provides a summary of Council performance and brings together service achievement highlights against the 6 Residents First Outcomes in the Council's four year Corporate plan.

**Section 2** provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2016/17 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 Council's Residents First Outcomes.
- **Appendix 2** explains Budget changes since First Quarter Review.
- **Appendix 3** shows the latest position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists approved Supplementary Capital Estimates and Virements up to £250,000.
- **Appendix 6** lists requests for Supplementary Capital Estimates and Virements over £250,000 for Cabinet approval.
- **Appendix 7** lists Capital Budget reductions.
- **Appendix 8** provides details of Treasury Management investments.
- **Appendix 9** lists requests for allocation of additional Grant funding.
- **Appendix 10** analyses the position on Outstanding Debt.
- **Appendix 11** lists details of Earmarked Reserves.

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Chief Operating Officer (Section 151 Officer)

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# 2016/17 Outturn Forecast at Mid Year Review - Financial Position

2016/17 Mid Year Review (GROSS Revenue Budget £583.4m)	Revised Budget (NET) £000	Forecast Actual Outturn £000	Forecast Over / (Underspend) £000	For further information please see the following sections
SERVICE DIRECTORATES				
People	142.3	145.0	2.7	Section 1 - Paragraphs 16-17, 46-54, 126-128, 141-142
Place	32.0	33.0	1.0	Section 1 - Paragraphs 24, 36-38, 56
Corporate	76.4	75.3	-1.1	Section 1 - Paragraphs 70-72, 88, 147 -149
Total Services Net Budget	250.7	253.3	2.6	
CENTRAL BUDGETS				
Specific Grants	-20.2	-20.2	0.0	Section 2 - Paragraphs 158-160
Capital Financing	14.0	12.8	-1.2	Section 2 - Paragraphs 192-196
Transfer to Earmarked Reserves	2.8	2.8	0.0	Section 2 - Paragraph 211
Corporate Contributions / Central Budgets	0.6	0.4	-0.2	Section 2 - Paragraph 202
Total Central Budgets	-2.8	-4.2	-1.4	
<b>TOTAL NET BUDGET</b>	<b>247.9</b>	<b>249.1</b>	<b>1.2</b>	
	Planned Contribution 2016/17 £m	Forecast Variance Quarter 2 £m	Impact on Reserves Quarter 2 Forecast £m	
Impact on Reserves	-1.0	-1.2	-2.2	
General Reserves Balance	2016/17 Budget (estimated) £m		Quarter 2 Forecast	
Opening Balance April 2016	12.8	Actual	13.0	
2016/17 Impact on Reserves (see above)	-1.0	Forecast	-2.2	Section 2 - Paragraphs 206 - 210
Closing Balance March 2017	11.8	Forecast	10.8	

# Overview of Performance ~ Putting Residents First

## ACHIEVING THE COUNCIL'S SIX OUTCOMES

Cheshire East Council provides more than 500 services, supporting over 375,000 residents, and over 17,500 businesses.

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

- Supporting the successful Cheshire East stage of the Tour of Britain
- Developing Participatory Budgeting processes with members of the community
- Finalising arrangements for the transfer of the Youth Offending Specialist Services into a pan-Cheshire service
- Holding an underage volunteer operation around the sale of e-cigarettes and products across Cheshire East

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

- Headline figures show the value of the Borough's visitor economy has soared by 55% since Cheshire East Council was formed in 2009
- Continuing to make strong progress on the Council's major transport schemes
- Meeting with 'Top 25' businesses to discuss their success support needs
- Reaching over 91,800 premises with faster broadband via Connecting Cheshire

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

- Outperforming the national averages with both A-Level and GCSE provisional results
- Undertaking final arrangements to open the new Crewe Engineering and Design University Technical College
- Working with partners to develop improved arrangements for children and young people with special educational needs and disabilities (SEND)

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

- Achieving or exceeding targets in turnaround of planning applications within timescales across all types of application
- Working closely with the community to tackle fly tipping in targeted areas
- Delivering a comprehensive programme of countryside events
- Working to lift people out of fuel poverty

### 5 ~ People live well and for longer

- Delivering a successful first year of an advice service to private landlords, and increasing landlord accreditations
- Increasing swimming attendances and library usage in the first six months of the Crewe Lifestyle Centre
- Launching a new Information & Advice Hub to support residents in directing their own support needs
- Completing 2,065 adult needs assessments and re-assessments

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

- Receiving Audit Findings Report from external auditors with strong feedback on the Council providing Value for Money
- Increasing staff survey responses, indicating a positive improvement in engagement
- Implementing the National Institute for Health and Care Excellence guidelines
- Developing an action plan to improve workforce wellbeing and resilience

## FINANCIAL STABILITY

Cheshire East Council is achieving outcomes based on sound financial management. In 2016/17 the Council will operate on an annual budget of more than £720m.

- At quarter two a potential overspend of **£1.2m** is being reported compared with budget.
- The potential overspend represents only 0.5% of the Council's net revenue budget of £247.9m, and early forecasts have historically tended to be reduced as the year progresses from robust management action to mitigate the pressures before year end.
- **Service Budgets** – a forecast overspend of £2.6m is reported.
- **Central Budgets** – are currently forecast to be underspent by £1.4m due mainly to lower than budgeted costs of capital financing.
- 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** increased in 2016/17 for the first time in six years.

- **Investment income** is £112,000 higher than budget at quarter two. The average rate earned on investments (1.1%) 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 overspend of £1.2m is within the original forecast risks. Further mitigation of the forecast overspend is expected to be achieved.
- **Capital Programme** – total capital expenditure of £121.0m is forecast in 2016/17, which is a reduction of £21.7m since first quarter review following a review of in-year forecasts.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £94.7m, against which an underspend of £7.3m 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 £7.8m. Debt over 6 months old is £3.2m (around 4% of total debt raised annually) and this is covered by provisions to meet potential write-offs

# 1. Summary of Council Performance

## Introduction

1. Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 375,000 residents. The budget to deliver these services in the period April 2016 to March 2017 is £730m, 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 core spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending:

Core Spending Power per Head Comparisons 2016/17			
	Cheshire East £	Rural East Riding of Yorkshire £	Urban Liverpool £
Grants	207	266	593
Council Tax	469	411	295
Total	676	678	888

2. The Council's Corporate Plan 2016-2020, which was agreed by Council on 25th February 2016, has six 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 six outcomes.

3. This report reflects activity that has taken place mostly in the period July 2016 to September 2016. Commentary is also provided on the financial impacts (both revenue and capital) of this activity.

## 1 ~ Our local communities are strong and supportive

### Active, Resilient and Connected Communities where people want to live

4. On 19th September, Council Leader Councillor Rachel Bailey and Chief Executive Mike Suarez took the opportunity to be involved in a 'Back to the Floor' community enforcement day in Crewe. Working alongside Communities and Health Portfolio Holder Councillor Paul Bates, Head of Community & Partnerships Steph Cordon, Community Enforcement Officers, local residents and volunteers from the Crewe Flytipping and Grotspots Group, and members of the Crewe Clean Team, they patrolled streets over several hours to deal with issues around fly-tipping and antisocial behaviour. This involved searching through dumped items, including bin bags and old household items, to search for evidence of who has dumped the items. On their travels they saw mattresses, sofas, a cat adventure tower, and a lot of maggots in a particularly unpleasant experience. It was also great to hear how some of our residents in Crewe are coming together, and working with our teams to deal with the issues their area faces.
5. Participatory Budgeting is a partnership programme developed jointly across Public Health and the Communities Team. Participatory Budgeting processes have been co-produced with



members of the community and so far 93 funding applications have been made to be put forward to Phase 1 of the application process. Those that meet the criteria will be invited to a Decision Day (Phase 2), where members of the community will vote for the projects to receive funding, which they feel most meet their local needs. The Macclesfield and Crewe Decision Days are scheduled in October 2016. Processes for Congleton and SMASH localities will now be developed via the 5 Town Partnerships: Sandbach, Congleton, Holmes Chapel, Middlewich and Alsager. The Public Health Intelligence Team has produced locality maps and profiles to support communities in Participatory Budgeting applications.

6. The Cheshire East stage of the Tour of Britain on 6th September was hailed a huge success after thousands of people lined local roads to cheer on their cycling heroes. The Tour, billed as the biggest free-to-attend sporting event in Britain, saw 120 top international cyclists racing 111 miles from Congleton to Tatton Park, in Knutsford. Council Leader Councillor Rachel Bailey said: "The whole event was an amazing, joyful and exciting spectacle and it was fantastic to see so many communities taking part and really getting into the spirit of this fabulous event."
7. Across the Countryside service, there have been to date 623 volunteers days in 2016/17 which amounts to 4,673 hours of dedicated volunteer time. A volunteer conference was being organised for October 2016 as a celebration of their work across Tatton Park.

#### **Communities where you are Safe, and feel Safe**

8. Officers from Partnerships & Communities attended Tatton Park to raise awareness around counterfeit goods, doorstep callers, crime prevention and community grants as part of the Tour of Britain

'village'. Along with other partners, officers engaged with a number of residents and visitors.

9. The CCTV Service acted as Bronze Command for the Police's operation 'Caveman' which covered the east Cheshire leg of the Tour of Britain. CCTV maintained quality communications with Silver Control at Police Headquarters and kept live images of the event on their monitors. CCTV monitored for any suspicious behaviour, any antisocial behaviour, any persons or indeed items likely to cause problems to the event or spectators' enjoyment of the event. As a bonus, during the event CCTV gained some good 'mentions' via the Cheshire Police Twitter account.
10. To enable the Council to continue to deliver high quality specialist youth offending services, and to deliver a preventative youth service across the Borough with less resources, arrangements were finalised in quarter 2 for the transfer of the Youth Offending Specialist Services into a pan-Cheshire service. The effectiveness of the new service will be subject to ongoing monitoring to ensure that it continues to be a high performing service delivering outcomes for young offenders. Preventative youth support aspects of the service have remained with Cheshire East Family Service to align with other early help support to families.
11. A warning to Cheshire East premises/retailers around the sale of e-cigarettes and their 'nicotine inhaling products' was given following an underage volunteer operation held on 25th August. This operation saw underage volunteers attempting to purchase nicotine inhaling products from 11 premises across Middlewich, Crewe, Congleton, Macclesfield and Wilmslow. Community Protection (Trading Standards Investigations) conducted an operation that involved the volunteers attempting a test purchase at each of the stated premises. Underage smoking and use of nicotine products is a current issue. It is still unknown what the

effects of using nicotine inhaling products, such as e-cigarettes, have on the user and specifically the effects of using them from a young age. All 11 premises refused the sale which is testament to them in ensuring age-restricted products are not sold and to the awareness raising undertaken by the service when the legislation was put in place on 1st October 2015.

12. Quarterly intelligence led a multi-agency operation in August targeting rogue traders, doorstep callers and distraction burglars. The operation was well received by householders and legitimate traders and as usual some good intelligence was obtained about rogue outfits.
13. A good start has been made to increasing our intelligence sharing and capability as we have increased communication and links between CCTV, CEO's, Trading Standards, Police and the Gypsy Traveller Liaison Officer, utilising the links already forged with the Cheshire Police Force Intelligence Bureau and the Trading Standards 'Memex' system. Further work is now underway to improve the capturing of intelligence (3 training sessions held), how it is stored and more importantly the analysis of the intelligence to target our resources and identify trends and patterns. Further work is to be undertaken in regards to organised crime with partners via the Organised Crime Group Board and landlords with our Housing teams.
14. The Magistrates court has recently upheld two decisions made by the licensing committee which had been put forward by the licensing enforcement team. In one case the authority revoked a licence based on previous criminal allegations and in a second case had refused to renew a licence for failing to disclose relevant information. Both cases were dismissed and in one case the Council's costs were awarded.

15. In a separate licensing enforcement case we successfully prosecuted a taxi driver applicant who was found guilty of failing to provide relevant information within his application. The applicant was fined £500, and ordered to pay costs and a victim surcharge totalling £572.
16. Partnerships and Communities are projecting an underspend of £62,000 due to further consideration of the feasibility of joining sub-regional arrangements for gypsy and travellers and the development of a transit site. Additional pressures exist due to the enhanced focus on fly tipping and new legal fees associated with gypsy and traveller work, but these have been offset by staffing savings due to delays filling vacancies.
17. Regulatory Services and Health are forecast to be on budget. They are incurring additional costs due to the Trading Standards prosecution case and increased dog kennelling fees but these have been offset by delays filling vacancies and higher income.

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

### **Business Growth and Tourism**

18. Findings of the annual STEAM (Scarborough Tourism Economic Activity Monitor) analysis of the visitor economy were launched at the Cheshire & Warrington Visitor economy conference in September. This analysis is done annually for the previous year's results, and shows that in 2015 Cheshire East's visitor economy grew by 4.4% in the tourism industry, and is now worth £842m.
19. Headline figures for the Borough show the value of the visitor economy has soared by 55% since Cheshire East Council was formed in 2009 and the number of visitors has risen by over 29%.

A total of 15.23 million people visited the Borough in 2015; an increase of 4.2% on 2014.

20. The number of people employed in the tourism sector also rose by 2.3% last year to a total of 11,100 (full-time equivalent) jobs – a rise of 22% since 2009.
21. A further boost was given by figures showing the number of visitors staying in the area, which has increased by 22% since 2009. The fact that more and more people are being drawn to visit Cheshire East is testament not only to its obvious natural attractions and bigger visitor draws, such as Tatton Park and our other beautiful country parks, but also to the vast array of excellent hotels, guest houses and small businesses that support them.
22. The 'Roald Dahl' events at Tatton Park have been a great success and significantly increased visits to the Mansion (up 25%), Garden (up 8%) and Farm (up 6%), plus boosted income from sales of the Totally Tatton Ticket (up 28%). Shops and catering are both performing well and up compared to last year, whilst the income from Park Entries is in line with financial targets. The variable weather in June and July hindered what could have been a record year, but August and September were generally dry and attracted good crowds at key weekends. Events have proved mixed this year, with concerts performing poorly but new events such as the Luna Cinema and Bear Grylls Race offsetting the impact of the downturn in the concerts. With pre-bookings looking good for Christmas and interest in the Roald Dahl Halloween looking good, Tatton hopes that by the end of December all aspects of trading, income and visitation will be outperforming expectations.
23. Quarter 2 audience figures for the Lyceum Theatre in Crewe stood at 7,252 seats sold, and projections for 2016/17 are for an increase

on sales from 2015/16. Target sales for the pantomime have achieved a 9% increase on the same period in 2015.

24. Within Growth and Regeneration there continues to be a pressure on the Assets Budget of £0.1m, this has reduced since Q1 however it is being mitigated in-year by a number of one-off savings, predominantly staff vacancies. These pressures within Growth and Regeneration are being offset by underspend within Regeneration and Skills and Lifelong Learning.

### **Jobs and Skills**

25. The Skills and Growth Company has successfully brought in £900,000 from European Social Funds to deliver a two-year career information, advice and guidance service in collaboration with Warrington and Cheshire West and Chester. The funding will help support more than 500 young people and create at least 150 new apprenticeships. Along with getting the go ahead for a pilot Careers Enterprise Company, the delivery of 3 Employment Readiness Programmes at Fallibroome, The Oaks and Ruskin Academies, a social media campaign aligned to GCSE/A-Level results promoting national apprenticeships, and dialogue starting with BT about delivery of their Barefoot Computing Programme, our Cheshire East students continue to receive improved support to gaining a foot on the ladder towards appropriate careers. For those students with special educational needs and disabilities (SEND), the Skills and Growth Company are working with SEND officers to broker opportunities with local employers, and are leading on the development of a supported Internship Model in partnership with the NHS.
26. Cheshire East Lifelong Learning has recently been awarded grant funding of £140,000 through a partnership with Golden Gates Housing Trust that has contributions from the Big Lottery and

European Social Fund. The Building Better Opportunities programme aims to support up to 180 people with complex needs and multiple barriers to work with the help and guidance they need to get back into employment. The direct delivery team have established partnerships with Cheshire East Communities Teams, and external agencies including Care4CE Mental Health Reablement Team South, to engage those who are hard to reach to deliver ESOL (English for Speakers of Other Languages), English and maths courses at Children's Centres across Crewe and Macclesfield. The seven ESOL classes have over 50 learners subscribed and a growing waiting list as storyboards demonstrate the benefits of improvement or confidence in English speaking such as accessing doctors, Citizens' Advice Bureau and schools independently.

27. On the demand side of employment, the Skills and Growth Company continue their work with high growth businesses to foster skilled individuals within the Borough, supporting the Rail Skills Board to develop a bid for European Social Fund Training Programme project (c£630k), working with WEAVE to support creative and digital employers with apprenticeships and workforce development planning, and working with Mid and East NHS Trusts to develop a skills hub in the Borough for health and social care. It also secured Crewe as a beneficiary for a Digital High Street programme being rolled out by Gloucestershire Local Enterprise Partnership (LEP), whilst through our local Cheshire & Warrington LEP it convened the Employer Skills Board to bring their insight and experiences to the development of an Apprenticeship Toolkit and an area-based skills review.
28. Five young people not in education, employment and training (NEETs) have been on work placement with the Youth Theatre from Total People. During their time with the Youth Theatre they learned about how to become a production team and supported

the Youth Theatre production "Swallows and Amazons". Since being on work placement, two of the young people have successfully become employed and one is having further experience to become a casual theatre technician. To top all of this off, they also passed their Bronze Arts Award; a Level 1 award on the Regulated Qualifications Framework comparing to GCSE grades D-G. The young people completed their work placement as part of the NCFE Entry Level qualification with Total People.

29. We also successfully had two other young people pass their Arts Award Silver, a Level 2 qualification on the Regulated Qualification Framework. The award compares to GCSE grades A\* - C, and this represents a 100% pass rate for all young people undertaking Arts Awards through Cheshire East Youth Theatre.

### **Inward Investment**

30. Cheshire East continues to promote its strategic employment sites, celebrating a major announcement that The AMR Centre based at Alderley Park is set to receive \$14million in matched funding from the world's biggest public-private partnership dedicated to tackling the major health issue — CARB-X or superbugs. The Skills and Growth Company also supported Amazon's recruitment for its Manchester Airport site, and will be a key partner of the Manchester Airport Transformation Project ensuring recruitment to support the airport's runway expansion is from the local pipeline. It is also working to realise a £1.27m loan for Cheshire Green employment site, at Wardle, agreed in principal by Cheshire and Warrington Local Enterprise Partnership from the Growing Places Fund, but conditional upon demonstrating occupier interest in the site.
31. Cheshire East's Leader and 10 of the 'Top 25' businesses met to discuss the support they need to succeed. The Skills and Growth

Company is a key delivery agent on behalf of the Council, supporting Royal London to secure planning permission for the development of a new flagship HQ building in Wilmslow, and Cheshire Lakes to secure planning permission for a £1.6m investment to develop a water sports and outdoor activity centre that anticipates being operational in Spring 2017 and will generate around 30 jobs. Other recent activity includes securing business sponsorship for the hugely successful Cheshire Leg of the Tour of Britain, and the launch of a sector-led review of commercial property in the Borough.

32. The Skills and Growth Company continues to support businesses in accessing government programmes and grants to reach their full growth potential. They have assisted 6 rural businesses in submitting initiatives to the LEADER scheme, part of the Rural Development Programme for England, aiming to create jobs and growth in the rural economy. Through a series of business events they have also brokered referrals to Manchester Metropolitan University's SMART Cheshire Innovation Programme providing a combination of expert workshops and individual coaching for micro and small businesses seeking to innovate, funded by European Regional Development Fund, and to the Cheshire East digital growth programme, a partnership with Creative England, to support the digital sector to stimulate growth.

### Infrastructure

33. **HS2 Consultation** – A new consultation document on potential changes to the route south of Crewe has been issued which will reduce the impact of the route in terms of height. The consultation will consider responses on environmental and equality assessments. It also refers to a potential relocation of the infrastructure maintenance depot away from Basford West, which would allow the retention of the existing development site.

34. Connecting Cheshire's 'Broadband without Brakes' campaign gathered momentum over the summer and was the basis for the Nantwich Show stand, culminating in stands at both the start and finish of Stage 3 of the Tour of Britain. The target is to provide over 97% fibre coverage across Cheshire by summer 2017. To date, combining Phases 1 and 2, the project has reached over 91,800 premises with faster broadband.
35. 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. Latest updates on some of the current Delivery Schemes include:
  - Poynton Relief Road – A planning application has now been submitted and formal consultation is underway. A decision on the application is expected in December.
  - Congleton Link Road – The scheme now has planning permission and work continues to progress the necessary orders for the scheme.
  - Sydney Road Bridge – Work is rapidly progressing with Network Rail and their contractor, Murphys, to determine a final preferred option. Discussions with nearby landowners are progressing well and work is now underway to progress the scheme to the planning application phase.
  - Crewe Green Roundabout – 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 showed that the recent opening of Crewe Green Link Road (South) was predicted to add approximately 15% more traffic to the junction. Options have been developed to manage the revised traffic flows by remodelling the junction. In October, a report to Cabinet will recommend a preferred design and a procurement route.

- Middlewich Bypass – The scheme has been awarded funding by the Department for Transport (DfT) to further develop the scheme. There will be a report to cabinet in November to refine the options and to outline the DfT process required to progress to the next stage.

36. The Place Directorate is reporting a net pressure of £1.0m against the 2016/17 full year net budget of £31.9m at mid-year.
37. The most significant pressure is within Infrastructure and Highways where the Transport Commissioning budget is reporting a total pressure of £1.0m. The Bus service is facing a pressure of £0.7m which is a result of the recent withdrawal by GHA of local Bus services.
38. The Strategic Infrastructure service faces a budget pressure of £0.4m largely due to the costs of external consultants. This is offset by an underspend on car parking of £0.3m which is due to a combination of additional pay and display income and staff vacancies. With other management actions the service expects to achieve a balanced position.

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

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

39. As the Strategic Commissioner of school places, Cheshire East Council has a statutory duty to ensure a sufficiency of school places for children resident in its area. Annual forecasts, including the latest housing yield information, are submitted to the Department for Education in July each year and these are used to determine the sufficiency of school places across the Borough and to assess the level of basic need funding that local authorities will be allocated.

40. Priority work is underway in Cheshire East to review our approach to ensuring high standards in all schools, with sufficient schools places and effective support for those children not in school, ensuring that every child fulfils their educational potential.

41. Progress is being made on expansions to Monks Coppenhall and Hungerford Primary schools to address current need in Crewe. A consultation has also been launched on the expansion of Disley Primary.

#### **Highest Achievement for All Learners**

42. A-Level students in Cheshire East once again achieved results above the national average. The Borough's 1,526 students achieved a provisional pass rate of 99%, which is above the national average of 98%. The further breakdown of grades shows that the proportion of students achieving grades A\* to A was 26.4%; higher than the proportion nationally and well over half (54%) achieved an A\* to B grade.
43. Summer 2016 GCSE results also outperformed the national average, with a provisional pass rate of 66% achieving five or more A\*– C grades, including English and maths, 3% better than the validated 63% figure last year. This year, new national performance measures are being used to determine school performance. The results from this summer's examinations will be used in the new performance tables, due out in January 2017, which will include new measures to indicate how well students performed across eight key subjects.
44. Final arrangements took place in Quarter 2 to open the Crewe Engineering and Design University Technical College (UTC). A new school at the heart of Crewe, the College is committed to developing the highest quality school leavers who will be the next

generation of engineers, innovators, technicians and designers. The UTC is supported by Manchester Metropolitan University and employer partners including Bentley Motors, OSL, Siemens, Bosch, Network Rail, Air Products, James Walker, Chevron Racing, LEONI and Optical 3D. The school specialises in STEM subjects, offering industry-oriented courses, and combines the National Curriculum, Technical Award Qualifications, work experience and business acumen to cultivate clear routes into rewarding employment, apprenticeships or higher education.

### **Inclusion**

45. A key priority for 2016/17 is to develop targeted, coordinated and effective arrangements for children and young people with special educational needs and disabilities (SEND). A multi-agency 0-25 SEND Partnership has been set up to drive this work and to ensure it is in partnership with parents, schools and health services. A number of workstream groups support the board to implement a strategy that will ensure a more personalised response to the needs of children and young people with special needs and disabilities, giving families more choice and control, and helping them to live fulfilling lives and be as independent as possible. These include better communication and engagement with families, improved assessments and plans, preparation for adulthood and transition, joint commissioning and resources allocation (including sufficiency), and workforce development and performance. Initial feedback from partners and parent/carers is that this work has started to deliver improvements to the way the Council operates services for children SEND and that partnership arrangements are strengthening. Ongoing monitoring of progress will be extensive and reported to the 0-25 SEND Partnership.
46. Children and Families is forecasting an overspend of £1.5m at the mid-year stage. This is caused by the underlying pressure of

children in care, and the limit to how effectively this can be mitigated against via in-year activity.

47. The budget for children in care for 2015/16 was set in anticipation of further reductions in numbers based on reductions experienced previously. This reduction has not materialised and numbers have increased locally, regionally and nationally.
48. At March 2015 there were 357 children in care. The numbers increased by 30 (8.5%) to 387 in March 2016 and have reached 398 at August 2016. Increasing gatekeeping has resulted in the cases which are coming through being more complex and therefore cost more. Although children in care numbers have continued to rise they are still below the average level for similar authority areas.
49. The 2015/16 outturn for placements reflected an overspend of £2.2m. This pressure was partially addressed through the 2016/17 budget process (in the context of funding limitations) where an extra £1m was allocated to placements (plus £0.3m to fostering allowances). The end result is that the overspend has been reduced but the increase in client numbers and complexity has limited the impact.
50. The service continues to seek better value for money placements that provide the necessary support for vulnerable children and reduce cost on an individual basis. The service is also considering other ways of reducing pressures through local projects to improve outcomes and linking up with bids for Department for Education innovation funding.
51. The service has a pressure of £0.4m from a shortfall in adoption income plus other pressures of £0.6m across care in relation to: travel spend for visits; extra costs of allowances and direct

payments; and extending project work on different methods of care. It is expected these pressures can be managed.

52. In terms of the Directorate generally there are £0.3m of pressures caused by delays in delivering budget proposals. These are intended to reduce staffing costs and will be considered as part of a service restructure in line with the People's Directorate approach in due course. It is hoped that this action will enable the proposals to be delivered.
53. The service could also face pressures as a result of additional unaccompanied asylum seeking children should a national transfer scheme be put in place. This represents the shortfall between additional costs and grant funding available.
54. The service continues to work proactively to permanently recruit Social Workers and Social Work Managers. This is a critical element of our Ofsted improvement plan, and extensive efforts have been made to increase stability in the children's social work teams. Consequently, there has been a significant improvement with 88% of posts covered by permanent social workers.

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

##### **Planning and Sustainable Development**

55. Following Consultation on Proposed Changes to the Local Plan during the spring of 2016, the Council has formally considered all of the representations made and commented on each of the key issues raised. It has also prepared further proposed changes to the Local Plan as a consequence. All of this material was submitted to the Examining Inspector during July, enabling preparations to be made for Examination hearings to proceed in accordance with the agreed timetable. A procedural meeting was held on 23 August

and Examination hearings commenced on 13 September. Those hearings have kept to time over their first three weeks and were due to conclude on 21st October.

56. The Planning Service continues to face increasing levels of activity associated with the Local Plan Strategy. The increased number of appeals, combined with the substantial costs of Local Plan Examination and hearings are the key factors behind a reported £0.3m pressure within this service area. However the increase in planning enquiries has had a corresponding impact on planning fees. Other management action will be put in place to bring the planning service in line with its budget by the year end.
57. Turnaround of planning applications within timescales during the second quarter indicate very strong performance of 80% for Major planning applications with some 60 major applications being determined in the quarter within time (13 weeks). This significantly exceeds the target of 60%, reflecting the recent recruitment success at Principal Planning Officer level and focus on working with applicants to agree achievable target dates.
58. Turnaround of Minor applications (within 8 weeks) significantly increased from the previous quarter to 68% (having stood at 54% in Q1), ahead of the target of 65%. This again reflects on a significant effort from existing staff and recent recruitments to both deal with new applications effectively and reduce the backlog. Overall output has improved in recent quarters, but the percentage within the target timeframe is a result of the backlog of older applications.
59. The volume of "Other" planning applications (within 8 weeks) also reflects a significant increase from the previous quarter to achieve target at 80% (an increase from 64% in Q1). This includes a high number of householder applications. Recruitment at the Junior



Planning Officer level is starting to have a positive impact both on new applications and the remaining backlog. Training of new staff should improve the figure further over coming quarters.

## Waste Management

60. **Waste & Landfill** – in Quarter 2 the authority continued to utilise landfill for just under two thirds of residual waste, which goes to Maw Green Landfill in Crewe. The remaining black bin waste, largely from the north of the Borough, is being sent to utilise spare capacity at the Stoke-on-Trent waste-to-energy plant. This is possible through a temporary transfer station on the now-closed Macclesfield Landfill site.
61. Work is underway to provide permanent transfer facilities for all of the authority's waste from Spring 2017 at the central Environmental Hub currently under construction outside Middlewich. This will allow greater use of waste-to-energy plants outside the Borough as we seek to meet the Waste Strategy objective of ceasing using landfill as a primary disposal route.
62. **Reuse and Recycling** - During the second quarter the Council anticipates having collected 30,000 tonnes of waste for recycling through its silver and green bin schemes and the nine Household Waste Recycling Centres (HWRC). Of this material, 350 tonnes is reused through charitable partnerships and the HWRC.
63. Indicative estimated Waste, Recycling & Reuse tonnages for Quarter 2 are as follows:

Residual		
Landfill	Waste to Energy	HWRC
16,500	4,500	2,700
Recycling		
Household	HWRC	Reuse
9,800	3,800	350
Green Garden		
Household	HWRC	
14,000	2,200	

64. **Fly Tipping** – The two recently appointed community enforcement officers are working closely with the Crewe community to tackle fly tipping in targeted areas. There were 673 reported incidents of fly tipping/side waste in the second quarter, a similar figure to the second quarter last year.

## Environment

65. A comprehensive programme of countryside events was scheduled for the year and is currently being delivered by our Partners and the Countryside Rangers. The Countryside Rangers' social media "likes" have increased by between 7.6% - 15.3%, whilst their Twitter followers have increased by 5.6%. The email newsletter goes out monthly to 2,026 subscribers.
66. **Parks** - The two projects in South Park Macclesfield have been delivered on time. The Sports Action Zone was opened at the end of August by the Council Leader. The first phase of the de-siltation project of Ryles Pool has been completed. Phase 2 (Marginal Planting) will be carried out in Spring 2017.
67. **Playing Pitches** – Consultants have been appointed to complete the Playing Pitch Strategy. The Playing Pitch Strategy Steering Group, constituted from the Sports National Governing Bodies,

have agreed the remaining programme of works and the Local Plan Inspector is satisfied with the completion programme.

- 68. **S106** - ANSA are engaged in the delivery of over 20 park improvement projects funded from S106 developer contributions. They are working with local members and local community groups (Friends of Parks) to deliver schemes across the Borough.
- 69. **Orbitas** - There has been a 7.64% increase in units recorded compared to Quarter 1 in 2015/16. This is largely attributable to Crewe Crematorium being fully operational from May 2016 after an extensive refurbishment programme.
- 70. Overall Environmental Operations, including Bereavement Services, is currently reporting a £241,000 overspend for 2016/17 against a net £27.3m budget.
- 71. Within Bereavement Services there is currently a forecasted income shortfall of £116,000 for the year. This takes into account a number of variants throughout the year; the Crewe Crematorium refurbishment programme was offset by a period of down time at Macclesfield Crematorium due to emergency replacement of the lining.
- 72. There is a forecasted shortfall in markets income for the year of £61,000, which primarily relates to a continued reduction in trader occupancy levels in Macclesfield. Some mitigation may be possible by way of small 'invest to save' works to refresh vacant units and reduced start up rent for newcomers.

## **Affordable Energy, Growing Energy Businesses & Independent Energy**

- 73. Work has been completed to lift people out of fuel poverty using funding from National Energy Action's Technical Innovation programme. External wall insulation has been used to reduce fuel bills and extend the lifespan of 11 park homes in rural areas, helping residents to be able to afford to heat their home by reducing their fuel bills by up to £700 per year.
- 74. A further 22 residents are trialling innovative new technology to store the unused electricity generated by solar panels ready for them to use later in the day, reducing the amount they need to spend on power in the evening when electricity demand is at its highest.
- 75. The Skills and Growth Company has secured £150,000 funding from the Department for Business Energy & Industrial Strategy for heat network Masterplanning across Cheshire East; Heat Mapping at Hurdsfield; and Detailed Project Design for Crewe Town Centre. This follows the success for funding for a Heat Study for Macclesfield which is now at inception stage.
- 76. Cheshire East's Fairerpower scheme was a finalist for the Public/Private partnership category of the prestigious Association of Public Service Excellence Awards. The scheme has been showcased to South Staffordshire and Preston Councils as a trailblazer.
- 77. The deep Geothermal project for a test well and business support programme, that is awaiting the outcome of a £2.5m bid to the Local Growth Fund, has also passed the gateway for European Structural Investment Funds.

## 5 ~ People live well and for longer

### Empowering people to live independent, healthier and more fulfilled lives

78. The 'private landlord offer' which provides an advice service to private landlords via the Private Sector Liaison Officers has now been in place for 12 months. The 'offer' promotes the Council's rent bond scheme, the landlord accreditation scheme and provides guidance on advertising properties through Cheshire Homechoice. The 'offer' is gaining momentum all the time and there are now eleven Gold Standard landlords, eleven silver and 5 bronze.
79. The Council commissions a programme of services that deliver a combination of floating and accommodation-based housing-related support to many people with support needs in the Borough. Following an assessment of need, widespread consultation and market engagement, Strategic Housing are now well into the procurement of new services as from 2017/18. Extensive interest has been received from potential providers, with the award of contract expected in January 2017.
80. Following the awarding of funding from the Department of Communities and Local Government in April 2016 public consultation has now been carried out by Strategic Housing and Spatial Planning over the Local Development Order (LDO) boundaries in Macclesfield. Feedback from the public will now be reviewed prior to a further round of consultation later in the year. LDOs are intended to streamline the planning process and save time and money.
81. As required by legislation the Self-Build Register has now been launched from 1st April by the Strategic Housing Team. The register allows the Council to use this information to assess the demand for self-build plots in the borough that have planning permission and access to utilities. Demand can also be assessed by using the register in conjunction with other sources of demand information such as from estate agents.
82. **Crewe Lifestyle Centre** – having been fully operational since 1st April, the £15.1m Centre has seen its services including libraries, leisure, adult social care and family services continue to develop in the new building. Early successes include the number of swimming attendances triple compared to the same period last year, and the new gym being shortlisted as a finalist for "Newcomer of the Year" at the National Fitness Awards. Library usage has increased, as has the number of people gaining jobs following support at the Job Club.
83. **Peter Mason Leisure Centre Congleton** – following Cabinet approval, the project to upgrade the Leisure Centre has commenced its search for a partner to develop the scheme through to planning approval.
84. Everybody Sport & Recreation (ESAR) has continued to perform strongly and has recently been shortlisted as finalists in the North Cheshire Business Awards in the Best Employer and Best Business categories, whilst also winning the Best Apprenticeship Scheme Award. The Trust also had two of its staff and volunteers competing at the Paralympic Games in Rio, one of which returned with a track and field bronze medal.
85. The Half Year Performance for ESAR again showed some excellent results including a 12.4% increase in attendances at leisure facilities of 1,543,622 (compared to the mid-year actual of 1,373,417 in 2015/16). This includes increases against target in all the key user groups of: adults (19% ahead of target), young people under 16 (3%), people over 60 (13%) and those with a disability (20%).

86. Due to the success of the 'Bikeability' scheme, currently delivered by the Trust, the Department for Transport has awarded a further £590,000 to roll out the scheme through to 2020. Performance on this indicator has remained strong, despite it being the quieter period of the year during school closures in August. By mid-year 2,833 young people have been trained against a target of 2,114.
87. There has also been a considerable increase in leisure volunteer hours, with a mid-year total of 3,248 hours against the target of 2,605 hours. Many of these hours were in support of the successful Tour of Britain Stage Three visit to the Borough in September 2016.
88. The Leisure commissioning service is currently forecasting a net nil position against a net £2.3m budget.
89. **Drug and Alcohol Recovery** - The Recovery Accommodation Project is jointly commissioned by Public Health and Housing. Now in the third quarter of service delivery since January 2016, the project is becoming an embedded part of the Substance Misuse Recovery Community and Housing Support processes. So far the project has received 53 referrals which have resulted in: 35 residents housed in total - 18 residents currently housed, 3 waiting to be housed (open referrals) and 8 moved to alternative accommodation.
90. **Empowerment** - The 'change the conversation' training took place in July. This is a new approach to facilitate 'asset-based' conversations with people, focused upon the strengths of an individual, their families, networks and communities. An implementation plan is to be developed to initiate the rollout of this approach within the health and care system.

## Information, Advice & Guidance, Prevention and Early Intervention

91. Public Health have progressed work to expand our Family Nurse Partnership, funded by the Early Intervention Fund. This will result in an additional 3 full time nurses to work with young, disadvantaged families who need additional support as well as additional capacity for supervision and quality assurance. This will enable an additional 75 families to receive intensive support. It is expected that positions will be filled in Quarter 4.
92. Phase 2 of the Emotionally Healthy Schools (EHS) programme is under development with several components: 1) Child and Adolescent Mental Health (CAMHS) school link workers are being commissioned, funded by the Early Intervention Fund; 2) Support for school around identifying children with mental health needs is continuing funded by a grant from NHS England; 3) An EHS support team delivering a 'menu of tools' to support schools to improve their offer is being commissioned funded by a pooled partnership fund. School leadership is being identified to encourage schools to take up this offer, and work is being overseen by a strategy group (which is becoming a sub-group of the Children's Trust).
93. **Suicide Prevention / Mental Wellbeing** - In collaboration with CHAMPS (Cheshire and Merseyside Public Health collaborative) we have commissioned Merseyside Youth Association to train 20 individuals (school/ college staff, social workers, youth workers, family services, school nurses, mental health staff) in Cheshire East to complete the 'train the trainer' criteria on Youth Connect 5. Youth Connect 5 will deliver training to approximately 400 parents from Q2 2017/18. Youth Connect 5 supports parents to strengthen family relationships / resilience, which will support skills in listening and communicating with their children (10-18 year old) and teach an understanding of behaviour in the context of relationships.

94. In collaboration with CHAMPS we have commissioned Wirral MIND to deliver a 2 day gatekeeper suicide prevention train-the-trainer training to key frontline staff. This will enable them to deliver the Basic Suicide Prevention session; understand where they can find key information about suicide prevention; and develop a draft action plan, which lists the main actions for rolling the training out in their locality. They will be expected to cascade the training to frontline staff in 2017/18.
95. MindEd (a free training resource on children and young people's mental health for all adults) has been built into training for staff as an e-learning module piloted and promoted through the LSCB Learning and Development Group.
96. The **Alcohol Harm Reduction** Position statement and Forward Plan has been consulted upon during the Summer. The feedback is being reviewed and changes made before adoption and publication later in the year.

#### **Accessible high quality services, Information & Advice**

97. **Lifestyle Services** - The final part of Passport to Health (to be known as 'One You Cheshire East' from Q3) has been commissioned. The following Services are in place: Provider Plus (assessment, marketing, health promotion, lifestyle support workers and specialist Stop Smoking Services); Community Stop Smoking and Alcohol Service; NHS Health Checks; Sexual Health Testing and Contraception; Weight Management; Physical Activity; Healthy Eating and Falls prevention.
98. **Healthy Child Programme** - Our Family Nurse Partnership (FNP) has been selected as an ADAPT (Accelerated Design and Programme Testing) site by the FNP National Unit. This project will

provide smoking cessation advice and support and mindfulness/relaxation techniques to young mothers who are part of the FNP programme and will also provide practical support to their partners/families to give up smoking.

99. Work continues to integrate our 0-19 Health Child Programme Services (Health Visiting and School Nursing) with our Children's services. Health staff relocated to Children's Centres in Knutsford, Oakenclough, Broken Cross, Poynton and Congleton in August and this is presenting opportunities to streamline service delivery for families and facilitate further joint working. Four priorities (maternal mental health; transition to parenthood, emotional wellbeing; and early intervention in safeguarding) are being progressed by working groups of frontline workers. These are focusing on development of joint pathways, assessments and communications, data sharing and awareness raising.
100. **Substance Misuse and Alcohol Services** - A programme of early engagement is progressing to support the re-commissioning of Substance Misuse Services.
101. **Health Intelligence** – A Community Joint Strategic Needs Assessment (JSNA) project on the impact of technology on health and wellbeing was completed and content published in August 2016, incorporating Children and Young People's Mental Health & Wellbeing and Domestic Violence JSNA sections.
102. **Health and Social Care Transformation** - Officers from the Council are involved in system-wide planning with colleagues from the NHS to put in place the Sustainability and Transformation Plans required by NHS England. This builds upon our work with Eastern Cheshire and South Cheshire's CCGs transformation programmes (Caring Together and Connecting Care respectively) and the work of the Cheshire Pioneer Programme.

103. The Cheshire Care Record has been successfully implemented and is now live, allowing health and care professionals to more effectively share data and reducing the number of times people are asked to repeat their stories. This will lead to more efficient use of resources and better outcomes for people.
104. A new Advocacy Hub has been commissioned for all statutory independent advocacy services across Cheshire from June 2016 to help people who wouldn't otherwise be in a position to represent themselves fully through the social care and health systems. The Care Act 2014 requires councils to support vulnerable customers in this way and this new offer will reach more people in need of support.
105. The Council, in partnership with Eastern Cheshire Clinical Commissioning Group and South Cheshire Clinical Commissioning Group, has a shared commitment to support carers across the Borough. Carers' breaks grants have been awarded 16 grants to local voluntary, community and faith sector organisations totalling more than £366,000 in order to provide additional services to support carers during 2016/17.
106. A new Information & Advice Hub has been launched from September 2016 to support Cheshire East residents to direct their own support needs or to access lower level services that may be an alternative to longer term social care services. Led by Cheshire East CAB Ltd delivery partners include Age UK Cheshire East, Age UK Cheshire, Disability Information Bureau (DIB), Citizens Advice Cheshire East North and Deafness Support Network. The service can be accessed in a number of ways including a dedicated telephone helpline 9am-5pm weekdays, e-mail, website resources and face-to-face from 8 main sites and 11 outreaches across

Cheshire East. A web chat facility will be developed for Year 2 of the contract.

### **Public Protection, Health Protection & Safeguarding**

107. The newly formed People's Directorate is already enabling council officers to improve how we work. Early directorate management team meetings have identified ways in which we can deliver new projects more efficiently, standardise how we account for our performance and respond to risks that affect all of us who care or are cared for in Cheshire East. An example is planning to bring together recruitment activity across the whole care and support workforce – both children's and adults – or accelerating creation of lifelong services to minimise disruption and anxiety as our young people transition to adulthood.
108. Mark Palethorpe joined Cheshire East Council in September 2016 as Strategic Director of Adult Social Care and Health. Combining communities, health and care in a single division will enable a real strategic focus on wellbeing drawing on the diverse strengths to be found in across health and adult social care.
109. 24 workshops were held during August and September attended by a total of 120 Health and Adult Social Care professionals. Ideas generated through the workshops to improve local services for those in need of care and support through joint working are currently being collated and will be translated into a development plan for each locality team.
110. A new IT system has now 'gone live' in Adult Social Care. The benefits of this new system are that social workers and other care professionals can see all the information about someone they are looking after in one place. It also reduces the amount of typing needed so that social workers can focus on doing their jobs and

local people don't need to keep repeating their stories. Social workers and other care professionals can now view someone's health information directly from this new system, from medication to who your GP is. This process works vice versa too, as GPs and doctors in A&E can also view social care data. This new technology has been designed to improve decision making by giving those people making decisions about care and support the right information at the right time. That includes local people, who may be receiving care and support, whose information will only be shared with their consent.

111. Using technology to improve care is only possible with significant preparatory work. Firstly NHS numbers needed to be matched to social care records, and this now stands at over 90% in Adult Social Care. We also needed to make sure that our residents gave explicit consent to share their information and designed our new systems in such a way as to prevent any information being sent without consent. 80% of the people that we support have now given explicit consent and their information is being sent to the Cheshire Care Record so that their GPs, Consultants, Nurses or other professionals can see their information when it is appropriate and needed.
112. An evaluation of Adult Social Care and Health Dementia Reablement pilot has been completed. The findings of this will contribute to a wider evaluation of all Better Care Fund (BCF) schemes. This will allow partners to decide what the focus and content should be for the BCF for 2017-19.
113. NHS England and NHS Improvement published the NHS Operational and Contracting Planning guidance document "Delivering the Forward View: NHS Operational Planning Guidance". The guidance provides local NHS organisations with an update on the national priorities for 2017/18 and 2018/19, as well

as updating on longer term financial challenges for local systems. For the first time, the guidance covers two financial years, to provide greater stability and support transformation, and has been released three months earlier than normal to enable earlier agreement locally. Colleagues in DH and DCLG are currently developing the Better Care Fund policy framework which will also cover 2017/18 and 2018/19 and the Better Care Support Team (BCST) will be developing the Better Care Planning Guidance in parallel. Current expectations are that this guidance will be published in November 2016, with the first submission due before the end of December 2016.

114. Midlands and Lancashire Commissioning Support Unit are undertaking an objective review of the early discharge schemes, currently delivered by British Red Cross and Age UK Cheshire East, on behalf of Cheshire East Council and CCGs. A formal project plan is being finalised and a number of multi-disciplinary, multi-sectoral colleagues have been invited to contribute. The findings of the review will shape these services for the future to ensure we are able to provide the best possible services and outcomes for our residents within the available resources.
115. Adult Social Care is actively working with Health colleagues around the implementation of a gateway model covering the Connecting Care (South CCG) footprint. This will enable individuals with primary care Mental Health needs to access the correct services without delay. The service will act as a single point of access and will have input from health and social care professionals to ensure that people have access to the right care and support, in the right place, at the right time.
116. Adult Social Care are completing a recruitment exercise which will remove agency staffing to permanent appointments to stabilise our knowledge and our offer to our customers allowing a

continuity of care and professional contact. The service recently introduced a quarterly forum for all Adult Social Care Managers with the first meeting held in September with a theme of Leading in Challenging Times. The event was attended by 48 Managers from across Adult Social Care who, having heard key departmental messages from the Senior Leadership Team, had the opportunity to contribute their ideas for continuous improvement of the service.

117. The statutory Department of Health returns for 2015/16 Short and Long Term Services and Safeguarding have been submitted. The Department will actively monitor performance within the ASCOF measures when these are published to inform improvement planning.
118. 22 referrals and 7 disabled customers have been supported into paid work of at least 16 hours a week, with income of £30,540 generated. This represents a conversion rate of 83% compared to the national average of 59%. There are many positive outcomes including: a saving compared to more traditional care packages; increase in Council Tax revenue; a decrease in Housing Benefit pay-outs and a decrease in the number of residents unemployed on disability benefits. Our transition outcomes can evidence good examples of early intervention. Arrangements are secured with the Shaw Trust to take advantage of some subsidised places, funding of the first 13 weeks of employment, which includes jobs secured for young customers with autism. This also brings ongoing independence outcomes for vulnerable individuals and generates continued space for new referrals.
119. The service user sub group of the Cheshire East Safeguarding Adults Board completed a piece of work with Manchester Metropolitan University to produce a spoken word video on stopping adult abuse. It has provided a powerful channel of communication to raise awareness of adult abuse and how to

speak out. The video was launched on 12th September at the National Care Conference organised by the University and the Association of Directors of Adult Social Services.

120. 7,545 contacts from individuals to Adult Social Care were recorded during the period, relating to 5,108 individuals. There were 2,065 adult needs assessments and re-assessments completed during the period.
121. 5,648 people were accessing Adult Social Care services as at the September snapshot date (19th), compared with 5,897 at the end of the previous quarter. Service types seeing the largest drops were: Intermediate Care (-61); Direct Payments (-40); and Home Care (-38).
122. 1,373 people were receiving residential or nursing services from Adult Social Care – very similar to the previous quarter figure of 1,385; 4,275 were receiving community based support – this is slightly down on the previous quarter figure of 4,512.
123. 1,668 people were receiving Adult Social Care telecare services, in line with the previous quarter's figure of 1,683.
124. 193 Carer assessments were completed by Adult Social Care during the quarter compared with 450 for the previous quarter total. The current cumulative total of 643 for 2016/17 is though already ahead of the number completed by the end of September last year (570).
125. During the quarter, 57% of Adult carer assessments had an outcome of 'information and advice' or 'signposting to universal services'; 32% had an outcome of 'carer specific service'.



126. The Adult Social Care and Public Health budget remains under continued pressure not only here in Cheshire East but across the country. The pressure in Cheshire East comes from the combination of factors which all relate to meeting the needs of our most vulnerable residents. Demand for services creates pressure at the front line teams which in turn, means staff time assessing needs in order to provide the appropriate response becomes stretched. Sometimes we are able to offer information and advice which enables people to access the right services but on other occasions we are duty bound to provide services which meet the needs of our residents' eligible needs. The care market itself also contributes to the existing pressure as, despite the recent increase in fee levels, providers are struggling to both recruit and retain staff. This means that some providers are struggling to respond and so making placements and providing care packages remains a daily challenge.
127. The department has commenced work on a number of actions aimed at reducing the extent of any adverse pressure to the budget and continue to meet the outcome. The projection overspend is currently £1.25m against a base budget of £93m, meaning a variance of 1.3%. Further measures are also being considered to deliver savings based on service redesign with the resident always in mind whilst ensuring a safe service is maintained. A further financial risk at the present time relates to the current financial position of the Council's largest partner the local NHS who are already reducing direct funding to both the Council and key partners in the sector which can further add to the Council's financial pressure. These actions which are being implemented in order to produce a balanced position are only likely to increase during the winter period when demand for Health services has repeatedly been evidenced to rise. It should be recognised that savings and better outcomes have been successfully delivered in a number of areas but there is much more to do.
128. Colleagues in Finance and Performance are working to support the service to develop more detailed information using new systems, in order to help identify trends and enable appropriate action to be implemented earlier. This work involves a deep examination of the underlying position, which whilst positive over the last 3 years, contains inherent pressure which has been masked by temporary mitigations. Any growth in costs will also be identified through this exercise. This will lead to increased transparency and setting of clear outcomes going forward.
129. The Cheshire East Enforcement Policy was agreed by Cabinet in July 2016. The new policy provides details of our overarching approach to enforcement and is supported by service-specific policies which provide greater detail on available enforcement options appropriate to particular circumstances.
130. A total of 16 cared for children were successfully adopted by the end of quarter 2. It is positive that 6 of these were by 'foster to adopt' carers, meaning these vulnerable young people experienced less placement moves and achieved a permanent family much quicker. We anticipate that by the end of quarter 4 nearly 30 children and young people will have achieved adoption, which is a considerable increase on last year.
131. Cheshire East has established a new Corporate Parenting Committee to act in an advisory role to the Cabinet and to assist the Council in fulfilling its legal obligations and responsibilities towards cared for children and care leavers. The underlying principle of corporate parenting is that the local authority will seek the same outcomes for children and young people in care that every good parent would want for their own children or children

within their family. This includes providing the strategic direction to ensure that they are effectively supported to reach their potential through the provision of excellent parenting, high quality education, and opportunities to develop their talents and skills and effective support for their transition to adulthood. The Committee holds Council and partner agency services to account for the discharge of their responsibilities and has a work programme that will look in detail at services that improve outcomes for this vulnerable group of young people.

132. It is being reported nationally and locally that numbers of cared for children are increasing. Cheshire East remains at the lower end of our statistical neighbour group, with figures from Cheshire West and Warrington showing much higher rates. This is creating significant budget pressures and a growth bid has been submitted to address both the increased costs of caring for these children, many of whom have complex needs, and to allow for the rising average cost of care packages. These children and young people also need high quality staff to support their needs. There is good evidence that Cheshire East's recruitment and retention strategy for Social Worker and Team Manager posts is proving effective in attracting experienced, high performing staff from neighbouring councils.
133. Cheshire East Local Safeguarding Children Board (LSCB) is the key statutory mechanism for agreeing how partners co-operate to safeguard and promote the welfare of children and young people in the area. In order to provide effective scrutiny, the LSCB should be independent from the local authority and partners and, through an Independent Chair, be able to hold all agencies to account. Cheshire East's new Independent Chair, Gill Frame, took up post on 1st August 2016. Gill brings with her a wealth of experience and knowledge about Cheshire from work done on a pan-Cheshire basis

and is passionate about improving outcomes for children and young people.

134. Three Cheshire East services for children and young were recognised by the 'Investing in Children (IiC) Membership Award' in July for their work in ensuring that children and young people who use their services have a voice and are able to influence the services they use. The services awarded the IiC kitemark were the Cheshire East Safeguarding Children Board, the Safeguarding Children in Education Settings Team (SCIES) and Catch 22, a commissioned service that works alongside young people, their families and the police to find out what has caused them to run away and prevent them from running away again in the future. The award is given based on two criteria: there must be evidence of an active dialogue between the service and the young people who use its services; and evidence of change as a consequence of the dialogue. Children and young people who use the services determine whether the award should be given.
135. One of the key ways in which the LSCB listens to children and young people in Cheshire East is through an annual conference called 'Act Now'. This year's conference took place at Wychwood Park in Crewe in July and enabled young people from a range of schools across Cheshire East to talk direct to key professionals from different agencies about safeguarding issues important to them. This year's conference included presentations around being staying safe on social media, body image, exploring gender identity, staying resilient and safeguarding in schools.
136. The **Health Protection Forum** received reports in July regarding the Infection, Prevention and Control service provided in 2015-16 by both acute trusts. A presentation was also provided by the Consultant Microbiologist for the Trusts on trends in anti-microbial resistance covering the previous five years, which led to a

discussion about how the control of antibiotic prescribing can have a positive impact on reducing antibiotic resistance. The role of formularies covering the prescribing of antibiotics, and the joint work between pathology and CCG medical directors was also highlighted as a key approach to ensuring better use, and a reduction, in antibiotic prescribing.

137. The **Infection Prevention** Control service continues to perform well and is responsive to the needs across our Residential, Nursing Care, Dental, GP and Early Years settings. This work will continue to progress further with wider partnership developments e.g. with Environmental Health. This is linked to transformational developments for the Infection Surveillance system (ICNet).
138. A specific work programme has been developed for tuberculosis prevention across Cheshire East.
139. The **Winter Wellbeing** partnership has been preparing for the colder weather with a review of our preparations against NICE Guidance. The planning work has recently been judged as being 'good-excellent' in a report 'Get Warm Soon?' by National Energy Action.
140. The Vulnerable Person's Steering Group (sub group of the Extreme Weather Planning group) has taken a paper to the Information Governance Group, which proposes an improved process for the identification of vulnerable people using GIS mapping approach when an emergency situation such as flooding occurs.
141. It is currently envisaged that the Public Health ring-fenced budget will be fully committed within the year, with only a small proportion of the current earmarked reserve taken forward to 2017/18 in order to deliver the full year consequences of existing spending decisions. The budget is increasingly being further

integrated into the wider People's spending plans, evidenced this year by the investment being made in Early Intervention and Prevention activities in respect of children. These fit within the evidenced Public Health outcomes and tie in with the priorities of the Children's and Families department in terms of areas such as mental health and childhood obesity.

142. The Public Health team are planning future years investment through to 2020 bearing in mind evidenced priorities coming through areas such as the JSNA, and existing contractual commitments which span more than one financial year, set against the backdrop of reduced grant funding year on year.

## 6 ~ A Responsible, Effective and Efficient Organisation

143. During the second quarter, the Council received the Audit Findings Report from its external auditors, Grant Thornton, summarising their findings from the 2015/16 audit. The report was considered by the Audit and Governance Committee on 29th September, and anticipates providing an unqualified audit opinion in respect of the financial statements. In relation to Value for Money, the report notes: "we are satisfied that, in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources."
144. Audit and Governance Committee also received a report on 2015/16 customer feedback, noting that the Council received 3,597 instances of feedback during the year, of which 1,855 were compliments and 177 were suggestions. This demonstrates a significant 38% increase in compliments from the previous year, with compliments outnumbering complaints (1,565). With regards to the 129 complaints referred to the Local Government Ombudsman, the number upheld (20) of those investigated (45) stood at 44%, below the national average of 51%.

145. **Workplace Wellbeing** – the Cheshire East Corporate Wellbeing and Resilience Group has implemented the National Institute for Health and Care Excellence ('NICE') guidelines and developed an action plan to improve the wellbeing and resilience of the workforce. Staff have been encouraged to look after their own and their colleagues' wellbeing and have organised sponsored cycling challenges and events such as sponsored bake offs. Blood pressure checks have been held for staff and key messages for health improvement promoted. The work is being linked to the results of the latest staff survey.
146. The staff survey undertaken in Summer 2016 received an overall response rate of 59%, a significant increase from 45% from the last survey in 2014. Overall the results indicate a positive improvement with a notable increase in staff engagement. A number of areas of strength were highlighted, in particular a continued willingness to change, high levels of job satisfaction and a commitment to living the Cheshire East values and putting residents first. Senior Managers are developing an action plan to respond to areas for improvement, which include ensuring staff feel valued for their contributions, recognising and helping to ease pressures and involving staff more in planning and shaping the way services are delivered.
147. The Emergency Planning service has a pressure of £14,000 as they are expecting to receive unbudgeted accommodation costs for the use of buildings in Cheshire West.
148. At mid year, the overall budget for Chief Operating Officer Services is forecast to be underspent by £1.3m.
149. The majority of this underspending occurs in Professional and Commercial Services which is forecasting an underspend of £0.7m,

with around half of the underspend relating to an underspend on energy budgets due to low energy prices and greater savings than expected on the combined heat and power unit at Crewe Lifestyle Centre. Further savings relate to posts which have been vacant for periods of time. Underspends against budget are also being reported by Finance and Performance (£153,000), ICT Service Delivery (£121,000), Organisational Development (£79,000), Governance & Democratic (£97,000) and Communications (£31,000). The underspend is being partially offset by a projected overspend in Monitoring Officer and Head of Legal Services (£50,000). A balanced position is being reported by Commissioning.

## 2. Financial Stability

### Introduction

150. 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.
151. 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 has a direct effect on the financial performance of the Council and the Council's share of ongoing surpluses are currently held in the Trading earmarked reserve.
152. **Table 1** provides a service summary of financial performance at quarter two. For further details please see Section 1 and the notes below the table. Changes to service net budgets since the First Quarter Review are analysed in **Appendix 2**.
153. The impact of the projected service outturn position is to decrease balances by £2.6m. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on centrally held budgets.

**Table 1 - Service Revenue Outturn Forecasts**

2016/17 Mid Year Review (GROSS Revenue Budget £583.4m)	Revised Budget (NET) £000	Forecast Actual Outturn £000	Forecast Over / (Underspend) £000
SERVICE DIRECTORATES			
Children & Families	45.2	46.7	1.5
Adult Social Care	92.6	93.9	1.3
Public Health	0.0	0.0	0.0
Community & Partnerships	4.5	4.4	-0.1
People	142.3	145.0	2.7
Directorate	0.4	0.4	0.0
Planning & Sustainable Development	-1.4	-1.4	0.0
Infrastructure & Highways (incl Car Parking)	7.9	7.9	0.0
Growth & Regeneration	4.3	4.3	0.0
Rural & Green Infrastructure	2.8	2.8	0.0
Client Commissioning			
Building Control	1.8	1.8	0.0
Skills & Growth	1.7	1.7	0.0
Transport	14.5	15.5	1.0
Place	32.0	33.0	1.0
Client Commissioning			
Leisure	2.3	2.3	0.0
Environmental & Bereavement	27.3	27.5	0.2
Chief Operating Officer (Finance, ICT etc)	46.8	45.5	-1.3
Corporate	76.4	75.3	-1.1
Total Services Net Budget	250.7	253.3	2.6

## 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 2016/17 was £304.2m.
155. In 2016/17 Cheshire East Council's specific use grants held within the services was budgeted to be £259.1m based on Government announcements to February 2016. This figure was revised down at the first quarter stage to £248.1m.
156. Mid year has seen a further decrease in grant of £0.5m. This is due to a reduction of £0.4m in estimated Housing Benefit Subsidy payments, and £0.1m relating to an adjustment for Early Years funding and one academy conversion.
157. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
158. General purpose grants were originally budgeted to be £45.2m, but further in-year grant announcements increased this figure to £46.8m at mid year review.
159. Additional general purpose grants of £7,000 have been received during the second quarter of 2016/17. Requests for the allocation of grants received are detailed in **Appendix 9**.
160. **Table 2** provides a summary of the updated budget position for all grants in 2016/17. A full list is provided at **Appendix 3**.

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

	2016/17 Revised Forecast FQR £m	2016/17 Revised Forecast MYR £m	2016/17 Change £m
<b>SPECIFIC USE</b>			
Held within Services	248.1	247.6	-0.5
<b>GENERAL PURPOSE</b>			
Central Funding	26.3	26.3	0.0
<u>Service Funding:</u>			
People - Children and Families	1.3	1.3	0.0
People - Adult Social Care and Independent Living	1.2	1.2	0.0
Place	0.9	0.9	0.0
Corporate – Customer Operations	1.9	1.9	0.0
Corporate – Chief Operating Officer	15.2	15.2	0.0
Sub Total	20.5	20.5	0.0
Total General Purpose	<b>46.8</b>	<b>46.8</b>	<b>0.0</b>
<b>Total Grant Funding</b>	<b>294.9</b>	<b>294.4</b>	<b>-0.5</b>

## Collecting Local Taxes for Local Expenditure

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

## Council Tax

162. Council Tax is set locally and retained for spending locally. Council Tax was set for 2016/17 at £1,261.95 for a Band D property. This is applied to the taxbase.
163. 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 2016/17 was agreed at 142,186.60 which, when multiplied by the Band D charge, means that the expected income for the year is £179.4m.
164. 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 £218.9m.

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

	£m
Cheshire East Council	179.4
Cheshire Police and Crime Commissioner	22.9
Cheshire Fire Authority	10.2
Town and Parish Councils	6.4
<b>Total</b>	<b>218.9</b>

165. 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.
166. 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 £222.0m.
167. **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		
	2013/14	2014/15	2015/16
	%	%	%
After 1 year	98.1	97.9	98.1
After 2 years	99.0	98.9	*98.6
After 3 years	99.3	*99.1	**

\* year to date

\*\*data not yet available

168. The Council Tax in-year collection rate for 2016/17 has reduced by 0.1% compared to the same period last year at 58.3%.
169. Council Tax support payments (including Police and Fire) were budgeted at £16.7m for 2016/17 and at the end of the second quarter the total council tax support awarded was £14.6m. 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.

170. Consultation on changes to the Council Tax Support Scheme for 2016/17 was carried out in summer/autumn 2015, and the final scheme was agreed by full Council in February 2016.
171. Council Tax discounts awarded are £19.8m which is broadly in line with the same period in 2015/16.
172. Council Tax exemptions currently awarded total £3.7m which is broadly in line with the same period in 2015/16.

#### Non-Domestic Rates (NDR)

173. 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.
174. The small business multiplier applied to businesses which qualify for the small business relief was set at 48.4p in 2016/17. The non-domestic multiplier was set at 49.7p in the pound for 2016/17.
175. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester for 2016/17) 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 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.

176. The Cheshire 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. Income from this pilot is currently being held within the pool with distribution yet to be decided.

177. **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		
	2013/14	2014/15	2015/16
	%	%	%
After 1 year	98.2	98.1	98.1
After 2 years	99.2	99.3	*98.3
After 3 years	99.6	*99.6	**

\* year to date

\*\*data not yet available

178. The business rates in-year collection rate for 2016/17 has decreased to 55.8% compared to 57.3% for the same period in 2015/16.



## Capital Programme 2016/20

179. Since reporting the Capital Programme at the First Quarter Review stage the overall forecast expenditure for the next three years has decreased by £18.2m as shown in **Table 6**.

**Table 6 – Summary Capital Programme**

	Revised Total Forecast Budget FQR 2016/20 £m	Amendments to MYR Forecast Budget 2016/20 £m	Amended MYR Forecast Budget 2016/20 £m	Budget Reductions £m	SCE's £m	Revised Total Forecast Budget 2016/20 £m
People Directorate	49.7	0.0	49.7	-1.0	0.0	48.7
Place Directorate	376.8	0.3	377.1	-18.0	0.3	359.4
Corporate Directorate	92.1	0.2	92.3	0.0	0.0	92.3
	<b>518.6</b>	<b>0.5</b>	<b>519.1</b>	<b>-19.0</b>	<b>0.3</b>	<b>500.4</b>

180. There are a number of reasons for the significant reduction in the capital programme. Realignment of the actual budget required for the Connecting Cheshire 2020 project alongside the funding available has resulted in a reduced budget requirement of £6.7m.
181. £11.0m has been removed from capital programme in relation to Highways projects over the next three years as part of a recent review of the programme to allow other Highways schemes to come forward in the Business Planning process and be subject to Council approval in February 2017.
182. The Hurdsfield Family Centre project (0.9m) has been removed for the foreseeable future.

183. There are also a number of Supplementary Capital Estimates totalling £0.3m for Members to note as listed in **Appendix 5** or to approve as detailed in **Appendix 6** of this report.
184. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

**Table 7 – Capital Funding Sources**

	FQR Total Forecast Budget £m	MYR Total Forecast Budget £m	Change £m
Grants	200.5	194.8	-5.7
External Contributions	69.0	69.6	0.6
Cheshire East Resources	249.1	236.0	-13.1
	<b>518.5</b>	<b>500.4</b>	<b>-18.1</b>

## Capital Budget 2016/17

185. At the Mid Year Review stage the Council is forecasting actual expenditure of £115.9m. This shows further slippage of £21.8m in to future years as Senior Responsible Officers and Project Officers have been asked to review and re-profile forecasts to reflect a more realistic capital outturn position, and also includes a £5m in-year budget reduction. The figure reported at First Quarter review was £142.7m.
186. Since the start of 2016/17 slippage on the capital programme has been measured on schemes that are at the Gateway 2 stage and are classed as committed schemes as these schemes should have commenced prior to or during 2016/17 and have a detailed

forecast expenditure plan in place. Schemes will be monitored on their progress during the year and re-categorised quarterly. This includes the net impact in 2016/17 of supplementary capital estimates, virements and budget reductions listed in **Appendices 5 to 7**.

187. **Table 8** below shows the actual expenditure incurred on those schemes against the revised Outturn Budget.

**Table 8: Changes to the 2016/17 Capital Budget**

Committed Schemes	Revised FQR Budget £m	Revised MYR Budget £m	Forecast Expenditure £m	Current Forecast Over / Underspend £m
People Directorate	4.9	4.9	5.1	0.2
Place Directorate	42.3	47.3	42.9	-4.4
Corporate Directorate	42.3	42.5	39.4	-3.1
<b>Total Committed Schemes</b>	<b>89.6</b>	<b>94.7</b>	<b>87.4</b>	<b>-7.3</b>

188. At the Mid Year Review Stage the in-year forecast has been revised and £7.3m has slipped to future years.

189. **Appendix 5** details requests of Supplementary Capital Estimates and Virements up to and including £250,000 approved by delegated decision which are included for noting purposes only.

190. **Appendix 6** details requests for Cabinet approval to a supplementary capital estimate of £251,000 for the Tatton Vision – Field to Fork project, and virements to schools' schemes from the Basic Needs and School condition grants.

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

## Central Adjustments

### Capital Financing Costs and Treasury Management

192. 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.
193. Investment income to August 2016 is £245,000 which is higher than the budgeted income of £133,000 for the period. The level of cash balances has remained high, although market interest rates have reduced since the Bank of England Base Rate was reduced in July. However, investments in the CCLA Investment Management Ltd property fund and use of corporate bonds and fixed term investments prior to the base rate reduction has contributed to higher rates of interest earned on investments. Investment returns in future quarters are likely to be lower as cash resources diminish and the current fixed rate investments mature.
- The average lend position (the 'cash balance') including managed funds up to the end of August 2016 is £76.4m.
  - The average annualised interest rate received on in-house investments up to the end of August 2016 is 0.72%.
  - The average annualised interest rate received on the externally managed property fund up to the end of August 2016 is 4.94%.

194. The Council's total average interest rate for the period April to August is 1.13%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.40%, and our own performance target of 0.75% (Base Rate + 0.50%).

**Table 9 – Interest Rate Comparison**

Comparator	Average Rate to 31/08/2016
Cheshire East	1.13%
LIBID 7 Day Rate	0.40%
LIBID 3 Month Rate	0.55%
Base Rate	0.25%
Target Rate	0.75%

195. As a result of lower debt repayments, due to slippage in the capital programme, there is an anticipated £1.2m underspend on the £14m budget.
196. A contributory factor of not exceeding the £14m budget and maintaining the underspend position, is the assumed reliance of achieving capital receipts of £10m in 2016/17 to finance capital expenditure. A list of proposed disposals for 2016/17 is detailed in the **Table 10** below. To date, the first seven assets listed below have been sold generating total receipts of £5.2m.

**Table 10 – Proposed Disposals 2016/17**

Asset Description
<b>Properties disposed of :</b>
Cypress House, Handforth
Pyms Lane, Crewe
Windsor Palace, Congleton
Canal Street, Congleton
Newall Avenue, Sandbach
Land at University Way, Crewe
Land at Frank Bott Avenue, Crewe
<b>Further proposed disposals :</b>
Land at Westfields, Sandbach
113 London Road, Macclesfield
Browning Street / Limelight Club Easement
Park Green Registrars
Lodmore Lane
2 Tunnickliffe Road, Macclesfield
Wilmslow Cemetery Lodge, Wilmslow
Holmes Chapel Public Convenience
Hilary Centre
Ethel Elks
Land at 6-8 Market Place
Farm Sales

197. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by

Council on 25th February 2016. Further details of counterparty limits and current investments are given in **Appendix 8**.

198. The Council has £7.5m invested in the CCLA managed property fund. Following the referendum decision to leave the EU (Brexit) the capital value of the fund has been devalued by 4%. This was a prudent industry wide move to prevent forced selling of assets in a potentially volatile market. A full review and revaluation of the fund will be carried out in due course with the expectation that the fund will be valued closer to the pre-Brexit levels. Meanwhile the fund continues to generate income of 4.9% which has exceeded any unrealised capital losses on the devaluation of the fund.
199. The aim has been to increase investments which fall outside of bank bail-in regulations, typically covered bonds and corporate bonds. However, in doing so, the Council should have regard to liquidity – the amount of cash available for investments. Although cash balances are currently high, the expectation is that cash resources will diminish over the course of 2016/17. Most bonds are issued for longer periods which has limited the availability of suitable bonds.
200. Covered Bonds provide security as they are backed up by collateral and still provide a good level of return. The Council has three investments in covered bonds totalling £6.5m due to mature between November 2016 and March 2017.
201. 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 30<sup>th</sup> September the Council had

investments in one Corporate bond with Centrica plc for £2m. Full details are shown in **Appendix 8**.

### **Central Contingencies and Contributions**

202. A budget of £0.8m is held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. At quarter two it is forecast that spend will be in line with budget. Net unallocated savings budgets of £0.2m are also currently held centrally. Within this it is anticipated that an underspend of £0.2m on unallocated expenditure budgets will arise.

### **Debt Management**

203. The balance of outstanding debt has decreased by £4m since the end of quarter one, mainly due to settlement of year end invoices raised against Clinical Commissioning Groups. Balances remain within forecast levels and adequate provisions have been made. Details of the Council's invoiced debt position are contained in **Appendix 10**.

### **Outturn Impact**

204. The impact of the projected service outturn position is to decrease balances by £2.6m as reported above (**para 153**).
205. Taken into account with the central budget items detailed above and the approved use of general reserves below (**para 212**), the financial impact described in this report could result in a reduction in balances of £2.2m as summarised in **Table 11**.

**Table 11 – Impact on Balances**

	£m
Service Net Budget Outturn	-2.6
Central Budgets Outturn	1.4
Use of Reserves approved by Council	-1.0
<b>Total</b>	<b>-2.2</b>

## Management of Council Reserves

206. The Council's Reserves Strategy 2016-19 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is likely to remain at £11.8m throughout the medium term.
207. The opening balance at 1<sup>st</sup> April 2016 in the Council's General Reserves was £13.0m as published in the Council's Audited Statement of Accounts for 2015/16.
208. At the February 2016 meeting, Council approved the use of £1.0m of general reserves in 2016/17, to be transferred to earmarked reserves to meet additional costs associated with the Council's planning functions.
209. The overall impact of service budgets, central budgets and Council decisions is identified in **Table 11** above. **Table 12** shows how this impacts on the forecast closing balance of general reserves.

**Table 12 – Change in Reserves Position**

	£m
Opening Balance at 1 <sup>st</sup> April 2016	13.0
Impact on Balances at Quarter 1	-2.2
<b>Forecast Closing Balance at March 2017</b>	<b>10.8</b>

210. The projected balance of £10.8m reflects the current forecast that risks associated with budget achievement in 2016/17 may partly materialise, and would bring reserves to below the level planned in the 2016-19 Reserves Strategy. However, the Council will strive to identify remedial actions to bring about a balanced outturn position by year end. Overall the Council remains in a strong financial position given the major challenges across the public sector.
211. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31<sup>st</sup> March 2016 balances on these reserves stood at £53.3m, excluding balances held by Schools. Contributions of £2.5m to the Transitional Funding reserve, and £451,000 to the Collection Fund Management reserve, and a contribution of £140,000 from the Investment Sustainability reserve were approved as part of the 2016/17 budget.
212. Together with approved transfer of £1.0m from general reserves into earmarked reserves for planning costs (**para 208**), these items brought the earmarked reserves balance available in 2016/17 to £57.1m.
213. During 2015/16, an estimated £14.9m will be drawn down and applied to fund service expenditure specifically provided for.

Service outturn forecasts take account of this expenditure and funding.

214. A full list of earmarked reserves at 1 April 2016 and estimated movement in 2016/17 is contained in **Appendix 11**.

# 3. Workforce Development

215. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety and Workforce Development plans and changes for the second quarter 2016/17.

## Culture and Values

216. The staff survey 2016 was launched on 15th June and ran for four weeks. The response rate (59% compared to 45% in 2014) has been strong, supported by an ongoing communications campaign. The broad themes of the survey have remained similar to the 2014 survey with some small changes to build on the learning from the previous survey.

217. Overall the results indicate a positive improvement from 2014, with a notable increase in the overall engagement of colleagues. The survey results highlight a number of areas of strength. In particular continued willingness to change, high levels of job satisfaction and commitment to living our values and putting residents first. The results of the survey also highlight some areas where we are not always getting things right. Principally ensuring staff feel valued for the contribution they make, recognising and helping to ease work pressures and involving staff more in planning and shaping the way we deliver our services. Co-ordinated action planning is now underway.

## Building Capability and Capacity

218. The Corporate Training programme and Continuous Professional Development Portfolios ensure 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.

219. Over 2,026 reservations were successfully arranged for CEC employees to attend a range of regulatory and mandatory learning and development opportunities during the first quarter of 2016/17. A further 19 employees successfully secured funding approval via the Learning and Development Panel for role specific development, seeing £27,072 investment.

220. Developing management capability at all levels has continued with 23 managers and supervisors across the Council currently being supported to complete ILM qualifications through an external commissioning arrangement. A further 13 supervisors have recently been awarded their qualifications. A leadership and management programme for the Council's top 100 managers will be in place for 2017, complementing a series of corporate engagement events. These offers run alongside a corporate leadership and management standard course offer open to all managers across the Council.



221. The Workforce Development Team continues to work closely with numerous regulatory and professional bodies and links into several local universities and colleges to ensure academia and research based theories are inherent in everything we do, establishing teaching partnerships with Keele University and local FE colleges too. In 2016/17 we have supported three external students in Postgraduate research studies through data collection at Cheshire East. This is alongside supporting 20 Cheshire East staff to complete Undergraduate or Postgraduate qualifications through the CPD funding panel in quarter 2. As a recognised centre of excellence, quality assurance measures ensure that all employees and apprentices receive up to date training and surpass expectations of external verification and examination boards and feel fully supported throughout all stages of their career. Two external reviews of qualifications this quarter have reported high quality service.

### **Resourcing and Talent**

222. The Council has provided more than 15 work experience sessions for young adults and school children during quarter 2. The Council's apprenticeship scheme continues to expand, extending the range and levels of qualifications offered with a range of preferred suppliers. An officer working group has been established to ensure the Council is ready to respond to the changes being brought in by the Government around apprenticeships.
223. The Council continues to offer opportunities for Graduate Development. The offer is under development to provide tailored opportunities for permanent staff and recent graduates within service areas. This recognises the importance of early career development by providing opportunities to build networks, gain skills and obtain wider insights into a large organisation with a view to development careers within the Council.

### **Reward and Recognition**

224. To enhance the range of employee benefits an on-line "Rewards Centre" has recently launched with more than 700 staff already signed up. The Rewards Centre provides staff with over 6,000 different discounts and offers for well known high street retailers, days out, holidays etc, including discounts at over 120,000 stores including M&S, John Lewis, IKEA, Sainsbury's, Morrisons, and B&Q. Available through telephone, mobile, or website ordering, the Rewards Centre will help staff make their money go further and will support the attraction and retention of employees.

### **Education HR Consultancy**

225. The Education HR consultancy have continued to offer and provide two levels of service, Gold and Silver, with the Silver Service having no on-site support to schools and academies. Buy back from September 2016 is shown in **Table 14** below:



**Table 14 – HR Consultancy Buy back from Schools**

Education HR SLA Package	Number of Schools	Academy Primary	Primary Maint'd	Secondary Academy	Secondary Maint'd	Special Academy	Special Maint'd
3 Year Gold 2015-18	63	10	44	3	2	2	2
3 Year Gold 2016-19	9	5	3	0	0	0	0
1 Year Gold 2016-17	45	9	26	6	3	0	1
3 Year Silver 2015-18	2	0	2	0	0	0	0
3 Year Silver 2016-19	2	0	2	0	0	0	0
1 Year Silver 2016-17	7	2	5	0	0	0	0
<b>Totals</b>	<b>128</b>	<b>26</b>	<b>82</b>	<b>9</b>	<b>5</b>	<b>2</b>	<b>3</b>

226. In addition Knutsford Academy have confirmed that they will be buying back in March when their current contract with an alternative provider expires.

227. The team have provided support to schools and academies with the implementation of the new Occupational Health contract.

### Health and Safety

228. The Occupational Health tendering process has been successfully completed with the contract being issued to People Asset Management Ltd (PAM). Close working with PAM through the implementation plan has resulted in managers now fully accessing the new referral system (on-line and via phone) – meeting the September target for contract commencement. KPIs have been

agreed with the provider and service delivery monitoring meetings will commence with PAM in November 2016.

### Staffing Changes

229. As shown in **Table 15**, Cheshire East's employee headcount remained unchanged overall between June and September 2016; however over the same period the total number of full-time equivalent employees slightly increased by 0.6%.

**Table 15: Cheshire East Council employee headcount and FTE figures**

Directorate / Service	Employee FTE Jun-16	Employee FTE Sep-16	Employee Headcount Jun-16	Employee Headcount Sep-16
Corporate	869.4	853.1	1,043	1,022
Customer Services	278.7	274.6	357	351
Finance and Performance	79.9	76.9	83	80
Human Resources	45.1	41.5	51	47
ICT	187.6	185.2	194	192
Legal and Democratic Services	106.7	112.7	141	146
Communications and Media	10.7	13.7	11	14
Professional Services	123.5	119.4	168	161
Apprentices	36.2	27.2	37	29
People	1,690.3	1,721.8	2,312	2,330
Adult Social Care and Health	807.6	828.7	1,027	1,051
Children's Services	779.8	784.1	1,175	1,162
Community and Partnerships	101.9	107.1	109	115
Place	298.9	300.9	375	379
Growth and Regeneration	79.7	79.6	86	86
Infrastructure and Transport	41.3	41.1	43	43
Lifelong Learning	10.2	10.2	12	12
Planning and Sustainable Development	70.0	71.0	72	73
Rural and Green Infrastructure	96.7	97.1	161	163
<b>Cheshire East Council Total</b>	<b>2,859.5</b>	<b>2,876.9</b>	<b>3,721 *</b>	<b>3,721 *</b>

**Note:** The Chief Executive has not been included in any of the Directorate/Service information, but is counted in the overall Cheshire East Council headcount and FTE figures; similarly Executive/Directors and "Business Managers" will not appear in the "Service" totals but will appear in the overall "Directorate" figures. Employees with multiple assignments across services will appear in the headcount figures for each service, but will be counted only once in the total CEC headcount figure; where an employee has multiple assignments in the same service they will appear in the overall headcount figure only once.

## Absence

230. As shown in **Table 17**, absence levels over the first half of 2016/17 were similar to 2015/16 and 2013/14, and slightly lower than the same period in 2014/15. Proactive management of sickness absence levels will continue through 2016/2017.

**Table 17: Average days lost to sickness (per FTE employee) at the end of Quarter 2**

	2013/14	2014/15	2015/16	2016/17
Cheshire East (excluding Schools)	5.26	5.58	5.19	5.31

## Voluntary Redundancies

231. 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.
232. Four people have left the Council under voluntary redundancy terms in quarter 2, two of whom held posts within the management grades (Grade 10 or above). The total severance cost for all four employees was £344,000 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1.2m (which is the combined accumulated costs of the deleted posts).

# **Appendices to Mid Year Review of Performance 2016/17**

**November 2016**

# Appendix 1 Cheshire East Council Residents First Outcomes



## Appendix 2 Changes to Revenue Budget 2016/17 since Quarter One

	Quarter 1 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 2 Net Budget £000
<b>PEOPLE</b>				
Children & Families	45,158			45,158
Adult Social Care & Independent Living	92,695	70	-51	92,714
Public Health	0			0
Community & Partnerships	4,462			4,462
	142,315	70	-51	142,334
<b>PLACE</b>				
Directorate	1,347		-982	365
Planning & Sustainable Development	-1,361		-22	-1,383
Infrastructure & Highways	7,914	1		7,915
Growth & Regeneration	3,247	6	1,068	4,321
Rural & Green infrastructure	2,745			2,745
Client Commissioning :				
Building Control, Land Charges and Planning Support	1,801		13	1,814
Skills & Growth	1,750			1,750
Transport	14,486			14,486
	31,929	7	77	32,013

	Quarter 1 Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Quarter 2 Net Budget £000
<b>CORPORATE</b>				
Client Commissioning :				
Leisure	2,367		-107	2,260
Environmental	27,246		81	27,327
Bereavement				
Customer Operations	9,094		45	9,139
Chief Operating Officer - Other (e.g Finance, ICT, Legal, Facilities)	37,559		220	37,779
	76,266	0	239	76,505
<b>TOTAL SERVICE BUDGET</b>	<b>250,510</b>	<b>77</b>	<b>265</b>	<b>250,852</b>
Central Budgets				
Specific Grants	-20,244	-77		-20,321
Capital Financing	14,000			14,000
Corporate Unallocated	-329			-329
Corporate Contributions	1,154		-265	889
Contribution to / from Reserves	2,811			2,811
	-2,608	-77	-265	-2,950
<b>TOTAL BUDGET</b>	<b>247,902</b>	<b>0</b>	<b>0</b>	<b>247,902</b>

# Appendix 3 Corporate Grants Register

Corporate Grants Register 2016/17		Revised Forecast	Revised Forecast	Change	SRE / Balances
		FQR	MYR		(Note 2)
		2016/17	2016/17	2016/17	
	Note	£000	£000	£000	
<b>SPECIFIC USE (Held within Services)</b>					
<b>Schools</b>					
Dedicated Schools Grant	1	142,268	142,201	-67	
Pupil Premium Grant	1	5,399	5,355	-45	
Sixth Forms Grant	1	4,230	4,230	-0	
<b>Total Schools Grant</b>		<b>151,897</b>	<b>151,785</b>	<b>-111</b>	
Housing Benefit Subsidy		79,000	78,566	-434	
Public Health Funding		17,258	17,258	0	
<b>TOTAL SPECIFIC USE</b>		<b>248,155</b>	<b>247,609</b>	<b>-545</b>	
<b>GENERAL PURPOSE (Held Corporately)</b>					
<b>Central Funding</b>					
Revenue Support Grant		26,340	26,340	0	
<b>Total Central Funding</b>		<b>26,340</b>	<b>26,340</b>	<b>0</b>	



Corporate Grants Register 2016/17	Revised Forecast FQR 2016/17 Note £000	Revised Forecast MYR 2016/17 £000	Change 2016/17 £000	SRE / Balances (Note 2)
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Revenue Support Grant	26,340	26,340	0	
Total Central Funding	26,340	26,340	0	
People - Children & Families				
Troubled Families	875	875	0	
Youth Justice Board	299	299	0	
Staying Put Implementation Grant	109	109	0	
Remand Funding	19	19	0	
People - Adult Social Care & Independent Living				
Independent Living Fund	948	948	0	
Local Reform and Community Voices	198	198	0	
Social Care in Prisons	73	73	0	
Place				
Adult Skills (Lifelong Learning)	749	749	0	
Property Search Fees New Burdens	22	22	0	
Extended Rights to Free Transport	118	118	0	
Capacity Support for Self Build & Custom House Building Register	0	6	6	SRE
Lead Local Flood Authorities	0	1	1	SRE
Corporate - Customer Operations				
Housing Benefit and Council Tax Administration	1,336	1,336	0	
NNDR Administration Grant	562	562	0	
Business Rates Revaluation 2017: S31 Grant Reimbursement	1	1	0	

Corporate Grants Register 2016/17	Revised Forecast		Change 2016/17 £000	SRE / Balances (Note 2)
	FQR	MYR		
	2016/17 £000	2016/17 £000		
Note				
<b>Corporate - Chief Operating Officer</b>				
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	
New Homes Bonus 2016/17	2,444	2,444	0	
New Homes Bonus 2017/18	0	0	0	
Affordable Homes 2012/13	85	85	0	
Affordable Homes 2013/14	82	82	0	
Affordable Homes 2015/16	63	63	0	
Affordable Homes 2016/17	222	222	0	
New Homes Bonus Returned Funding Grant 2016/17	90	90	0	
New Homes Bonus ESTIMATED OVERALL REDUCTION	0	0	0	
Education Services Grant	2,778	2,778	0	
Transitional Funding	2,973	2,973	0	
Electoral Register Transfer Programme Resource Grant 2016/17	58	58	0	
Additional Election Funding	37	37	0	
Additional Election Funding: N West Deadline Extension Funding	9	9	0	
<b>Total Service Funding</b>	<b>20,457</b>	<b>20,464</b>	<b>6</b>	
<b>TOTAL GENERAL PURPOSE</b>	<b>46,797</b>	<b>46,803</b>	<b>6</b>	
<b>TOTAL GRANT FUNDING</b>	<b>294,951</b>	<b>294,412</b>	<b>-539</b>	

#### Notes

1 The Dedicated Schools Grant, Pupil Premium Grant and Sixth Form Grant from the Education Funding Agency (EFA) figures are based on actual anticipated allocations. Changes are for in-year increases/decreases to allocations by the DfE and conversions to academy status.

2 SRE - Supplementary Revenue Estimate requested by relevant service.

# Appendix 4 Summary Capital Programme and Funding

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget	2016/17	2017/18	2018/19 and
	2016/17	2016/17	2016/17	2016/17	2016/17	2017/18	Future Years
	£000	£000	£000	£000	£000	£000	£000
<b>People Directorate</b>							
<b>Children and Families</b>							
Committed Schemes - In Progress	4,387	0	7	4,394	4,557	3,522	1,083
New Schemes and Option Developments	2,533	0	200	2,733	2,533	5,195	0
Recurring Programmes	400	0	-271	129	129	4,807	12,779
Longer Term Proposals	350	0	0	350	350	1,346	11,250
<b>Adult Social Care</b>							
Committed Schemes - In Progress	328	0	4	332	332	0	0
New Schemes and Option Developments	0	0	0	0	0	0	0
Recurring Programmes	684	0	-4	680	680	0	0
Longer Term Proposals	0	0	0	0	0	0	0
<b>Community &amp; Partnerships</b>							
Committed Schemes - In Progress	212	0	0	212	212	0	0
<b>Total People Directorate</b>	<b>8,894</b>	<b>0</b>	<b>-64</b>	<b>8,830</b>	<b>8,793</b>	<b>14,870</b>	<b>25,112</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2016/17	During Quarter	2016/17	2016/17	2016/17	2017/18	2018/19 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
<b>Place Directorate</b>							
<b>Infrastructure &amp; Highways (inc car parking)</b>							
Committed Schemes - In Progress	31,246	4,717	-65	35,898	34,468	11,222	86,961
New Schemes and Option Developments	3,288	-605	0	2,683	2,683	700	300
Recurring Programmes	2,240	0	0	2,240	2,240	14,717	2,270
Longer Term Proposals	22,296	-4,141	-5,000	13,155	6,472	20,018	61,144
<b>Growth &amp; Regeneration</b>							
Committed Schemes - In Progress	10,054	178	0	10,232	7,313	31,738	13,494
New Schemes and Option Developments	4,050	0	0	4,050	1,172	6,757	11,080
Recurring Programmes	2,853	0	0	2,853	2,803	2,761	1,650
Longer Term Proposals	5,000	0	0	5,000	0	6,900	10,700
<b>Rural &amp; Green Infrastructure</b>							
Committed Schemes - In Progress	1,023	135	2	1,160	1,160	930	0
New Schemes and Option Developments	100	105	0	205	180	274	0
Recurring Programmes	582	0	0	582	582	3,535	165
Longer Term Proposals	0	0	0	0	0	0	13,000
<b>Total Place Directorate</b>	<b>82,732</b>	<b>389</b>	<b>-5,063</b>	<b>78,058</b>	<b>59,073</b>	<b>99,552</b>	<b>200,764</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2016/17	During Quarter	2016/17	2016/17	2016/17	2017/18	2018/19 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
<b>Corporate Directorate</b>							
<b>Environmental</b>							
Committed Schemes - In Progress	19,558	232	0	19,790	19,791	16	0
New Schemes and Option Developments	60	0	0	60	60	0	0
Recurring Programmes	140	-61	0	79	79	220	0
Longer Term Proposals	150	0	0	150	150	230	12,120
<b>Bereavement</b>							
New Schemes and Option Developments	150	0	0	150	150	0	0
<b>Leisure</b>							
Committed Schemes - In Progress	2,690	0	0	2,690	2,690	3,203	5,353
<b>Customer Operations</b>							
Committed Schemes - In Progress	141	0	0	141	141	0	0
New Schemes and Option Developments	178	0	0	178	178	144	30
<b>Chief Operating Officer - Other</b>							
Committed Schemes - In Progress	19,916	0	0	19,916	16,784	5,148	0
New Schemes and Option Developments	775	0	0	775	775	5,112	0
Recurring Programmes	2,309	0	0	2,309	2,271	8,278	4,357
Longer Term Proposals	5,000	0	0	5,000	5,000	0	0
<b>Total Corporate Directorate</b>	<b>51,067</b>	<b>171</b>	<b>0</b>	<b>51,238</b>	<b>48,069</b>	<b>22,351</b>	<b>21,860</b>

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	Budget	Virements	Virements	In-Year			
	MYR	Reductions	Reductions	Budget			
	2016/17	During Quarter	2016/17	2016/17	2016/17	2017/18	2018/19 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Committed Schemes - In Progress	89,555	5,262	-52	94,765	87,448	55,779	106,891
New Schemes and Option Developments	11,134	-500	200	10,834	7,731	18,182	11,410
Recurring Programmes	9,208	-61	-275	8,872	8,784	34,318	21,221
Longer Term Proposals	32,796	-4,141	-5,000	23,655	11,972	28,494	108,214
<b>Total Net Position</b>	<b>142,693</b>	<b>560</b>	<b>-5,127</b>	<b>138,126</b>	<b>115,935</b>	<b>136,773</b>	<b>247,736</b>

Funding Sources	2016/17	2017/18	2018/19 and
	£000	£000	Future Years
			£000
Grants	28,869	53,714	112,204
External Contributions	7,828	7,585	54,202
Cheshire East Council Resources	79,238	75,474	81,330
<b>Total</b>	<b>115,935</b>	<b>136,773</b>	<b>247,736</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>Infrastructure &amp; Highways (inc car parking)</b>		
Marsh Lane Holmes Chapel	306	Budget increased due to external contributions received in full.
<b>Rural and Green</b>		
ROWIP Cycle/Walking Schemes	1,850	Cranage Public Footpath No. 4: improvement of surfacing of route between Cranage and Holmes Chapel funded by Cranage Parish Council
	<b>2,156</b>	

Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Capital Budget Virements</b>		
<b>Children and Families</b>		
Puss Bank Primary School Mobile	20,000	Virement of Schools Condition capital grant for Puss Bank Primary School to undertake works on a mobile unit.
<b>Adult Social Care</b>		
Adaptions to Stanley House	4,003	Virement of social care capital grant towards the costs of adaptations to Stanley House.
<b>Infrastructure &amp; Highways (inc car parking)</b>		
S106 Sandbach Town Drop Kerbs	5,883	Virement to cover forecast project cost from Road Safety Minor Works budget.
Capacity enhancements A534 Nantwich Road	6,646	Virement to cover forecast project cost from the Strategic Programme Delivery scheme .
<b>Environment</b>		
Restoration of South Park Lake	10,000	Virement to cover forecast project cost from the Parks Development fund - Cheshire East Resources
Meriton Rd Park Outdoor Gym	21,216	Realignment of two approved budgets for Meriton Road Park into one scheme.
<b>Total Capital Budget Virements Approved</b>	<b>67,748</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>69,904</b>	



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

Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements above £250,000 up to and including £1,000,000		
<b>Supplementary Capital Estimates</b>		
<b>Rural and Green Infrastructure</b>		
Tatton Vision - Field to Fork	251,000	Increase in budget to reflect an additional £150,000 Heritage Lottery Funding , £71,000 from the Tatton Charitable Trust and a £30,000 contribution from Revenue.
<b>Total Supplementary Capital Estimates Requested</b>	<b>251,000</b>	
<b>Capital Budget Virements</b>		
<b>Children and Families</b>		
Monks Coppenhall Primary School	481,711	Following a detailed feasibility study for each school, additional funding is required to address specific site issues. This virement is wholly funded by grant received from the Department for Education, for Basic Need and School Condition Allocation.
Hungerford Primary School	370,981	
<b>Total Capital Budget Virements Requested</b>	<b>852,692</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>1,103,692</b>	

# Appendix 7 Capital Budget Reductions

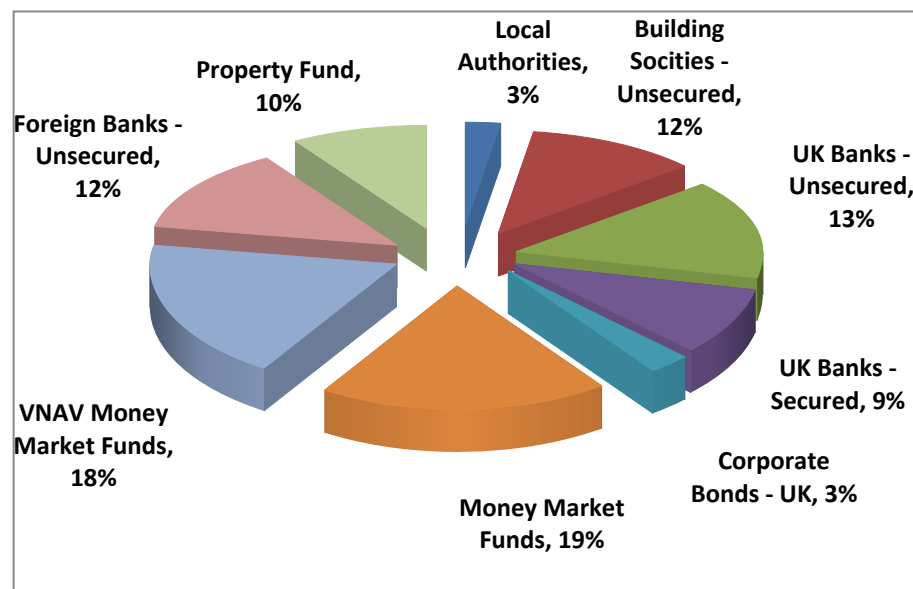
Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Cabinet are asked to note the reductions in Approved Budgets				
Children and Families				
Re-development of Hurdsfield Family Facilities	975,000	0	-975,000	Reduction due to removing the project from capital programme for the foreseeable future.
Devolved Formula Capital - delegated funding to school	6,006,777	5,994,420	-12,357	Reduction due to Monks Coppenhall converting to academy status and the funds transferring to the school directly.
Infrastructure and Highways				
S278s Highways				
A34 Astbury Mere	25,000	3,500	-21,500	All relating to S278 schemes, where the work is now complete or the decision made to not go ahead.
Hind Heath Rd, SBach, Richbrgh	8,000	0	-8,000	
Back Lane, Eaton	5,000	1,313	-3,687	
Astbury Lane Ends Congleton	3,500	1,997	-1,503	
Marthall Lane, Ollerton	2,127	2,047	-80	
S278 Land, Mill St Congleton	25,000	13,820	-11,180	
S278 Charter Way, Macclesfield	684	434	-250	
S278 Sherbourne Road, Crewe - 1268530	11,242	10,612	-630	
S278 Park House FmM - 1265520	4,500	4,032	-468	
S278 Kennels Fm, AstonM - 1263790	2,127	763	-1,364	
S278 The ROK DevelopmentM	22,500	11,745	-10,755	
S278 Clarence MillM	10,000	4,744	-5,256	
S278 20 Manchester Rd, MaccM	1,500	542	-958	
Client Commissioning				
Connecting Cheshire 2020	18,250,000	11,600,000	-6,650,000	Reduction in budget to reflect actual funding for the project.
Connecting Cheshire Phase 2	6,818,000	6,535,000	-283,000	Reduction in budget to reflect actual funding for the project.
Total Capital Budget Reductions	32,170,957	24,184,969	-7,985,988	

# Appendix 8 Treasury Management

## Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. 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 £6m for unsecured investments and £12m 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 £12m per fund with a limit of 50% of total investments per fund. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m. 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 with a limit of £12m per country. Foreign investments held at 31st August 2016 total £9.0m with Canadian and Swedish Banks.
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. The Council is also making use of some Variable Net Asset Value (VNAV) Money Market Funds which invest for a slightly longer duration than the standard money market funds but where the rate of return can be quite variable. In the months of July and August these were returned 1.00% but this is expected to fall as the effects of the Base Rate cut work through the system.
5. Banks' credit ratings are kept under continual review. The 'Brexit' issue has resulted in a review of all UK credit ratings but has not yet had a material effect other than the UK credit rating being downgraded. Subject to availability and cash flow requirements the Council is seeking to invest in high credit quality covered bonds
6. Covered Bonds are fixed period investments (typically three to ten years) which are tradeable and where the investment is secured 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. The Council is looking to invest in shorter periods than most of the currently available bonds.
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	-	-
Money Market Funds	0.44	13.9

Notice Accounts	Notice Period	Average Rate %	£m
Money Market Funds (VNAV)	2 days	0.84	13.5
Lloyds Bank	175 days	0.78	6.0
Santander (UK)	120 days	1.05	2.0
Santander (UK)	180 days	1.15	1.8
Svenska Handelsbanken	35 days	0.55	5.0

Fixed Term Deposits (Unsecured)	Start	Maturity	Rate %	£m
Lancashire County Council	02/12/2015	04/12/2017	1.00	2.0
Toronto Dominion CD	04/01/2016	03/01/2017	0.90	1.5
Nationwide Building Society	01/04/2016	03/10/2016	0.71	3.0
Coventry Building Society	11/04/2016	11/10/2016	0.60	1.0
Nationwide Building Society	11/04/2016	11/10/2016	0.71	2.0
Toronto Dominion CD	12/05/2016	10/02/2017	0.77	2.5
National Counties Building Society	13/05/2016	14/11/2016	0.75	1.0
Nationwide Building Society	11/07/2016	11/01/2017	0.53	1.0
Cumberland Building Society	12/07/2016	18/10/2016	0.47	1.0

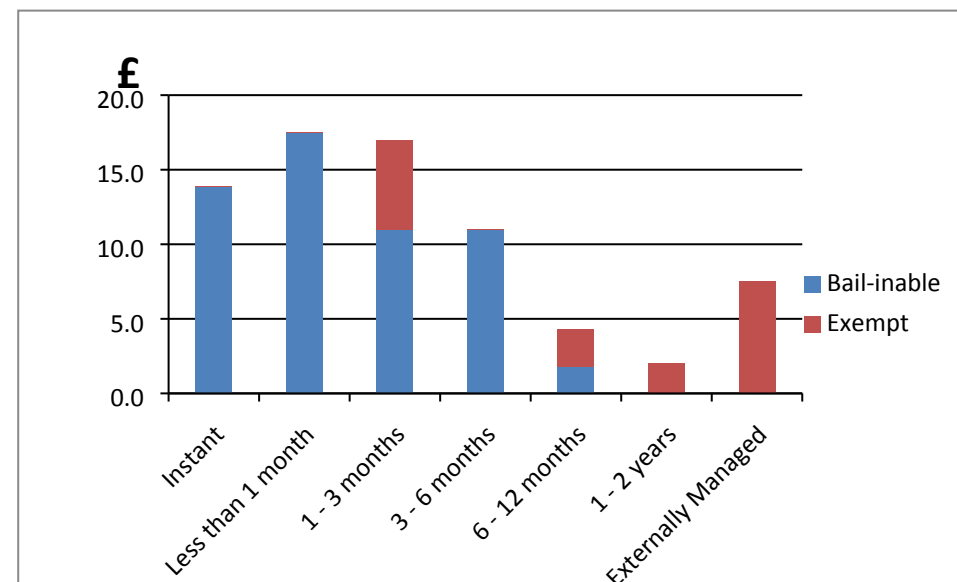
Secured Deposits	Start	Maturity	Rate %	£m
Bank of Scotland	17/06/2015	08/11/2016	0.84	2.5
Bank of Scotland	30/10/2015	08/11/2016	0.95	1.5
Lloyds Bank	26/08/2016	22/03/2017	0.66	2.5

Corporate Bonds	Start	Maturity	Rate %	£m
Centrica plc	12/05/2016	24/10/2016	0.98	2.0

Externally Managed Funds	£m
Property Fund	7.5

Summary of Current Investments	£m
<b>TOTAL</b>	<b>73.2</b>

**Chart 2 – Maturity Profile of Investments**



# Appendix 9 Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Adult Social Care	Social Care in Prisons  (General Purpose)	70	<p>The 2016/17 grant allocation has been confirmed as £72,528. At First Quarter Review, only the increase of £2,000 from the 2015/16 grant was subject to a bid for funding, when in fact the full amount of the 2016/17 allocation should have been requested.</p> <p>The provision of social care in prisons is a new burden for local authorities introduced as part of the Care Act. The Act establishes that the local authority in which a prison, approved premises or bail accommodation is based will be responsible for assessing and meeting the care and support needs of the offenders residing there.</p> <p>The provision of care and support for those in custodial settings is based on the principle of equivalence to provision in the community.</p>
Place – Strategic Housing	Capacity Support for Self Build & Custom House Building Register  (General Purpose)	6	This is a one off grant, its purpose is to set up and administer the Self Build & Custom House Building Register within the Housing Service.
Place – Flood Risk Management	Lead Local Flood Authority Grant  (General Purpose)	1	Additional support to local authorities/LLFA's for expenditure legally incurred in the management of local flood risk.
<b>Total</b>		<b>77</b>	

# Appendix 10 Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates) for which the performance related data is contained within Section 2 of this report.
2. Annually, the Council raises invoices with a total value of over £75m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing, Markets and Building Control.
3. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. 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.
4. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor). In 2015/16 the team collected £1.8m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of quarter two was £7.8m. This is a reduction of £4m since June 2016 due to settlement of

invoices raised just before year end in Adult Social Care to Clinical Commissioning Groups.

6. The total amount of service debt over 6 months old is £3.2m; provision of £3.5m has been made to cover doubtful debt in the event that it needs to be written off.

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
Children & Families	819	8	8
Schools	53	28	28
Adult Social Care & Independent Living	4,600	2,053	2,419
Public Health & Wellbeing	0		
Economic Growth & Prosperity	751	304	303
Chief Operating Officer: Commissioning Services:			
Environmental	385	205	205
Highways	782	270	270
Leisure	11	11	12
Communities	57	11	11
Other	347	287	287
	<b>7,805</b>	<b>3,177</b>	<b>3,542</b>

# Appendix 11 Earmarked Reserves

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Children &amp; Families</b>				
Children's Social Care	377	-377	0	To support implementation of Children's Social Care bill.
<b>Adult Social Care &amp; Independent Living</b>				
Extra Care Housing PFI	1,879	181	2,060	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning	450	-450	0	To provide capacity to perform Deprivation of Liberties and Best Interest reviews of care customers following recent case law.
NHS Section 256	3,391	-1,695	1,696	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
<b>Public Health</b>	1,942	-1,638	304	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>Highways</b>				
Severe Weather	360	-130	230	To provide for future adverse winter weather expenditure.
<b>Communities</b>				
Communities Investment	586	-236	350	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Emergency Assistance	569	-400	169	Carry forward of underspend on previous years' schemes to provide for future hardship payments.



Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Economic Growth &amp; Prosperity</b>				
Tatton Park	<b>202</b>	-30	<b>172</b>	Ring-fenced surplus on Tatton Park trading account.
Planning Costs and Investment Service Structure	<b>358</b>	-358	<b>0</b>	To meet potential costs within the Planning Service and Investment Service Structure.
Royal Arcade Crewe	<b>500</b>	-150	<b>350</b>	To provide for future costs relating to the Royal Arcade including repairs and maintenance.
<b>Chief Operating Officer</b>				
Elections	<b>12</b>	134	<b>146</b>	To provide funds for Election costs every 4 years.
Insurance & Risk	<b>4,581</b>	-81	<b>4,500</b>	To settle insurance claims and manage excess costs.
Investment (Sustainability)	<b>2,744</b>	-1,576	<b>1,168</b>	To support investment that can increase longer term financial independence and stability of the Council.
Collection Fund Management	<b>8,570</b>	319	<b>8,889</b>	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing	<b>11,540</b>	0	<b>11,540</b>	To provide for financing of capital schemes, other projects and initiatives.
Transforming Services	<b>3,345</b>	-785	<b>2,560</b>	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding	<b>0</b>	1,186	<b>1,186</b>	To provide financial support to services or projects during a period of transition to a lower overall cost base.

Name of Reserve	Opening Balance 1 <sup>st</sup> April 2016 £000	Forecast Movement in 2016/17 £000	Forecast Balance 31 <sup>st</sup> March 2017 £000	Notes
<b>Cross Service</b>				
Trading Reserve	<b>1,179</b>	0	<b>1,179</b>	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	<b>3,186</b>	-2,876	<b>310</b>	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	<b>5,158</b>	-1,158	<b>4,000</b>	Unspent specific use grant carried forward into 2015/16.
Revenue Grants - Other	<b>2,404</b>	-949	<b>1,455</b>	Unspent specific use grant carried forward into 2015/16.
<b>TOTAL</b>	<b>53,333</b>	<b>-11,069</b>	<b>42,264</b>	

**Notes:**

1. Figures exclude Schools balances of £8.058m at 1<sup>st</sup> April 2016.

2. Forecast Movements in 2016/17 include the following budgeted and approved additions and reductions to earmarked reserves approved by Council

	£000
Planning costs and Investment Service structure	1,000
Transitional Funding	2,500
Collection Fund Management	451
Investment Sustainability	-140
	<u>3,811</u>